QATARI INVESTORS GROUP Q.P.S.C.
DOHA – QATAR

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2023

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QR. 21398

RN: 335/JK/FY2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Qatari Investors Group Q.P.S.C.
Doha - Qatar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Qatari Investors Group Q.P.S.C. (the "Company"), and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in Qatar, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment of goodwill As at 31 December 2023, the carrying value of goodwill amounted to QR 230.51 million as disclosed in Note 8. In accordance with IAS 36 Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment. An impairment is recognized on the consolidated statement of financial position when the recoverable amount is less than the net carrying amount in accordance with IAS 36, as described in note 8 to the consolidated financial statements. The determination of the recoverable amount is mainly based on discounted future cash flows. We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the amount in the Group's consolidated financial statements.	We tested the impairment models and the key assumptions used by management with the involvement of our valuation specialists. Our audit procedures included the following: • Understanding the business process for the impairment assessment, identifying the relevant internal controls and testing their design, implementation. • Evaluating whether the cash flows in the models used by management to calculate the recoverable value are in accordance with the requirements of IFRSs. • Obtaining and analyzing the approved business plans for each such asset (or CGU, as applicable) to assess accuracy of the computations and the overall reasonableness of key assumptions; • Comparing actual historical cash flow results with previous forecasts to assess forecasting accuracy. • Assessing the methodology used by the Group to estimate the Weighted Average Cost of Capital (WACC) and benchmarking that with discount rates used by other similar businesses and external sector related guidelines; • Benchmarking assumptions on long term growth rates of local GDP and long term inflation expectations with external sources of data published by global monetary agencies; and • Benchmarking the values with market multiples where applicable. We also performed sensitivity analyses on the key assumptions used by management to understand the extent to which these assumptions need to be adjusted before resulting in additional impairment loss. We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation of investment properties The Group's investment property portfolio amounted to QR 821.05 million as at 31 December 2023 and the net fair value loss recorded in the consolidated income statement amounted to QR 3.82 million as disclosed in note 7. The Group measures it investment properties at fair value. The determination of fair value of these investment properties is based on external valuations using market approach for the land and the depreciated replacement cost based on cost approach for the building. The valuation of the portfolio is a significant judgement area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements. Consequently, we have identified this as a key audit matter.	Our audit procedures included the following: We evaluated the controls in this area to determine if they had been designed and implemented appropriately. We assessed the valuer's competence, capabilities, independence and objectivity and read their terms of engagement with the Group to determine that the scope of their work was sufficient. We agreed the total valuation in the valuers report to the amount reported in the consolidated statement of financial position. We tested the data provided to the valuer by the Group, on a sample basis. We involved our internal real estate valuation specialist to review selected properties valued by external valuers and internally by management and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRSs. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We assessed the disclosures in the consolidated financial statements relating to this matter to determine if they were in accordance with the requirements of IFRSs.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' Report, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information (continued)

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.

When we read the complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the applicable provisions of Qatar Commercial Companies' Law, 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 ISA's, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude 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

Further, as required by the Qatar Commercial Companies' Law, we report the following:

- We are of the opinion that proper books of account were maintained by the Company, physical inventory verification has been duly carried out and the contents of the director's report are in agreement with the Company's accompanying consolidated financial statements.
- We obtained all the information and explanations which we considered necessary for the purpose of our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Association were committed during the year which would materially affect the Group's consolidated financial position or its consolidated financial performance.

Doha – Qatar
January 31, 2024

For **Deloitte & Touche**
Qatar Branch

ديلويت أند توش
محاسبون قانونيون
Public Accountants
DELOITTE & TOUCHE

Joseph Khalife
Partner
License No. 433
QFMA Auditor License No. 120156

QATARI INVESTORS GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Notes	2023	2022
		QR.	QR.
ASSETS			
Non-current assets			
Property, plant and equipment	5	**2,138,581,826**	2,165,938,341
Right-of-use assets	6	**128,236,975**	57,906,965
Investment properties	7	**821,050,455**	844,785,968
Goodwill	8	**230,506,403**	242,506,403
Investments in associates	9	**29,094,355**	29,956,062
Financial investments at fair value through other comprehensive income (FVTOCI)	10	**9,498,293**	8,405,344
Derivative financial asset	11	**70,252,773**	114,678,768
Total non-current assets		**3,427,221,080**	3,464,177,851
Current assets			
Derivative financial assets	11	**15,611,727**	20,850,685
Contract assets	12	**7,989,629**	18,579,465
Inventories	13	**265,064,769**	155,378,932
Prepayments and other debit balances	14	**69,379,513**	52,581,117
Advances to contractors and suppliers	15	**4,847,248**	18,851,787
Due from related parties	16(a)	**14,530,206**	12,950,625
Accounts receivable	17	**178,344,071**	263,705,928
Cash and bank balances	18	**733,335,910**	799,739,381
Total current assets		**1,289,103,073**	1,342,637,920
Total assets		**4,716,324,153**	4,806,815,771

These consolidated financial statements were approved by the board of directors on January 31, 2024 and were signed on their behalf by:

Sheikh Hamad Faisal T J Al – Thani
Chairman

DELOITTE & TOUCHE
Doha - Qatar

31 JAN 2024

Signed for Identification
Purposes Only

QATARI INVESTORS GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Notes	2023 QR.	2022 QR.
Equity			
Share capital	19	**1,243,267,780**	1,243,267,780
Legal reserve	20	**621,633,890**	621,633,890
Fair value reserve		**5,882,493**	4,789,544
Hedging reserve	21	**85,864,500**	135,529,453
Retained earnings		**946,225,789**	950,872,006
Proposed dividend		**186,490,167**	186,490,167
Equity attributable to owners of the Company		**3,089,364,619**	3,142,582,840
Non-controlling interest		**(5,116,157)**	(5,148,920)
Total equity		**3,084,248,462**	3,137,433,920
Liabilities			
Non-current liabilities			
Bank borrowings	22	**931,711,918**	1,040,933,455
Lease liabilities	23	**111,306,806**	53,690,980
Employees' end of service benefits	24	**10,639,133**	10,352,610
Total non-current liabilities		**1,053,657,857**	1,104,977,045
Current liabilities			
Bank borrowings	22	**112,341,968**	108,861,577
Lease liabilities	23	**21,199,912**	6,273,487
Accounts payable	25	**30,595,645**	41,162,976
Due to related parties	16(b)	**1,530,661**	1,358,077
Retention payables		**9,145,118**	10,256,770
Notes payable	26	**6,674,655**	2,631,175
Accruals and other liabilities	27	**396,929,875**	393,860,744
Total current liabilities		**578,417,834**	564,404,806
Total liabilities		**1,632,075,691**	1,669,381,851
Total equity and liabilities		**4,716,324,153**	4,806,815,771

These consolidated financial statements were approved by the board of directors on January 31, 2024 and were signed on their behalf by:

Sheikh Hamad Faisal T J Al – Thani
Chairman

DELOITTE & TOUCHE
Doha - Qatar
31 JAN 2024
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This statement has been prepared by the Group and stamped by the Auditors for identification purposes only.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Notes	**2023**	2022
		QR.	QR.
Revenue	28	**515,232,078**	743,600,129
Cost of revenue	29	**(234,608,536)**	(375,997,330)
Gross profit		**280,623,542**	367,602,799
Income from short-term deposits and saving accounts		**29,584,750**	14,328,672
Other income		**30,872,482**	5,195,427
Investment income		**1,823,828**	3,727,256
Net change in fair value of investment properties	7	**(3,818,425)**	70,763,583
Share of profit from investments in associates	9	**12,781,473**	10,167,038
Selling and distribution expenses	30	**(2,606,719)**	(4,775,736)
General and administrative expenses	31	**(104,270,818)**	(100,666,703)
Impairment of non-current assets	5&8	**(12,000,000)**	(126,062,034)
Finance costs		**(41,413,599)**	(41,301,957)
Net profit for the year before income tax		**191,576,514**	198,978,345
Income tax expenses	32	**(5,037,136)**	(8,603,637)
Net profit for the year after income tax		**186,539,378**	190,374,708
Attributable to:			
Owners of the Company		**186,506,615**	192,166,622
Non-controlling interest		**32,763**	(1,791,914)
Net profit for the year after income tax		**186,539,378**	190,374,708
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Net change in fair value of financial investments designated as FVTOCI	10	**1,092,949**	(1,265,435)
Items that may be reclassified to profit or loss in subsequent periods			
Change in fair value of cash flow hedging derivatives	21	**(49,664,953)**	102,580,009
Total comprehensive income for the year after income tax		**137,967,374**	291,689,282
Attributable to:			
Owners of the Company		**137,934,611**	293,481,196
Non-controlling interest		**32,763**	(1,791,914)
Total comprehensive income for the year after income tax		**137,967,374**	291,689,282
Basic and diluted earnings per share	34	**0.15**	0.15

