Zad Holding Company Q.P.S.C.

Consolidated Financial Statement

31 December 2021

Zad Holding Company Q.P.S.C.

Consolidated Financial Statements
For the year ended 31 December 2021

Contents

KPMG
Zone 25 C Ring Road
Street 230, Building 246
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4436 7411
Website: home.kpmg/qa

Independent auditors' report

To the Shareholders of
Zad Holding Company Q.P.S.C.

Qualified Opinion

We have audited the consolidated financial statements of Zad Holding Company Q.P.S.C, (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects on the consolidated financial statements of the matters described in basis for qualified opinion para, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

a) As described in Note 11 to the consolidated financial statements, due from Government of Qatar as at 31 December 2021 and 31 December 2020 includes the Group's compensation claim against Government of Qatar amounting to QR 128,327,616 in respect of sale of flour by the Group at subsidised rates in the local markets in the earlier years. The Group is still in discussion with the Government of Qatar for quantification and recovery of the compensation claim, which also caused the predecessor auditor to qualify the audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2020. We were unable to satisfy ourselves with regards to the existence, accuracy and recoverability of the compensation claim by performing alternative procedures. Hence, we were unable to determine whether any adjustments to the carrying value of due from Government of Qatar as at 31 December 2021 and 31 December 2020, and net profit for the years then ended were necessary.

Basis for Qualified Opinion (continued)

b) The Group has netted off the loan repayable to Government of Qatar amounting to QR 28,359,040 (2020: QR 47,584,040) against its compensation claim with the Government of Qatar amounting to QR 128,327,616 (2020: QR 128,327,616) as at 31 December 2021 and 31 December 2020, without demonstrating that the Group has a legally enforceable right to set-off, as required by IAS 32, 'Financial Instruments: Presentation'. This also caused the predecessor auditor to qualify the audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2020. Had the Group not netted off the loan repayable against the compensation claim, due from Government of Qatar and due to Government of Qatar would be increased by QR 28,359,040 and QR 47,584,040 as at 31 December 2021 and 31 December 2020 respectively. Pending discussion with the Government of Qatar, the Group did not accrue interest on loan repayable to Government of Qatar since 2007 and penalty as per contract for non-repayment of principal and interest on due dates. We were unable to quantify the impact of omission to accrue interest and penalty amount on the consolidated financial statements as at and for the year ended 31 December 2021 and 31 December 2020.

We conducted our audit in accordance with International Standards on Auditing ('ISA'). Our responsibilities under those standards are further described in the *Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 period. 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 auditors' report (continued)

Zad Holding Company Q.P.S.C.

Key Audit Matters (continued)

The key audit matter	How the matter was addressed in our audit
Compensation from Government of State of Qatar for sale of subsidized flour - Note 11 (a) We focused on this area because: - The Group's business involves selling flour in local market at subsidized rates as agreed with the Government of State of Qatar. - We focused on this amount because of the significance of the subsidy amount representing 7.3% of total (revenue / income) from operations and importance of the subsidy to the business operations of the Group. - Due to the nature of the business, determination of subsidy depends on the various types of flour and the clauses of the subsidy agreement.	Our audit procedures in this area included the following: - obtaining an understanding of the terms and conditions of the subsidy contract with the Government. - testing the design and operating effectiveness of controls over the process of recognizing and claiming government subsidy. - assessing the appropriateness of the claims made by the Group and whether they are in line with the contract. - agreeing the amount of subsidy received with the amount approved by the Government; and - Evaluating the adequacy of the Group's disclosures related to Government subsidy by reference to the requirements of the relevant accounting standards.
Impairment assessment of goodwill - Notes 3 and 10 We focused on this area because: - As at 31 December 2021, the Group's consolidated financial statements include recognised goodwill of QR 19,704,770 which arose from acquisition of National Food Company which represents 1.4% of total assets. - An assessment is required annually to establish whether this goodwill should continue to be recognized, or if any impairment is required.	Our audit procedures in this area included, among others: - Understanding the Group's budgeting process upon which forecasts are based. - testing the design and operating effectiveness of controls over goodwill impairment assessment process - We involved our valuation specialists to assist us in evaluating the appropriateness of the methodology used by the Group to assess impairment of goodwill and in evaluating key inputs and assumptions in cash flow projections used by the Group in comparison to externally derived data as well as our own assessments of investee specific circumstances.