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31 JAN 2024
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QATARI INVESTORS GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Share capital	Legal reserve	Fair value reserve	Hedging reserve	Retained earnings	Proposed dividends	Attributable to the owners of the Company	Non-controlling interest	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance at January 1, 2022	1,243,267,780	621,633,890	6,054,979	32,949,444	949,999,717	124,326,778	2,978,232,588	(3,357,006)	2,974,875,582
Net profit for the year after income tax	--	--	--	--	192,166,622	--	192,166,622	(1,791,914)	190,374,708
Other comprehensive income for the year	--	--	(1,265,435)	102,580,009	--	--	101,314,574	--	101,314,574
Total comprehensive income for the year after income tax	--	--	(1,265,435)	102,580,009	192,166,622	--	293,481,196	(1,791,914)	291,689,282
Dividends paid to the shareholders	--	--	--	--	--	(124,326,778)	(124,326,778)	--	(124,326,778)
Proposed dividends to the shareholders	--	--	--	--	(186,490,167)	186,490,167	--	--	--
Social and sports fund contribution (Note 33)	--	--	--	--	(4,804,166)	--	(4,804,166)	--	(4,804,166)
Balance as at December 31, 2022	1,243,267,780	621,633,890	4,789,544	135,529,453	950,872,006	186,490,167	3,142,582,840	(5,148,920)	3,137,433,920
Net profit for the year after income tax	--	--			186,506,615	--	186,506,615	32,763	186,539,378
Other comprehensive income for the year	--	--	1,092,949	(49,664,953)	--	--	(48,572,004)	-	(48,572,004)
Total comprehensive income for the year after income tax	--	--	1,092,949	(49,664,953)	186,506,615	--	137,934,611	32,763	137,967,374
Dividends paid to the shareholders	--	--	--	--	--	(186,490,167)	(186,490,167)	--	(186,490,167)
Proposed dividends to the shareholders	--	--	--	--	(186,490,167)	186,490,167	--	--	--
Social and sports fund contribution (Note 33)	--	--	--	--	(4,662,665)	--	(4,662,665)	--	(4,662,665)
Balance as at December 31, 2023	**1,243,267,780**	**621,633,890**	**5,882,493**	**85,864,500**	**946,225,789**	**186,490,167**	**3,089,364,619**	**(5,116,157)**	**3,084,248,462**

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31 JAN 2024
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QATARI INVESTORS GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	Notes	2023	2022
		QR.	QR.
OPERATING ACTIVITIES			
Net profit for the year before income tax		**191,576,514**	198,978,345
Adjustments for:			
Depreciation of property, plant and equipment	5	**75,061,486**	71,016,220
Amortization of right-of-use assets	6	**15,623,280**	8,132,095
Net change in fair value of investment properties	7	**3,818,425**	(70,763,583)
Accrued finance costs		**86,992,417**	52,855,976
Impairment of property, plant and equipment	5	--	63,427,565
Impairment of goodwill	8	**12,000,000**	70,312,823
Share of profit from investments in associates	9	**(12,781,473)**	(10,167,038)
Provision / (reversal) for impairment of contract assets	12	**322,865**	(1,357,211)
Net movement in provision for inventories	13	**(5,737,448)**	4,836,028
(Reversal) / provision for impairment of advances to contractors and suppliers	15	**(6,856,031)**	2,603,242
(Reversal) / provision for impairment of accounts receivables	17	**(141,395)**	2,445,771
Gain on disposal of property, plant and equipment		**(2,390,637)**	(1,342,759)
Interest expenses on lease liabilities	23	**6,484,929**	3,792,178
Employees' end of service benefits	24	**2,254,314**	2,888,747
		366,227,246	397,658,399
Movements in working capital:			
Inventories		**(103,948,389)**	(44,329,960)
Prepayments and other debit balances		**(16,909,649)**	(18,296,611)
Advances to contractors and suppliers		**20,860,570**	(2,269,899)
Due from related parties		**(1,579,581)**	1,221,824
Accounts receivable		**85,503,252**	(26,600,037)
Contracts assets		**10,266,971**	2,522,182
Account payable		**(10,567,331)**	4,274,537
Due to related parties		**172,584**	(392,628)
Retention payables		**(1,111,652)**	5,159,644
Accruals and other liabilities		**(50,217,712)**	21,453,795
Cash generated from operations		**298,696,309**	340,401,246
Employees' end of service benefits paid	24	**(1,967,791)**	(2,056,884)
Income tax expenses paid		**(730,389)**	(4,978,490)
Payment of interest portion of lease liabilities		**(6,402,903)**	(3,793,158)
Finance costs paid		**(76,273,582)**	(39,772,194)
Net cash generated from operating activities		**213,321,644**	289,800,520
INVESTING ACTIVITIES			
Proceeds from sales of property, plant and equipment		**8,635,976**	4,302,713
Purchases of property, plant and equipment	5	**(34,200,222)**	(44,202,830)
Net movement in term deposits maturing after three months		**(40,000,000)**	(25,000,000)
Dividends from investments in associates	9	**13,810,180**	8,692,762
Net cash used in investing activities		**(51,754,066)**	(56,207,355)

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Doha - Qatar
31 JAN 2024
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QATARI INVESTORS GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	Notes	2023	2022
		QR.	QR.
FINANCING ACTIVITIES			
Proceeds from borrowings		**333,375**	9,776,385
Repayment of borrowings		**(116,793,357)**	(146,431,777)
Payment of lease liabilities		**(13,493,065)**	(7,145,244)
Payment of social and sports fund contribution	33	**(4,804,166)**	(4,702,967)
Notes payable		**4,043,480**	(599,898)
Dividends paid to the shareholders		**(186,490,167)**	(124,326,778)
Net cash used in financing activities		**(317,203,900)**	(273,430,279)
Net decrease in unrestricted cash and cash equivalents		**(155,636,322)**	(39,837,114)
Unrestricted cash and cash equivalents at the beginning of the year		**546,572,826**	586,409,940
Unrestricted cash and cash equivalents at the end of the year	18	**390,936,504**	546,572,826

DELOITTE & TOUCHE
Doha - Qatar
31 JAN 2024
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1. INCORPORATION AND ACTIVITIES

Qatari Investors Group Q.P.S.C. (the "Company") is a Qatari Shareholding Company incorporated in the State of Qatar on May 04, 2006 in accordance with the Qatar Commercial Companies Laws and the terms of its Articles of Association. The Company operates under commercial registration No. 32831.

The Company is primarily engaged in managing and providing necessary support to its subsidiaries and affiliates, in addition to owning moveable and real estate properties for operating its business.

The address of the Company's head office is QIG Tower, Lusail, Qatar.

The consolidated financial statements comprise the financial statements of the Company and of its wholly owned subsidiaries (collectively "the Group").

Composition of the Group:

The Group owns 100% of the beneficial interest and controls the following entities as at December 31, 2023:

Name of subsidiary	Place of incorporation	Ownership interest	Principal Activity
QIG Property L.L.C.	Qatar	100%	Real estate
The Investors Company L.L.C.	Qatar	100%	Trading of construction materials, equipment and trucks
Qatari Investment Group L.L.C.	Qatar	100%	Investment and other trading
QIG Marine Services Company L.L.C.**	Qatar	100%	Marine services and shipping
QIG Technology Company L.L.C.*	Qatar	100%	Information technology services
QIG Global Company L.L.C.	Qatar	100%	International companies representation
QIG Trading Company L.L.C.	Qatar	100%	Various trading activities
QIG Financial Services L.L.C.	Qatar	100%	Financial services
QIG Projects Development L.L.C.*	Qatar	100%	Industry equipment works
QIG Industries L.L.C.*	Qatar	100%	Mechanical and industrial engineering equipment
QIG Contracting L.L.C.	Qatar	100%	Contracting services
United FM Services L.L.C.	Qatar	100%	Building Maintenance works
Qatari Group for Investment L.L.C.	Qatar	100%	Investment and other trading

* These entities hold investments in other subsidiaries controlled by the Group such as Al Khalij Cement Company L.L.C, International Technical and Trading Company L.L.C., Qatar Security Systems L.L.C. and Mobility Car Rental L.L.C.

** During the year, the Group incorporates two new companies namely United Tours and Cruise W.L.L. and United Shipping QFC L.L.C. which are owned by QIG Marine Services Company L.L.C.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee ("IFRIC") interpretations effective as of January 1, 2023:

2.1 New and amended IFRS Standards and interpretations that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2023, have been adopted in these financial statements. These new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)	January 1, 2023

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies	January 1, 2023
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.	
The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.	
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	January 1, 2023
The IASB has amended IAS 8 to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgments or assumptions based on the latest available, reliable information.	
The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications:	
▪ A change in accounting estimate that results from new information or new developments is not the correction of an error	
▪ The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.	
The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.	

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

The amendments provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.
The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 12 Income Taxes —International Tax Reform—Pillar Two Model Rules	January 1, 2023

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

Amendments to IAS 12 Income Taxes	January 1, 2023

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

2.2 New and amended IFRSs in issue but not yet effective and not early adopted

The Group has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current	January 1, 2024. Early application permitted
The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.	
Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current	January 1, 2024. Early application permitted
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	
In November 2022, IAS 1 has been amended to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or noncurrent.	
An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	
The 2022 amendments deferred the effective date of the amendments to *IAS 1 Classification of Liabilities as Current or Non-current* published in January 2020 by one year to annual reporting periods beginning on or after 1 January 2024.The amendments are applied retrospectively.	
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption/ effective date deferred indefinitely
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.	

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 1, 2024. Early application permitted

The amendments requires a seller-lessee to subsequently measure lease liabilities by determining "lease payments" and "revised lease payments" arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	January 1, 2024. Earlier application is permitted

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- *The terms and conditions of the arrangements*
- *The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;*

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements (continued)	January 1, 2024. Earlier application is permitted

- *The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;*
- *Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement;*
- *Liquidity risk information*

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendments to IAS 1 Presentation of Financial Statements – Non-Current Liabilities with Covenants	January 1, 2024

In January 2020, the IASB issued amendments to IAS 1 – Classification of Liabilities as Current or Non-current (the 2020 Amendments). One of the requirements prescribed by the 2020 Amendments related to the classification of liabilities subject to covenants (e.g. a bank loan where the lender may demand accelerated repayment if financial covenants are not met). The 2020 Amendments provided that if an entity's right to defer settlement is subject to the entity complying with specified conditions, the right exists at the end of the reporting period only if the entity complies with those conditions at the end of the reporting period. Several concerns were raised about the outcome of these requirements, therefore, the mandatory effective date was deferred. In order to address these concerns, the IASB has now issued the 2022 Amendments.

The 2022 Amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements.

The Amendments address the concerns raised by stakeholders on the effects of the amendments to IAS 1 Classification of Liabilities as Current or Non-current related to classification of liabilities with covenants. Under the 2022 Amendments, a covenant affects whether right to defer settlement exists at the end of the reporting period if compliance with the covenant is required on or before the end of the reporting period.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 21 - Lack of Exchangeability An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	January 1, 2025. Earlier application is permitted

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments as highlighted in previous paragraphs, may have no material impact on the consolidated financial statements of the Group.

3. ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and applicable provisions of Qatar Commercial Companies' Law and Company's articles of association.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments that are measured at revalued amounts or fair value at the end of each reporting period.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 inputs are unobservable inputs for the asset or liability.

3. ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyal (QR.), which is the Group's functional and presentation currency.

The principal accounting policies adopted are stated below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its controlled entities (its subsidiaries) as at December 31, 2023. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group.

3. ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

All intragroup assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial Statements of the subsidiaries were prepared for the same period ended December 31, 2023.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations & goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. In a business combination achieved without the transfer of consideration, the Group substitutes the acquisition-date fair value of its interest in the acquiree for the acquisition-date fair value of the consideration transferred to measure goodwill or a gain on a bargain purchase. Acquisition-related costs are generally recognised in the consolidated statement of profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. ACCOUNTING POLICIES (CONTINUED)

Business combinations & goodwill (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit or loss and other comprehensive income as a bargain purchase gain.

Goodwill arising on an acquisition of a business is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operations policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. ACCOUNTING POLICIES (CONTINUED)

Investments in associates (continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. If a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, then Group also reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Investment properties

Investment properties are properties held to earn rentals and/or capital appreciation (including property under construction for such purposes). Investment properties are initially measured at cost and subsequently at fair value with any change therein recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss and other comprehensive income in the period of derecognition.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the net book value at the date of change in use. If owner-occupied properties become investment properties, the Group accounts for such properties in accordance with the policy stated under properties and equipment up to the date of change in use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is recognized to write-off the cost of assets less their residual values over their useful lives using the straight line method. The Group has applied the unit of production method for depreciating production related building and equipment. The following are the estimated useful lives of the assets other than amortized using unit of production method:

	Useful life in years
Buildings	15-50
Equipment	5-30
Furniture and fixtures	5
Computers and software	3
Motor and heavy vehicles	5-10

The asset's residual values, useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each reporting date. The effect of any changes to estimates are accounted for on a prospective basis.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as the expense is incurred.

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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in the period the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At each annual reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets other than goodwill (continued)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

i. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

ii. Amortised cost and effective interest method

Finance income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, finance income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, finance income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises finance income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Finance income is recognised in profit or loss and is included in the "Income from short-term deposits and savings" line item.

ii. Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

3. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

iii. Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (ii) above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item

- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that measured at amortised cost or at FVTOCI, lease receivables, and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risks since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of many where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

3. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instruments that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

3. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a. significant financial difficulty of the issuer or the borrower;
b. a breach of contract, such as a default or past due event;
c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e. the disappearance of an active market for that financial asset because of financial difficulties.

3. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group fully provide for or writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings,. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

3. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at FVTPL (continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

As at reporting date, the Group did not carry any financial liabilities that has been measured at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating finance cost expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the ‘other gains and losses’ line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

3. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Movements in the hedging reserve in equity are detailed in statement of changes in equity.

3. ACCOUNTING POLICIES (CONTINUED)

Hedge accounting (continued)

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss,and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longerexpected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

3. ACCOUNTING POLICIES (CONTINUED)

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved.

Employees' end of service benefits and pension entitlements

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the Qatar Labour Law and the employees' contracts and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Revenue recognition

The Group recognises revenue from the following major sources

- Revenue from industrial activities
- Contracting revenues
- Services revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from industrial activities

Revenue from industrial activities includes revenue from sale of cement. Revenue from industrial activities is recognized when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of electronics equipment provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

3. ACCOUNTING POLICIES (CONTINUED)

Revenue from industrial activities (continued)

(ii) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability.

(iii) Volume rebates

The Group provides volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer.

(iv) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Services revenue

Services revenue includes installation services relating to security equipment, and shipping agency services. Services revenue is recognised over time as a performance obligation is satisfied. Revenue is recognised for these services based on the stage of completion of the contract. The management has assessed that the stage of completion determined as the proportion of the total time expected to render the service that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15. Payment for such services is not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed representing the entity’s right to consideration for the services performed to date.

Contracting revenues

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relative statement of work and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

3. ACCOUNTING POLICIES (CONTINUED)

Revenue form rental of vehicles

Revenue from services is recognised as the services are rendered, including where they are based on contractual daily rates for the renting of vehicles in respect of multi-year service contracts. Revenue from vehicles hired on time is recognised over time as the customer simultaneously received and consumes the benefits provided by the Group's performance as the Group's performs.

Service income for shipping services

The Group is appointed as agent to provide several services to its principals which include marketing and information services, vessel clearance and husbandry, cargo operations including collection and remittance of freight / demurrage and investigations / claims coordination.

A fee is agreed in the agreement with the principals for the agency services on the basis of number of vessels calls in the port of the State of Qatar. Similarly, a container control fee (related to cargo operations) and a commission on collection and remittance of charges / demurrage are separately agreed. Revenue relating to above income is recognized over time as the performance obligation is satisfied.

For vessel operations and husbandry services, the discharge of the vessel from the Qatari port is considered as the revenue recognition point. Revenue is recognized on a monthly basis, based on the number of vessels cleared by the end of the month.

For cargo operations including collection and remittance of charges, completed unloading / loading of cargo for that particular month is considered as the revenue recognition point.

Service income for freight forwarding services

The Group provides port clearance and freight forwarding services to its customers, since it holds a port clearance license.

Revenue relating to service income for provision of freight forwarding and port clearance services is recognized over time as the performance obligation is satisfied.

Lease rental income

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Dividend income

Dividend income from investments is recognised when the Group's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group's and the amount of income can be measured reliably. Dividend income is recognized in the consolidated statement of profit or loss on the date that the Group's right to receive payment is established.

Finance income

Finance income from financial assets is recognized when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Finance income is accrued on a time basis with reference to the principal outstanding and at the effective profit rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

Foreign currency transactions

Transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

Income tax

Taxes are calculated based on applicable laws or regulations in the State of Qatar. Currently there is no corporate tax applicable to the Parent in the State of Qatar. However, corporate tax is applicable on subsidiaries operating in the State of Qatar.

Leases

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

3. ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in, in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-use assets and lease liabilities have been presented on the face of the statement of financial position as separate line item.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make 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 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.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements:

Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The Group has been profitable, and it had positive net asset (equity), working capital and cash flow positions as at the year end. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Revenue recognition

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations in a bundled sale of equipment and installation services

The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both the equipment and installation are capable of being distinct. The fact that the Group regularly sells both equipment and installation on a stand-alone basis indicates that the customer can benefit from both products on their own. The Group also determined that the promises to transfer the equipment and to provide installation are distinct within the context of the contract. The equipment and installation are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the equipment and installation together in this contract do not result in any additional or combined functionality and neither the equipment nor the installation modify or customise the other. In addition, the equipment and installation are not highly interdependent or highly interrelated, because the Group would be able to transfer the equipment even if the customer declined installation and would be able to provide installation in relation to products sold by other distributors.

Consequently, the Group allocated a portion of the transaction price to the equipment and the installation services based on relative stand-alone selling prices.

Determining the timing of satisfaction of performance obligations for installation services

The Group concluded that revenue for installation services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the installation that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgments in applying accounting policies (continued)

Revenue recognition (continued)

Determining the timing of satisfaction of sale of goods

The Group concluded that revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, at which point the Group has a right to payment, the customer has legal title, physical possession, significant risks and rewards of ownership and has accepted the goods.

Determining the timing of satisfaction of performance obligation for contracting services

The Group concluded that revenue from contracting services, including shipping and marine services is recognised over time as set out in revenue recognition policy.

Determining the timing of satisfaction of performance obligation for vehicle rental services

The Group concluded that revenue from vehicle rental services is recognised over time as it performs continuous transfer of control of goods or services to the customers. Because customer simultaneously receives and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these performance obligations, we have considered the nature of these goods and services as well as nature of its performance.

Determining if the Group is transacting as principal or an agent

Significant judgements are made by management when concluding whether the Group is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Group. The assessment requires an analysis of key indicators, specifically whether the Group:

- *carries any inventory risk;*
- *has the primary responsibility for providing the goods or services to the customer;*
- *has the latitude to establish pricing; and*
- *bears the customer's credit risk.*

These indicators are used to determine whether the Group has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. For example, any sale relating to inventory that is held by the Group, not on consignment, is a strong indicator that the Group is acting as a principal.

Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of equipment with rights of return and volume rebates.

Classification of associate

The Group has various investments in associates. Despite holding of more than 50% of the shareholding of these companies, by virtue of the contractual arrangements, the Group does not have control over the financial and operating policy decisions and hence has a significant influence over these associate companies.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgments in applying accounting policies (continued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (see Note 3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

As explained in Note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Legal Cases

Note 39 describes a number of legal actions against the Group. Management has chosen not to make a provision for any claims against the Group as the eventual outcome of the legal actions are uncertain and we do not believe will have any financial impact.