Independent auditors' report (continued)

Zad Holding Company Q.P.S.C.

Key Audit Matters (continued)

The key audit matter	How the matter was addressed in our audit
- The impairment assessment relies on determining the recoverable amount of the investment in the subsidiary using valuation techniques such as discounted cash flows. - The estimation of future cash flows and the rate at which they are discounted is inherently uncertain and requires significant judgment and hence has been identified as a key audit matter	- Evaluating the adequacy of the Group's disclosures related to goodwill impairment by reference to the requirements of the relevant accounting standards.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on 6 March 2021 because they were unable to confirm if any adjustment is required to the carrying value of the Group's compensation claim against Government of Qatar in respect of sale of flour by the Group at subsidised rates in the local markets. Additionally, the Group netted off the loan repayable to Government of Qatar against its compensation claim against Government of Qatar, without demonstrating that the Group has a legally enforceable right to set-off.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

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

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

Independent auditors' report (continued)

Zad Holding Company Q.P.S.C.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 ISA 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, 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 risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Independent auditors' report (continued)

Zad Holding Company Q.P.S.C.

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

- Conclude on the appropriateness of the Board of Directors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Independent auditors' report (continued)

Zad Holding Company Q.P.S.C.

Report on Other Legal Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

i. Except for the possible effect of matters described in 'Basis for Qualified Opinion' section of our report on the audit of the consolidated financial statements, we have obtained all the information and explanations we considered necessary for the purposes of our audit and the Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. We are not aware of any other violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2021.

ii. We have not received the report of the Board of Directors to be included in Annual report, and therefore, we are unable to confirm whether financial information contained therein is in agreement with the books and records of the Company.

iii. Furthermore, the physical count of the inventories was carried out in accordance with established principles.

23 March 2022
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
Licensed by QFMA: External
Auditors' License No. 120153

كي بي ام جي
ص.ب: ٤٤٧٣
الدوحة - قطر
KPMG
P.O.Box :4473
Doha - Qatar
مدققو حسابات

Zad Holding Company Q.P.S.C.

Consolidated statement of financial position
As at 31 December 2021

In Qatari Riyals

	Notes	2021	2020
Assets			
Non-current asset			
Property, plant and equipment	5	279,145,781	307,314,202
Right of use assets	6	73,635,936	78,462,435
Investment property	7	523,566,386	528,916,403
Investment securities	8(a)	453,316,748	315,428,750
Retention and other receivables	9	10,579,863	3,919,987
Deferred tax assets	9(a)	130,347	101,527
Investment in associate	8(b)	8,855,684	6,989,435
Goodwill	10	19,704,770	19,704,770
Total non-current assets		**1,368,935,515**	1,260,837,509
Current assets			
Due from Government of Qatar	11(a)	132,476,938	117,723,474
Due from related parties	12(a)	6,787,224	3,983,335
Inventories	13	198,533,609	170,708,868
Investment securities	8(a)	1,943,694	1,532,294
Accounts, retention and other receivables	14	332,594,091	307,106,865
Investment in commodities	15	453,552,643	494,908,210
Cash and bank balances	16	52,898,188	30,642,844
Total current assets		**1,178,786,387**	1,126,605,890
Total assets		**2,547,721,902**	2,387,443,399
Equity and liabilities			
Equity			
Share capital	17	260,696,920	236,997,200
Legal reserve	18	563,120,753	563,120,753
Capital reserve	19	15,000,000	15,000,000
Fair value reserve		(31,613,512)	17,723,138
Retained earnings		713,812,888	717,929,595
Total shareholders' equity		**1,521,017,049**	1,550,770,686
Non-current liabilities			
Lease liability	6	12,026,725	13,135,767
Due to Government of Qatar	11(e)	97,568,246	56,412,866
Provision for end of service benefits		38,451,891	33,972,951
Islamic financing	21	168,488,710	-
Total non-current liabilities		**316,535,572**	103,521,584
Current liabilities			
Accounts payable, retention and other payables	22	317,786,122	312,775,494
Lease liability	6	4,640,324	4,986,136
Due to related parties	12(b)	8,906,274	7,350,740
Islamic financing	21	378,836,561	408,038,759
Total current liabilities		**710,169,281**	733,151,129
Total liabilities		**1,026,704,853**	836,672,713
Total shareholders' equity and liabilities		**2,547,721,902**	2,387,443,399

Authorised for issue by the Board of Directors on 23 March 2022, signed for and on its behalf by;

Abdella Ali Al-Ansari
Board Member

Tarique Mohammad
Chief Executive Officer

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Zad Holding Company Q.P.S.C.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

In Qatari Riyals

	Notes	2021	2020
Operating revenue	23	1,197,706,130	1,102,473,114
Compensation from Government of Qatar for sale of subsidized flour	11(a)	94,612,708	97,543,617
Total revenue		1,292,318,838	1,200,016,731
Operating cost	24	(1,023,976,074)	(938,833,317)
Gross profit		**268,342,764**	261,183,414
Other income	25	104,561,201	125,274,269
General and administrative expenses	26	(80,570,612)	(80,133,448)
Selling and distribution expenses	27	(71,073,909)	(70,682,889)
Net impairment (loss) / reversal on financial assets	29	(704,639)	3,586,727
Share of loss on investment in associate	8(b)	(594,571)	(366,185)
Fair value gains / (losses) on investment securities – At fair value through profit or loss		1,260,329	(11,012,908)
Operating Profit		**221,220,563**	227,848,980
Finance cost - net		(13,090,673)	(11,371,495)
Profit before tax and zakat		**208,129,890**	216,477,485
Tax expense	30	(177,325)	(300,520)
Provision for zakat contribution		(17,906,469)	(14,682,473)
Profit for the year		**190,046,096**	201,494,492
Earnings per share			
Basic and diluted earnings per share	31	0.73	0.77
Profit for the year		190,046,096	201,494,492
Other comprehensive (loss) / income			
Item that will not be reclassified to profit or loss			
Equity investments at FVOCI – net change in fair value (8a)		(49,150,541)	17,723,138
Total comprehensive income for the year		**140,895,555**	219,217,630

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The accompanying notes on pages 13 to 50 form an integral part of the consolidated financial statements

Consolidated statement of changes in equity
For the year ended 31 December 2021

In Qatari Riyals

	Share capital	Legal reserve	*Capital reserve	**Fair value reserve	Retained earnings	Total
Balance as on 31 December 2019	236,997,200	563,120,753	15,000,000	-	722,920,085	1,538,038,038
Profit for the year	-	-	-	-	201,494,492	201,494,492
Other comprehensive income	-	-	-	17,723,138	-	17,723,138
Contribution to social and sports fund	-	-	-	-	(5,037,362)	(5,037,362)
Dividend distribution (Note 20)	-	-	-	-	(201,447,620)	(201,447,620)
Balance as on 31 December 2020	236,997,200	563,120,753	15,000,000	17,723,138	717,929,595	1,550,770,686
Balance as on 31 December 2020	236,997,200	563,120,753	15,000,000	17,723,138	717,929,595	1,550,770,686
Profit for the year	-	-	-	-	190,046,096	190,046,096
Other comprehensive income (Note 8a)	-	-	-	(49,150,541)	-	(49,150,541)
Gain transferred on disposal of investment securities – 'At FVOCI'				(186,109)	186,109	-
Contribution to social and sports fund (Note 22)	-	-	-	-	(4,751,152)	(4,751,152)
Bonus shares	23,699,720				(23,699,720)	-
Dividend distribution (Note 20)	-	-	-	-	(165,898,040)	(165,898,040)
Balance as on 31 December 2021	260,696,920	563,120,753	15,000,000	(31,613,512)	713,812,888	1,521,017,049

*Capital reserve represents additional reserve created from prior years' profits. There has not been any movement in the reserve for the current year.