Measurement of investment properties

Management of the Group is required to choose as its accounting policy either the fair value model or the cost model and shall apply this policy to all of its investment property, except if it holds an investment property as a lessee under an operating lease, under which it is required to hold these investment properties only at fair value.

The Group has chosen to adopt the fair value model for the purposes of measuring its investment properties in the statement of financial position.

Depreciation of right-of-use assets

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Management reviews annually the useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates. No such adjustments were considered necessary at the end of the current year.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgments in applying accounting policies (continued)

Impairment of property and equipment and right-of-use assets

The carrying amounts of the Group's property and equipment and right-of-use assets are reviewed to determine whether there is any indication of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management did not identify any evidence from internal reporting indicating impairment of an asset or class of assets except the one disclosed in note 5 of the financial statements.

Property lease classification –Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Determining whether a contract is, or contains, a lease – Group as lessee

The Group determines whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an identified asset, is assessed by considering whether the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use the identified asset throughout the period of use.

Determining the lease term –Group as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgments in applying accounting policies (continued)

Determining the incremental borrowing rate –Group as lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, its uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's financial currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Fair value and hedge effectiveness of cash flow hedges

Fair value of hedges is derived based on confirmation from banks. Management performs an independent check to assess the accuracy of the fair values. Management also reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The hedge was found to be highly effective. As a result, the fair value of the derivative is recorded in equity under hedging reserve.

4.2 Key sources of estimation uncertainty

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

Percentage-of-completion

The Group uses the input method to recognise revenue on the basis of entity's efforts or inputs to the satisfaction of a performance obligation in accounting for its construction contracts. This is done by measuring the costs incurred to date relative to the total expected costs to be incurred (forecast final costs).

At each reporting date, the Group is required to estimate stage of completion and costs to complete on its construction contracts. These estimates require the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the year in which the estimates are revised. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Group uses its commercial teams together with project managers to estimate the costs to complete of construction contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, increase in labour and other costs are included in the construction cost estimates based on best estimates updated on a regular basis.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in the use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of the value in use calculation are set out in Note 8.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (continued)

Fair value of investment properties

Fair value is time specific as of a given date. Because market conditions may change, the amount reported as fair value may be incorrect or inappropriate if estimated as of another time. The management uses independent appraiser to evaluate the investment properties and believes that the value of investment properties reflects the fair market value of these investment properties. Information about the fair value of investment properties is set out in Note 7.

Depreciation of property, plant and equipment

Items of property, plant and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, and technological or commercial obsolescence, and impacts the annual depreciation charge recognized in the consolidated financial statements.

The Group Management reviews annually the depreciation method, residual values and useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the depreciation method, useful lives and / or the residual values differ from previous estimates.

Provision for expected credit losses of accounts receivable (ECL)

The Group uses a provision matrix to calculate ECLs for accounts receivable, advances and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Fair value of unquoted investments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group prepares an internal valuation using appropriate valuation techniques and inputs. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in respective notes.

Write-down of slow moving inventories

The management determines the estimated amount of slow moving inventories. This estimate is based on the age of items in inventories and this provision is subject to change as a result of technical innovations and the usage of items.

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Furniture and fixtures	Computers and software	Motor and heavy vehicles	Capital work in progress	Total
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
Cost:								
Balance as at January 1, 2022	2,499,266	1,193,225,453	1,491,016,652	36,211,000	15,991,595	173,490,763	66,959,056	2,979,393,785
Additions during the year	--	404,000	1,056,397	2,628,657	1,440,516	26,589,188	12,084,072	44,202,830
Transfers	--	36,000	--	2,228,932	520,529	--	(2,785,461)	--
Transfer to investment properties	(2,499,266)	(35,939,496)	--	--	--	--	--	(38,438,762)
Transfer from investment properties	--	7,015,548	--	--	--	--	--	7,015,548
Disposals during the year	--	--	(913,691)	(22,357)	(151,749)	(16,192,415)	--	(17,280,212)
Balance as at December 31, 2022	--	1,164,741,505	1,491,159,358	41,046,232	17,800,891	183,887,536	76,257,667	2,974,893,189
Additions during the year		--	4,497,929	914,141	2,403,834	21,560,220	4,824,098	34,200,222
Transfers	--	--	--	(43,531)	109,118	--	(65,587)	--
Transfer to investment properties	--	--	--	--	--	--	(868,426)	(868,426)
Transfer from investment properties	--	20,785,514	--	--	--	--	--	20,785,514
Disposals during the year	--	(390,525)	(2,129,197)	(3,672,132)	(2,755,162)	(28,608,210)	--	(37,555,226)
Balance as at December 31, 2023	**--**	**1,185,136,494**	**1,493,528,090**	**38,244,710**	**17,558,681**	**176,839,546**	**80,147,752**	**2,991,455,273**
Accumulated depreciation and impairment:								
Balance at January 1, 2022	--	194,817,873	372,422,068	22,605,547	12,359,188	113,106,989	--	715,311,665
Depreciation for the year	--	30,667,343	20,544,597	3,352,039	2,351,697	14,100,544	--	71,016,220
Impairment loss	--	--	--	--	--	--	63,427,565	63,427,565
Transfer to investment properties	--	(26,632,344)	--	--	--	--	--	(26,632,344)
Depreciation related to disposals	--	--	(328,843)	(22,201)	(151,749)	(13,665,465)	--	(14,168,258)
Balance at December 31, 2022	--	198,852,872	392,637,822	25,935,385	14,559,136	113,542,068	63,427,565	808,954,848
Depreciation for the year	--	32,142,943	22,521,682	2,953,879	2,058,374	15,384,608	--	75,061,486
Depreciation related to disposals	--	(390,524)	(756,676)	(3,659,844)	(2,755,140)	(23,580,703)	--	(31,142,887)
Balance as at December 31, 2023	**--**	**230,605,291**	**414,402,828**	**25,229,420**	**13,862,370**	**105,345,973**	**63,427,565**	**852,873,447**
Net carrying amount:								
At December 31, 2023	**--**	**954,531,203**	**1,079,125,262**	**13,015,290**	**3,696,311**	**71,493,573**	**16,720,187**	**2,138,581,826**
At December 31, 2022	--	965,888,633	1,098,521,536	15,110,847	3,241,755	70,345,468	12,830,102	2,165,938,341

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Certain credit facilities are secured by a possessory mortgage over the plant's machinery and equipment (Note 22 (i)).

During the year 2022, the Group assessed certain capital work in progress for impairment indicators. Based on the assessment performed the Group recognized impairment loss of QR. 63.43 million. No further impairment was recognized during the current year.

Depreciation charges for the year are allocated as set out below:

	2023	2022
	QR.	QR.
Cost of revenue	**64,570,664**	60,178,676
Selling and distribution expenses (Note 30)	**67,060**	293,047
General and administrative expenses (Note 31)	**10,423,762**	10,544,497
	75,061,486	71,016,220

6. RIGHT-OF-USE-ASSETS

	Lands	**Buildings**	**Marine Equipment**	**Total**
	QR.	**QR.**	**QR.**	**QR.**
Cost:				
Balance at January 1,2022	80,579,533	6,664,843	--	87,244,376
Additions during the year	750,758	174,329	--	925,087
Lease expired	(323,520)	(2,903,448)	--	(3,226,968)
Balance as at December 31, 2022	81,006,771	3,935,724	--	84,942,495
Additions during the year	1,396,083	3,591,975	80,965,232	85,953,290
Balance as at December 31, 2023	**82,402,854**	**7,527,699**	**80,965,232**	**170,895,785**
Accumulated amortization:				
Balance at January 1,2022	18,005,431	4,124,972	--	22,130,403
Amortization during the year	6,272,477	1,859,618	--	8,132,095
Amortization on lease expired	(323,520)	(2,903,448)	--	(3,226,968)
Balance as at December 31, 2022	23,954,388	3,081,142	--	27,035,530
Amortization during the year	6,323,292	1,203,462	8,096,526	15,623,280
Balance as at December 31, 2023	**30,277,680**	**4,284,604**	**8,096,526**	**42,658,810**
Net carrying amount:				
At December 31, 2023	**52,125,174**	**3,243,095**	**72,868,706**	**128,236,975**
At December 31, 2022	57,052,383	854,582	--	57,906,965

6. RIGHT-OF-USE-ASSETS (CONTINUED)

Amortization charges for the year are allocated as set out below:

	2023	2022
	QR.	QR.
Cost of revenue	**6,238,973**	6,188,175
General and administrative expenses (Note 31)	**9,384,307**	1,943,920
	15,623,280	8,132,095

7. INVESTMENT PROPERTIES

	2023	2022
	QR.	QR.
Balance as at January 1,	**844,785,968**	769,231,515
Transfers from property, plant and equipment	**868,426**	11,806,418
Transfers to property, plant and equipment	**(20,785,514)**	(7,015,548)
Net change in fair value of investment properties	**(3,818,425)**	70,763,583
Balance as at December 31,	**821,050,455**	844,785,968

Investment properties comprise of a number of commercial and residential properties that are or will be leased to third parties.

The fair value of the Group's investment properties as at December 31, 2023 are arrived on the basis of a valuation carried out at the date by a qualified, external, independent property valuer certified in the State of Qatar and they have appropriate recognised qualifications and relevant experience in the location and category of the properties being valued.

In estimating the fair value of the properties, the highest and best use of the properties is considered to be their current use.

The fair value as at December 31, 2023 and December 31, 2022 is determined by the independent valuers using the following valuation approaches in accordance with the International Valuation Standards Committee:

- Market comparable method that reflects recent transactions in the same area, taking into account the characteristics of the property, the differences in location, and individual factors, such as frontage and size, between the comparable property, at an average rate.
- Replacement cost method that reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost)

Significant unobservable input(s)

Comparable rate per square meter are used for valuation, by taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property.

All of the properties have been valued using the market comparable approach except for certain commercial properties which are valued using replacement cost method. A difference in the assumption of the rate per square meter of the comparable property could result in an increase/decrease in fair value.

7. INVESTMENT PROPERTIES (CONTINUED)

There has been no change to the valuation techniques adopted in the property valuation reports during the year as compared to the previous year. Following table shows the rental, income, operating expenses and change in fair value related to investment properties during the year:

	2023	2022
	QR.	QR.
Rental income derived from investment properties	**35,596,869**	22,903,119
Operating expenses	**17,988,520**	(29,280,423)
Change in fair value	**(3,818,426)**	70,763,583

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Details of the Group's investment properties and information about the fair value as at the end of the reporting period are as follows:

	2023	2022
	QR.	QR.
Residential units	**95,200,000**	101,550,000
Commercial property, land and others	**725,850,455**	743,235,968
Total	**821,050,455**	844,785,968

All of the investment properties are considered level 3 in the fair value hierarchy.

8. GOODWILL

	2023	2022
	QR.	QR.
Goodwill	**230,506,403**	242,506,403

The shareholders approved in their extra-ordinary general assembly meeting on April 26, 2009, the 100% acquisition of QIG Industries L.L.C. (Previously named "Qatari Investor Company W.L.L."). The total purchase consideration amounted to QR. 879.0 million, which was settled by issuance of additional shares at a premium of QR. 435.73 million. This transaction resulted in goodwill of QR. 314.46 million.

On December 31, 2023, an impairment review of the goodwill was undertaken by the management internally and compared the carrying value of goodwill with the anticipated recoverable amounts of the cash-generating units to which the goodwill was allocated. The recoverable amounts of the cash-generating units are based on value in use, which is calculated from cash flow projections for 5 years ending December 31, 2028 using data from management prepared budgets. A key assumption for the value in use calculations was the discount rate represented in the Group's weighted average cost of capital of 13% (2022: 13%) . The Management estimates discount rates that reflect the current market assessments of the time value of money and risks specific to the cash-generating units, and they consider the appropriate risk adjusted discount rate is 13% (2022: 13%). Changes in revenue and direct costs are based on an assumed compound growth rate of 3% (2022: 3%), as well as past experience and expectations of future changes in the market.

8. GOODWILL (CONTINUED)

Based on the assessment performed during the year the Group recognized impairment provision of QR. 12 million (2022: 70.31 million) in consolidated statement of profit or loss.

The carrying amount of goodwill has been allocated to the relevant CGUs including Industrial, Marine, Contracting and engineering and Others.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of these CGUs are based would not cause the carrying amounts to exceed the recoverable amounts of the related CGUs.

9. INVESTMENTS IN ASSOCIATES

The Group has interests in associate companies which are all incorporated in State of Qatar with a profit sharing percentages varying between 20% to 50%. Despite holding more than 50% of the shareholding of these companies, based on contractual arrangements, the Group does not have control over the financial and operating policy decisions and hence has a significant influence only over the associate companies at December 31, 2023.

These associates are in the industry of shipping services, manufacturing and others.

The share of profit from investments in associates has been calculated based on the management accounts. The Group's management does not expect any material differences in the figures recorded based on management accounts when audited.

Movement in the investments in associates balance during the year is as follows:

	2023	2022
	QR.	QR.
Balance as at January 1,	**29,956,062**	28,329,787
Addition during the year	**167,000**	151,999
Share of profit from investments in associates	**12,781,473**	10,167,038
Dividend received from investment in associates	**(13,810,180)**	(8,692,762)
Balance as at December 31,	**29,094,355**	29,956,062

All of the associates are accounted for using the equity method in these consolidated financial statements.

	2023	2022
	QR.	QR.
Total assets	**419,622,324**	439,684,634
Total liabilities	**284,826,306**	315,101,270
Equity	**134,796,019**	124,583,363
Revenue	**251,913,104**	239,242,834
Net profit for the year	**24,318,916**	16,212,932
Share of profit from investments in associates	**12,781,473**	10,167,038
Share of other comprehensive income	**--**	--
Share of total comprehensive income	**12,781,473**	10,167,038

10. FINANCIAL INVESTMENTS AT FVTOCI

At December 31, financial asset investments in equity investments designated as FVTOCI comprised of the following:

	2023	2022
	QR.	QR.
Unquoted equity securities	**9,498,293**	8,405,344

Unquoted equity securities are carried at fair value as disclosed in Note 35.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The investments fair value reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at FVTOCI, net of cumulative gain/ loss transferred to retained earnings upon disposal.

11. DERIVATIVE FINANCIAL ASSETS

	2023	2022
	QR.	QR.
Derivative financial asset		
Derivatives designated as hedging instrument		
Interest rate swaps-cash flow hedges	**85,864,500**	135,529,453

The Group has entered into interest rate swap agreement with financial institutions. As at December 31, 2023 the outstanding notional amount of swap agreements is QR. 953,500,549 (USD. 261,233,027) (2022: QR. 1,099,918,422 (USD. 301,347,513)).

The derivative financial asset is classified in consolidated statement of financial position as follows:

	2023	2022
	QR.	QR.
Current portion	**15,611,727**	20,850,685
Non-current portion	**70,252,773**	114,678,768
	85,864,500	135,529,453

12. CONTRACT ASSETS

	2023	2022
	QR.	QR.
Gross amounts due from customers	**8,444,510**	18,711,481
Less: Expected credit loss	**(454,881)**	(132,016)
	7,989,629	18,579,465

Movement noted in provision for expected credit loss was as follows:

	2023	2022
	QR.	QR.
Balance as at January 1,	**132,016**	1,489,227
Provision / (Reversal) during the year	**322,865**	(1,357,211)
Balance as at December 31,	**454,881**	132,016

Management of the Group measures the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into consideration the historical default experience and the future prospects of the industry.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

There has not been any significant change in the gross amounts of contract assets that has affected the estimation of the loss allowance.

13. INVENTORIES

	2023	2022
	QR.	QR.
Finished goods	**3,303,738**	3,503,127
Semi-finished goods	**178,674,245**	75,427,786
Raw materials	**25,295,787**	30,637,284
Goods-in-transit	**190,482**	1,461,267
Spare parts	**61,142,779**	53,629,178
	268,607,031	164,658,642
Less: provision for slow moving inventories	**(3,542,262)**	(9,279,710)
	265,064,769	155,378,932

The movement in the provision for slow moving inventories was as follows:

	2023	2022
	QR.	QR.
Balance as at January 1,	**9,279,710**	4,443,682
Net movement in provision for inventories	**(5,737,448)**	4,836,028
Balance at December 31,	**3,542,262**	9,279,710

14. PREPAYMENTS AND OTHER DEBIT BALANCES

	2023	2022
	QR.	QR.
Accrued income	**3,851,757**	5,319,000
Prepayments	**4,895,501**	4,258,130
Refundable deposits	**28,988,375**	28,401,804
Due from staff	**1,290,906**	1,310,835
Others*	**30,352,974**	13,291,348
	69,379,513	52,581,117

*This balance mainly include the amount of accrued interest recoverable as a result of hedging.

15. ADVANCES TO CONTRACTORS AND SUPPLIERS

	2023	2022
	QR.	QR.
Advances to contractors/ suppliers	**14,769,777**	35,630,347
Less: Expected credit loss	**(9,922,529)**	(16,778,560)
	4,847,248	18,851,787

Refer to Note 35 for the details on the credit quality of the Groups financial assets.

The movement in lifetime ECL has been recognised for advances to contractors and suppliers that has been recognised in accordance with the simplified approach set out in IFRS 9.

	2023	2022
	QR.	QR.
Balance as at January 1,	**16,778,560**	14,175,318
(Reversal of) / Additional provision during the year	**(6,856,031)**	2,603,242
Balance as at December 31,	**9,922,529**	16,778,560

16. RELATED PARTY DISCLOSURES

Related parties as defined in International Accounting Standard 24: Related Party Disclosures, represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation. Details of transactions between the Group and other related parties are disclosed below.

Pricing policies and terms of these transactions are approved by the Group’s management.