**Fair value reserve represents changes in fair value in mining shares which have been irrevocably designated as fair value through other comprehensive income.

*** Pursuant to Law No. 13 of 2008, the Group made an appropriation of QR 4,751,152 (2020: QR 5,037,362) from retained earnings for its contribution to the Social and Sports Activities Support Fund ("Daam") of Qatar, the Group is required to contribute 2.5% of annual net profits of the Company to the State Social and Sports Fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income in the consolidated statement of changes in equity.

The accompanying notes on pages 13 to 50 form an integral part of the consolidated financial statements

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Zad Holding Company Q.P.S.C.

Consolidated statement of cash flow
For the year ended 31 December 2021

In Qatari Riyals

	Note	2021	2020
Cash flows from operating activities			
Profit		**190,046,096**	201,494,492
Adjustments for:			
Provision for slow moving inventories	13	225,029	120,815
Provision for doubtful receivables	14	704,639	1,836,383
Profit on disposal of investment in commodities	15	(75,306,055)	(72,325,609)
Depreciation on property, plant and equipment	5	45,699,279	64,279,267
Depreciation on right to use assets	6	4,817,599	8,180,486
Depreciation on investment property	7	5,350,017	6,978,286
Gain on disposal of property, plant and equipment		(345,740)	(397,693)
Finance costs		13,090,673	11,493,805
Tax provision	30	177,325	300,520
Employees' end of service benefits		7,531,938	7,083,957
Zakat contribution		17,906,469	14,682,474
Share of loss of investment in associate		594,571	-
Reversal of provision for doubtful receivables	15	-	(5,423,110)
Dividend income	20	(3,015,825)	(689,653)
Islamic finance income	21	(779)	(122,310)
Fair value gains / (losses) on investment securities – At fair value through profit or loss		(1,260,329)	-
(Gain)/loss on disposal of investment securities		-	10,235,740
		206,214,907	247,727,847
Change in:			
Inventories		(28,049,770)	(49,351,939)
Due from and due to Government of Qatar (net)		26,401,916	(6,578,406)
Accounts, retentions and other receivables		(32,880,561)	63,481,802
Due from and to related parties (net)		(1,248,354)	(935,790)
Accounts payable, retention and other payables		31,499,133	19,841,163
Cash generated from operating activities		**201,937,271**	274,184,678
Employees' end of service benefits paid		(3,052,998)	(3,401,927)
Zakat paid		(11,429,574)	(13,500,000)
Finance costs paid		(13,090,673)	(11,493,805)
Net cash from operating activities		**174,364,026**	245,788,947
Cash flows from investing activities			
Acquisition of property, plant and equipment		(18,207,936)	(88,426,818)
Proceeds from disposal of property, plant and equipment		1,022,818	3,956,026
Disposal of right of use assets		8,900	-
Proceeds from disposal of investment securities		4,222,020	6,852,784
Addition in investment in associate		(2,460,820)	-
Acquisition of investment securities		(190,411,630)	(314,803,175)
Dividend income received		3,015,825	689,653
Net proceeds/(payments) investment in commodities		238,856,653	121,293,658
Acquisition of investment in commodities		(122,195,031)	-

Zad Holding Company Q.P.S.C.

Consolidated statement of cash flow
For the year ended 31 December 2021

In Qatari Riyals

Islamic finance income received	779	122,310
Net cash used in investing activities	**(86,148,422)**	(270,315,562)
Cash flows from financing activities		
Movement in Islamic financing	139,286,512	115,952,054
Lease liability paid	(1,454,854)	(4,950,200)
Dividends paid	(203,791,918)	(141,722,871)
Net cash used in financing activities	**(65,960,260)**	(30,721,017)
Net increase / (decrease) in cash and cash equivalents	**22,255,344**	(55,247,632)
Cash and cash equivalents at beginning of the year	30,642,844	85,890,476
Cash and cash equivalents at end of the year (Note 16)	**52,898,188**	30,642,844

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The accompanying notes on pages 13 to 50 form an integral part of the consolidated financial statements

1. Legal status and principal activities

Zad Holding Company Q.P.S.C. (the "Company") was incorporated on 07 July 1969 under commercial registration No. 27 as a Qatari Shareholder Company by Emiri Decree No. 45 of 1969 and by Concession law No. 12 of 1969.