16. RELATED PARTY DISCLOSURES (CONTINUED)

a) Due from related parties

	2023	2022
	QR.	QR.
Entities under common control:		
Al Misnad L.L.C.	**1,381,789**	1,006,894
Vodafone Q.P.S.C.	**3,711,076**	2,978,886
National Aviation Services W.L.L.	**200,000**	200,000
Associates:		
Eversandai W.L.L.	**4,276,665**	4,465,218
Medlog Logistics W.L.L.	**3,490,849**	1,968,245
Affiliates:		
Others	**1,469,827**	2,331,382
	14,530,206	12,950,625

b) Due to related parties

	2023	2022
	QR.	QR.
Entities under common control:		
National Aviation Services W.L.L.	**164,697**	164,697
Associates:		
Medlog Logistics W.L.L.	**811,110**	--
United Gulf Cement Company W.L.L.	**--**	545,890
Affiliates:		
First Information Security W.L.L.	**60,119**	60,119
Al Jazeera Exchange W.L.L.	**47,710**	47,710
Others	**447,025**	539,661
	1,530,661	1,358,077

c) Transactions with related parties

	Nature	**2023**	2022
		QR.	QR.
Relationship			
Associate:			
United Gulf Cement Company W.L.L.	Sales	**27,500,326**	12,020,421
Common control:			
Vodafone Qatar Q.P.S.C.	Rental income	**10,662,204**	7,992,720

17. ACCOUNTS RECEIVABLE

	2023	2022
	QR.	QR.
Industrial activities	**134,036,258**	208,726,998
Contracting activities	**27,619,170**	36,299,503
Marine and logistics activities	**28,095,104**	28,051,238
Vehicle rental activities	**7,283,908**	9,459,953
	197,034,440	282,537,692
Less: Expected credit loss	**(18,690,369)**	(18,831,764)
	178,344,071	263,705,928

No profit is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off / fully provides for a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier. None of the trade receivables that have been written off / fully provided for are subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base:

As at December 31, the aging of account receivables is as follows:

Expected credit loss Rate	0.77%	7.38%	2.57%	8.98%	100.00%	
2023	**Less than 90 Days**	**91 to 180 Days**	**181 to 270 days**	**271 to 365 days**	**More than 365 days**	**Total**
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
Estimated total gross carrying amount at default	137,005,839	20,899,966	12,238,592	12,214,715	14,675,328	197,034,440
Lifetime ECL	(1,061,133)	(1,542,588)	(314,295)	(1,097,025)	(14,675,328)	(18,690,369)
	135,944,706	19,357,378	11,924,297	11,117,690	--	178,344,071

17. ACCOUNTS RECEIVABLE (CONTINUED)

Expected credit loss rate	1.37%	1.54%	2.34%	1.70%	100%	
2022	Less than 90 Days	91 to 180 Days	181 to 270 days	271 to 365 days	More than 365 days	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Estimated total gross carrying amount at default	162,213,229	48,424,873	43,044,121	14,260,917	14,594,552	282,537,692
Lifetime ECL	(2,235,031)	(747,630)	(1,010,693)	(243,858)	(14,594,552)	(18,831,764)
	159,978,198	47,677,243	42,033,428	14,017,059	--	263,705,928

The following table shows the movement in lifetime ECL that has been recognised for accounts receivables in accordance with the simplified approach set out in IFRS 9; all collectively assessed:

	2023	2022
	QR.	QR.
Balance as at January 1,	**18,831,764**	16,385,993
(Reversal) / provision for impairment of accounts receivables	**(141,395)**	2,445,771
Balance as at December 31,	**18,690,369**	18,831,764

18. CASH AND BANK BALANCES

	2023	2022
	QR.	QR.
Cash in hand	**497,979**	763,856
Bank balances:		
Current accounts	**160,719,731**	253,410,748
Saving accounts	**22,902,794**	12,295,722
Term deposits*	**206,816,000**	280,102,500
Unrestricted cash and cash equivalents	**390,936,504**	546,572,826
Restricted cash**	**177,399,406**	128,166,555
Term deposit with maturity over three months	**165,000,000**	125,000,000
Cash and bank balances	**733,335,910**	799,739,381

* Short term deposits and saving accounts are placed with various local banks and earn effective profit rate ranging from 0.80% to 6% per annum (2022: ranging from 0.80% to 4.85% per annum). Short term deposits have a maturity period of 3 months or less.

** Restricted cash mainly composed of dividends to be paid to shareholders (Note 27) held at local bank account, in addition to bank margin kept as pledged account to secure bank guarantees and letter of credits

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Qatar Central Bank. Accordingly, the management of the Group have assessed that there is no material impairment, and hence have not recorded any loss allowances on these balances.

19. SHARE CAPITAL

	2023	2022
	QR.	QR.
Authorized, issued and fully paid up share capital 1,243,267,780 shares (2022: 1,243,267,780 shares) of QR. 1 per share	**1,243,267,780**	1,243,267,780

Proposed dividends:

On January 31, 2024, the Board of Directors of the Group proposed a cash dividend distribution of 15% of the paid up capital amounting to QR. 186,490,167 for the year ended December 31, 2023 which is subject to the approval by the shareholders in the General Assembly Meeting.

On February 05, 2023, the Board of Directors of the Group proposed a cash dividend distribution of 15% of the paid up capital amounting to QR. 186,490,167 for the year ended December 31, 2022. The above proposed dividends were approved by the shareholders in the Annual General Assembly Meeting held on March 21, 2023.

There is a freeze on the dividends for certain shareholders which has been mandated by the Public Prosecutor/Anti-Money Laundering and Counter Terrorism Division. The corresponding dividend amount has been classified as restricted cash and disclosed in Note 18.

20. LEGAL RESERVE

As required by Qatar Commercial Companies' Law and the Company's Articles of Association, a minimum of 10% of the net profit for the year should be transferred to legal reserve each year until this reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above-mentioned Law.

21. HEDGING RESERVE

Hedging reserve represents the Group's share of the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge that was recognized by one of its subsidiaries.

The positive hedging reserve represents an accounting entry from the revaluation to fair value the interest rate swaps. The hedging reserve is expected to decrease over time as loans are repaid and the notional amount of the swaps decreases. The reserve on designated hedges is not expected to impact either consolidated statement of income or retained earnings. The change in hedge reserve arises on interest rate swaps that relate to variable interest-bearing loans.

Below was the movement noted in hedging reserve during the year.:

	2023	2022
	QR.	QR.
Balance as at January 1,	**135,529,453**	32,949,444
Net movement in cash flow hedges recognized through other comprehensive income	**(49,664,953)**	102,580,009
Balance as at December 31,	**85,864,500**	135,529,453

22. BANK BORROWINGS

	2023	2022
	QR.	QR.
Facility I (i)	**1,028,750,977**	1,127,502,081
Facility II (ii)	**15,302,909**	22,292,951
	1,044,053,886	1,149,795,032

	2023	2022
	QR.	QR.
Presented in the consolidated statement of financial position:		
Current portion – Gross	**190,691,688**	190,486,220
Less: deferred charges	**(78,349,720)**	(81,624,643)
Current portion – Net	**112,341,968**	108,861,577
Non-current portion – Gross	**1,143,477,124**	1,308,158,356
Less: deferred charges	**(211,765,206)**	(267,224,901)
Non-current portion – Net	**931,711,918**	1,040,933,455
	1,044,053,886	1,149,795,032

(i) The Group has a syndicated term loan facility agreement with two local banks. The facility amount of USD 407.9 million is currently carrying the average interest rate of 3.35% (2022: 3.35%) per annum. Final maturity date of this facility is 10 years from the date of first drawdown and the repayments are to be made in 19 semi-annual instalments of USD 25 million starting from January 2, 2020 with final settlement of the balance loan value in July 2029. The credit facilities are to be secured by a possessory mortgage over the cement plant, routing of revenue proceeds of the cement factory to the bank accounts, assign cement plant insurance, assign usage right over plant leasehold land favoring the bank to cover the limits including the profit and corporate guarantees from Qatari Investors Group Q.P.S.C. and a subsidiary company.

(ii) The Group is having a facility with a local bank amounting to QR. 30,000,000 to finance 75% of the cost of the vehicles purchases. The loan bears interest rate ranging from 4.25% to 7.25% and secured against the vehicles purchased. The loan amount will be repaid in 48 equal monthly installments for each drawdown after six-month grace period.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

22. BANK BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities (continued)

	As at January 1, 2023	**Financing cash flows**	**Non cash changes**	**As at December 31, 2023**
	QR.	**QR.**	**QR.**	**QR.**
Bank borrowings	1,149,795,032	**(116,459,982)**	**10,718,836**	**1,044,053,886**
Lease liabilities	59,964,467	**(19,895,968)**	**92,438,219**	**132,506,718**
Notes payable	2,631,175	**4,043,480**	**--**	**6,674,655**
Dividend payable	126,025,356	**(186,490,167)**	**235,034,922**	**174,570,111**

	As at January 1, 2022	Financing cash flows	Non cash changes	As at December 31, 2022
	QR.	QR.	QR.	QR.
Bank borrowings	1,273,366,643	(136,655,392)	13,083,781	1,149,795,032
Lease liabilities	66,185,604	(7,145,244)	924,107	59,964,467
Notes payable	3,231,073	(599,898)	--	2,631,175
Dividend payable	94,295,570	(124,326,778)	156,056,564	126,025,356

23. LEASE LIABILITIES

	2023	2022
	QR.	QR.
Balance as at January 1,	**59,964,467**	66,185,604
Additions during the year	**85,953,290**	925,087
Interest expenses on lease liabilities	**6,484,929**	3,792,178
Payment of lease liabilities	**(19,895,968)**	(10,938,402)
Balance as at December 31,	**132,506,718**	59,964,467

	2023	2022
	QR.	QR.
Presented in the consolidated statement of financial position:		
Current portion:		
Payable not later than 1 year	**29,476,395**	9,684,626
Less: deferred interest expenses	**(8,276,483)**	(3,411,139)
Current portion – Net	**21,199,912**	6,273,487
Non-current portion:		
Payable later than 1 year but not later than 5 years	**113,578,379**	43,072,934
Payable later than 5 years	**18,270,578**	25,512,586
Less: deferred interest expenses	**(20,542,151)**	(14,894,540)
Non-current portion – Net	**111,306,806**	53,690,980
	132,506,718	59,964,467

24. EMPLOYEES' END OF SERVICE BENEFITS

	2023	2022
	QR.	QR.
Balance as at January 1,	**10,352,610**	9,520,747
Charge for the year	**2,254,314**	2,888,747
Paid during the year	**(1,967,791)**	(2,056,884)
Balance as at December 31,	**10,639,133**	10,352,610

25. ACCOUNTS PAYABLE

	2023	2022
	QR.	QR.
Local suppliers / contractors	**27,058,417**	34,830,750
Foreign suppliers / contractors	**3,537,228**	6,332,226
	30,595,645	41,162,976

Accounts payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The directors consider that the carrying amount of trade payables approximates to their fair value.

26. NOTES PAYABLE

	2023	2022
	QR.	QR.
Notes payable	**6,674,655**	2,631,175

Notes payable represent post-dated cheques issued for vehicles purchased.

27. ACCRUALS AND OTHER LIABILITIES

	2023	2022
	QR.	QR.
Dividends payable	**174,570,111**	126,025,356
Contractors and others claims	**3,450,322**	992,322
Accrued production expenses	**95,083,585**	92,552,168
Accrual for social and support fund contribution (Note 34)	**4,662,665**	4,804,166
Advances from customers	**21,045,029**	34,805,624
Consumables and spares payable	**7,095,577**	9,482,717
Marine and logistics services accruals	**5,324,570**	2,966,363
Accrued royalties	**1,061,889**	1,620,308
Accrued expenses and other payables	**84,636,127**	120,611,720
	396,929,875	393,860,744

28. REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines:

	2023	2022
	QR.	QR.
Revenue – at a point in time		
Revenue from industrial activities	**374,503,199**	575,001,772
Revenue – over time		
Contracting revenue	**36,295,907**	72,324,922
Services revenue – maintenance and other services	**1,521,589**	880,587
Services revenue – marine and logistics services	**32,365,093**	25,235,681
Services revenue – vehicle rental	**36,383,438**	44,147,654
Lease rental income	**34,162,852**	26,009,513
	515,232,078	743,600,129

29. COST OF REVENUE

	2023	2022
	QR.	QR.
Cost of industrial activities	**168,729,209**	266,141,141
Cost of contracting revenue	**19,079,437**	49,515,333
Cost of marine and logistics services	**4,489,598**	824,383
Cost of vehicle rental	**21,120,190**	28,704,270
Cost of lease rental income	**21,190,102**	30,812,203
	234,608,536	375,997,330

30. SELLING AND DISTRIBUTION EXPENSES

	2023	2022
	QR.	QR.
Repair and maintenance expenses	**1,002,062**	1,084,833
Salaries and benefits	**1,180,792**	1,477,411
Depreciation on property, plant and equipment (Note 5)	**67,060**	293,047
Selling and marketing expenses	**199,390**	1,001,716
Insurance expenses	**26,675**	45,229
Others	**130,740**	873,500
	2,606,719	4,775,736

31. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
	QR.	QR.
Salaries and benefits	**55,352,864**	48,405,187
Legal and professional charges*	**3,902,077**	2,005,315
Fees and subscriptions	**4,243,677**	4,065,148
Depreciation on property, plant and equipment (Note 5)	**10,423,762**	10,544,497
Amortization of right-of-use assets (Note 6)	**9,384,307**	1,943,920
Repair and maintenance	**10,144,981**	3,685,615
Rent expenses	**1,383,777**	1,145,839
Insurance expenses	**476,028**	429,261
Travel and entertainment expenses	**135,453**	208,319
Communication expenses	**1,303,323**	1,009,773
Expected credit loss	**353,397**	3,691,803
Others	**7,167,172**	23,532,026
	104,270,818	100,666,703

* Legal and professional charges include audit and assurance services fee of QR 1,350,000 (2022: QR 950,000) and other services fee of QR 159,500 (2022: QR 149,500).

32. INCOME TAX EXPENSE

The income tax expense for the year represents the amount recognised by each subsidiary. The major components of income tax expense for the year are as follows:

	2023	2022
	QR.	QR.
Current income tax	**4,881,999**	6,439,298
Deferred income tax	**111,253**	1,932,926
Income tax expense for prior year	**43,884**	231,413
	5,037,136	8,603,637

After referring to the Group's legal department, it was decided to deduct the tax value imposed on non-Qatari profits in implementation of Cabinet Resolution No. 39 of 2019 issuing the executive regulations of the Income Tax Law promulgated by Law No. 24 of 2018, and in particular Article 2 of Paragraph 12 "for the purposes of implementing Article (4) / Clause No. 13) of the law, the exemption provided for the share of a non-Qatari investor does not apply to his share in the profits of companies owned by the company whose shares are offered for trading in the financial market inside the country".

In order to avoid the Qatari natural or legal person bearing the largest proportion of the tax burden, contrary to legislation, the Group has deducted the value of the tax on the profits of non-Qatari shareholders before the time of dividend distribution.

For further explanation, the application of the exemption stipulated in Article (4/13) of Law No. 24 of 2018 issuing the Income Tax Law imposes the exemption of Qatari profits from tax on dividends in listed joint stock companies and their subsidiaries in general, and therefore the Deduction of tax without taking into account the rights of Qataris according to the exemption referred to, the Qatari shareholder bears 51% of the amounts withheld for tax, considering the proportion of shares, and the foreign shareholder only bears 49% of the tax amount according to this application, which is in violation of the text of the legislation as mentioned earlier.

33. SOCIAL AND SPORTS FUND CONTRIBUTION

In accordance with Law No. 13 of 2008, the Group has taken a provision for the support of sports, social, cultural and charitable activities for an amount equivalent of 2.5% of the net profit of the Group. As per the instructions issued in the year 2010 by the Ministry of Economy and Finance, this social contribution has been treated as distribution from retained earnings of the Group. The provision of QR. 4,804,166 for the year ended December 31, 2022 was paid to the Social and Sports Activities Support Fund of Qatar. An amount of QR. 4,662,665 has been provided based on the net profit for the year ended December 31, 2023.

34. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net profit attributed to the Group's shareholders for the year by the weighted average number of shares outstanding during the year.

There are no dilutive potential ordinary shares. The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding during the year are as follows:

	2023	2022
Net profit for the year after income tax attributable to the owners of the company (QR.)	**186,506,615**	192,166,622
Weighted average number of shares	**1,243,267,780**	1,243,267,780
Basic and diluted earnings per share (QR.)	**0.15**	0.15

35. FINANCIAL INSTRUMENTS

Accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the financial statements.

December 31, 2023	**FVTOCI**	**Amortised cost**	**Total**	**Fair value hierarchy**
	QR.	**QR.**	**QR.**	
Financial assets:				
Cash and bank balances (Note 18)	**--**	**733,335,910**	**733,335,910**	Level 1
Financial investment at FVTOCI (Note 10)	**9,498,293**	**--**	**9,498,293**	Level 3
Derivative financial asset (Note 11)	**85,864,500**	**--**	**85,864,500**	Level 2
Contract assets (Note 12)	**--**	**7,989,629**	**7,989,629**	Level 3
Due from related parties (Note 16(a))	**--**	**14,530,206**	**14,530,206**	Level 3
Accounts receivables (Note 17)	**--**	**197,034,440**	**197,034,440**	Level 3
Financial Liabilities:				
Due to related parties (Note 16(b))	**--**	**1,530,661**	**1,530,661**	Level 3
Bank borrowings (Note 22)	**--**	**1,044,053,886**	**1,044,053,886**	Level 2
Lease liabilities (Note 23)	**--**	**132,506,718**	**132,506,718**	Level 3
Accounts payable (Note 25)	**--**	**30,595,645**	**30,595,645**	Level 3
Notes payable (Note 26)	**--**	**6,674,655**	**6,674,655**	Level 3
Retention payables	**--**	**9,145,118**	**9,145,118**	Level 3
Accruals and other liabilities (Note 27)	**--**	**371,222,181**	**371,222,181**	Level 3

35. FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2022	FVTOCI	Amortised cost	Total	Fair value hierarchy
	QR.	QR.	QR.	
Financial assets:				
Cash and bank balances (Note 18)	--	799,739,381	799,739,381	Level 1
Financial investment at FVTOCI (Note 10)	8,405,344	--	8,405,344	Level 3
Derivative financial asset (Note 11)	135,529,453	--	135,529,453	Level 2
Contract assets (Note 12)	--	18,579,465	18,579,465	Level 3
Due from related parties (Note 16(a))	--	12,950,625	12,950,625	Level 3
Accounts receivables (Note 17)	--	282,537,692	282,537,692	Level 3
Financial Liabilities:				
Due to related parties (Note 16(b))	--	1,358,077	1,358,077	Level 3
Bank borrowings (Note 22)	--	1,149,795,032	1,149,795,032	Level 2
Lease liabilities (Note 23)	--	59,964,467	59,964,467	Level 3
Accounts payable (Note 25)	--	41,162,976	41,162,976	Level 3
Notes payable (Note 26)	--	2,631,175	2,631,175	Level 3
Retention payables	--	10,256,770	10,256,770	Level 3
Accruals and other liabilities (Note 27)	--	354,250,954	354,250,954	Level 3

(a) Fair value measurements

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value.

- Fair value measurements recognised in the consolidated statement of financial position

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

35. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value measurements (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation techniques and key inputs	Significant Unobservable inputs and its relationship to fair value
	2023	2022			
	QR.	QR.			
Investment in financial assets - unquoted (Note 10)	9,498,293	8,405,344	Level 3	Fair value	Management's experience and knowledge of market conditions of the specific industries
Derivative financial assets (Note 11)	85,864,500	135,529,453	Level 2	Fair value	Current price quoted, valuation of underlying assets, market liquidity, swap model and assumptions

Except as disclosed in the above table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

(b) Financial risk management

The Group's Treasury function provides services to the business, co-ordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, profit rate risk, and equity price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, profit rates, equity and commodity prices.

Foreign currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group is the Qatari Riyal. The currencies in which these transactions are primarily denominated are US Dollars and Euro.

Management is of the opinion that the Group's exposure to currency risk is minimal as the Group's significant transactions are denominated in Qatari Riyal and the US Dollar, against which the Qatari Riyal is pegged.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Interest rate risk

The Group is exposed to interests rate risk as it borrows funds at both fixed and floating profit rates. The risk is managed by the Group by maintaining an appropriate mix of debt and equity.

Sensitivity analysis for variable rate instruments

Presently, the Group holds interest bearing loans obtained from financial institutions that exposes the Group to cash flow profit rate risk. In case of 50 basis points increase / decrease in profit rate on December 31, 2023, with all other variables held constant, the net assets and income of the Group for the year would change as follows:

December 31, 2023	**Increase / (decrease) in basis points**	**Effect on profit (QR.)**
Liabilities	*50*	**5,220,000**
	(50)	**(5,220,000)**
December 31, 2022		
Liabilities	*50*	5,7,49,000
	(50)	(5,749,000)

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows quoted by the respective swap counter parties.

Interest rate on swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Cash flow hedges

Outstanding balance	**Average contracted fixed interest rate**		**Notional principal amount outstanding**		**Fair value**	
	2023 %	2022 %	**2023 QR.**	2022 QR.	**2023 QR.**	2022 QR.
5 years and above	**3.35**	3.35	**953,500,549**	1,099,918,422	**85,864,500**	135,529,453

The interest rate swap settles semi-annually. The floating rate on interest rate swaps is synthetic LIBOR. The Group will settle the difference between the fixed and floating rate on a net basis.

The interest rate swap contract exchanging floating rate interest amount for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Equity price risks

Equity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

A decrease of 10% in the fair values of the quoted securities would not significantly affect the profit and equity of the Group.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2023, the Group’s maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised and the related loss allowance as disclosed in Note 17.

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group’s credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Group’s own trading records to rate its major customers and other debtors. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group’s current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	When there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	When there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that there is a severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

December 31, 2023	**Note**	**12-month or lifetime ECL**	**Gross carrying amount**	**Loss allowance**	**Net carrying Amount**
			QR.	QR.	QR.
Accounts receivables	17	Lifetime ECL	**197,034,440**	**(18,690,369)**	**178,344,071**
Contract assets	12	Lifetime ECL	**8,444,510**	**(454,881)**	**7,989,629**
Due from related parties	16(a)	Lifetime ECL	**14,530,206**	**--**	**14,530,206**

December 31, 2022	Note	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying Amount
			QR.	QR.	QR.
Accounts receivables	17	Lifetime ECL	282,537,962	(18,831,764)	263,705,928
Contract assets	12	Lifetime ECL	18,711,481	(132,016)	18,579,465
Due from related parties	16(a)	Lifetime ECL	12,950,625	--	12,950,625

For trade receivables, advances, contract assets and due from related parties, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

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 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.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Liquidity risk (continued)

December 31, 2023	**Carrying Amounts**	**Contractual cash flows**	**Less than 1 year**	**More than 1 year**
	QR.	**QR.**	**QR.**	**QR.**
Bank borrowings	**1,044,053,886**	**1,334,168,812**	**190,691,688**	**1,143,477,124**
Lease liabilities	**132,506,718**	**161,325,352**	**29,476,395**	**131,848,957**
Account payables	**30,595,645**	**30,595,645**	**30,595,645**	**--**
Due to related parties	**1,530,661**	**1,530,661**	**1,530,661**	**--**
Retention payable	**9,145,118**	**9,145,118**	**9,145,118**	**--**
Accruals and other liabilities	**371,222,181**	**371,222,181**	**371,222,181**	**--**
Notes payable	**6,674,655**	**6,674,655**	**6,674,655**	**--**
	1,595,728,864	**1,914,662,424**	**639,336,343**	**1,275,326,081**

December 31, 2022	Carrying Amounts	Contractual cash flows	Less than 1 year	More than 1 year
	QR.	QR.	QR.	QR.
Bank borrowings	1,149,795,032	1,498,644,576	190,486,220	1,308,158,356
Lease liabilities	59,964,467	78,270,142	9,684,626	68,585,516
Account payables	41,162,976	41,162,976	41,162,976	--
Due to related parties	1,358,077	1,358,077	1,358,077	--
Retention payable	10,256,770	10,256,770	10,256,770	--
Accruals and other liabilities	354,250,954	354,250,954	354,250,954	--
Notes payable	2,631,175	2,631,175	2,631,175	--
	1,619,419,451	1,986,574,670	609,830,798	1,376,743,872

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

At December 31, 2023	**Less than 1 year**	**More than 1 year**	**Total**
	QR.	**QR.**	**QR.**
Accounts receivable	**178,344,071**	**--**	**178,344,071**
Contract assets	**7,989,629**	**--**	**7,989,629**
Financial investments at FVTOCI	**--**	**9,498,293**	**9,498,293**
	186,333,700	**9,498,293**	**195,831,993**

35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Liquidity risk (continued)

At December 31, 2022	Less than 1 year	More than 1 year	Total
	QR.	QR.	QR.
Accounts receivable	263,705,928	--	263,705,928
Contract assets	18,579,465	--	18,579,465
Financial investments at FVTOCI	--	8,405,344	8,405,344
	282,285,393	8,405,344	290,690,737

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders value.

The Group actively monitors and manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, after fulfilling senior debt obligations, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2023. and December 31, 2022.

The Group monitors capital using a gearing ratio, which is debt divided by equity.

The gearing ratio at the yearend was as follows:

	2023	2022
	QR.	QR.
Debt (i)	**1,044,053,886**	1,149,795,032
Less: Cash and bank balances (Note 18)	**(733,335,910)**	(799,739,381)
Net debt	**310,717,976**	350,055,651
Equity (ii)	**3,094,027,284**	3,142,582,840
Net debt to equity ratio	**10%**	**11%**

(i) Debt is defined as bank borrowings.
(ii) Equity includes all capital and reserves of the Group that are managed as capital.

36. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2023	2022
	QR.	QR.
Letters of bank guarantees	**51,370,623**	68,120,145
Letters of credit	**--**	1,656,066
Secured cheques	**9,044,783**	10,014,425

37. COMMITMENTS UNDER OPERATING LEASES

The Group as lessor

As set out in Note 7 property rental income earned during the year was QR. 35,596,869 (2022: QR. 22,903,119). All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The future lease commitments in respect of the above lease agreements are as follows:

	2023	2022
	QR.	QR.
Not later than 1 year	**24,046,787**	23,312,676
Later than 1 year and not longer than 5 years	**57,633,224**	59,289,602
Later than 5 years	**19,551,507**	24,120,222
	101,231,518	106,722,500

38. SEGMENT INFORMATION

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations of each segment:

Reportable segment	**Operations**
Real estate	Purchase, construction and selling of lands and buildings
Marine services	Shipping, logistics, marine and aviation services.
Industrial	General industrial activity
Contracting and technology	Supply, installation of security system
Others*	Investments in agencies, sponsorship shares, vehicle rental, various trading activities and engineering businesses.

The Chief Executive officer reviews internal management reports of each division at least quarterly.

*Other segment doesn’t meet the quantitative threshold for reporting segments in 2022 or 2023.

38. SEGMENT INFORMATION (CONTINUED)

(a) Information about reportable segments

Information related to each reportable segment as of and for the year ended December 31, 2023 is set out below. Segment profit, as included in internal management reports reviewed by the Chief Executive Officer, is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industry.

	Real Estate	Marine services	Industrial	Contracting & Technology	Other segments	Consolidated
	QR.	QR.	QR.	QR.	QR.	QR.
As at December 31, 2023						
Total assets	903,997,016	90,131,499	3,265,743,859	39,581,910	416,869,868	4,716,324,152
Total liabilities	(26,762,730)	(38,612,996)	(1,261,009,216)	(20,028,647)	(280,999,443)	(1,627,413,032)
Revenue*	33,429,434	28,123,792	380,469,057	36,295,907	51,519,191	529,837,380
Net profit (loss)	(4,344,668)	7,788,374	190,112,055	3,826,777	(10,843,160)	186,539,378
As at December 31, 2022						
Total assets	925,474,047	94,616,721	3,483,465,908	66,558,172	236,700,923	4,806,815,771
Total liabilities	(27,489,904)	(45,304,345)	(1,393,915,490)	(27,054,214)	(175,617,898)	(1,669,381,851)
Revenue*	24,933,513	29,924,628	581,979,375	72,244,749	48,412,158	757,494,423
Net profit (loss)	48,155,480	8,788,516	131,923,493	8,865,604	(7,358,385)	190,374,708

*Total segment revenue does not include other revenue amounting to QR. 60,457,232 (2022: QR. 19,524,009).

39. LEGAL CASES

As of December 31, 2023, legal cases filed against the Group are as follows:

Lawsuits related to the General Assembly of Qatari Investors Group

Lawsuits filed by subsidiaries related to Sheikh Thani Al Thani and Sons, Al-Eklim Real Estate Brokerage Company.

Case no. 1112/2023 Investment/Trade

The lawsuits previously filed against the group by subsidiaries of the same entity mentioned above, some of which have expired with final court rulings, while others are either suspended or under consideration in advanced stages before the courts.

Management presented that the outcome of the above cases will not have any financial impact on the Group's consolidated financial statements.

40. SUBSEQUENT EVENTS

There were no significant events after the reporting date, which have a bearing on these consolidated financial statements.

41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and were signed on January 31, 2024.