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group's main activities are import of wheat, production of different kinds of flour, manufacturing and marketing of pasta and bakery products. Further, the Group earns income from sales of certain types of grain and related commodities. In addition to the above, the Group is engaged in the activities of contracting for building, investing, establishing, and managing of industrial projects, activities in real estate, selling and rental of heavy equipment, manufacturing and supply of ready-mix concrete and asphalt, crushing services, providing transport services, and investment in financial instruments.

The subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Group effective shareholding %	
			2021	2020
Qatar Flour Mills Company W.L. L	Qatar	Manufacturing and distribution of wheat flour and trading of bran and barley.	100%	100%
Qatar Food Industries Company W.L. L	Qatar	Marketing of wheat, flour and allied products.	100%	100%
Umm Said Bakery W.L.L.	Qatar	Manufacturing of bakery products.	100%	100%
Arzak Marketing Company W.L. L	Qatar	Trading of food stuff.	100%	100%
QFM Trading Company W.L.L. (formerly "Zain Trading Company)	Qatar	Trading of food stuff and animal feed.	100%	100%
National Food Company W.L.L.	Qatar	Manufacturing &Trading of frozen meat products and vegetables.	100%	100%
Meeda Projects Company W.L.L.	Qatar	Civil construction, investing, establishing & managing of industrial projects, activities in real estate, selling and rental of heavy equipment and facilities.	100%	100%
Arzak Al Khalijia Company	Saudi Arabia	Trading of food stuff and cleaning items.	100%	100%
Tower International Limited	Cayman Islands	Holding and trading of investment in commodities	100%	100%

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

Details of the Company's accounting policies are included in Note 3.

(b) Basis of measurement

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

(c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals, which is the Company's functional currency. All financial information presented in Qatari Riyals have been rounded to the nearest Qatari Riyals unless otherwise indicated.

(d) Use of estimates and judgements

In preparing these financial statements, management had made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment of accounts receivables

The 'expected credit loss' (ECL) impairment model. The impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. It is expected that under the new impairment model credit losses will be recognized earlier.

Useful lives, residual values and related depreciation charges of property, plant and equipment

Management determines the estimated useful lives and residual values of its property, plant and equipment to calculate depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually. Future depreciation charge would be adjusted where management believes the useful lives differ from previous estimates.

Useful Life of Intangible Assets

The management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined based on the expected pattern of consumption of future economic benefits embodied in the asset.

Fair value of investment property

The fair value of investment property is determined by valuations from an external professional real estate valuer using recognized valuation techniques and the principles of IFRS 13 "Fair Value Measurement". These valuations entail significant estimates and assumptions about the future as set out in Note 7.

2. Basis of preparation (continued)

Use of estimates and judgements (continued)

Inventories

Management determines the net realizable value of inventories to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of inventories with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Goodwill

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 10).

Lease period

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 assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognized lease liabilities and right-of-use assets.

Employee's end of service benefits

The group provides for 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. The expected costs of these benefits are accrued over the period of employment.

Newly effective standards, and amendments to or interpretations of standards

During the current year, the below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard became effective for the first time for financial years beginning on 1 January 2021:

- *Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*
- *COVID-19-Related Rent Concessions (Amendment to IFRS 16)*

The adoption of the above new and amended standards and the interpretation to a standard had no material effect on the Group's consolidated financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards

New and amended standards and interpretations to standards not yet effective, but available for early adoption:

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard that are available for early adoption for financial years beginning after 1 January 2021 are not effective until a later period, and they have not been applied in preparing these financial statements:

Newly effective standards, and amendments to or interpretations of standards (continued)

Effective date 1 April 2021	• *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).*
Effective date 1 January 2022	• *Annual Improvements to IFRS Standards 2018-2020.*
	• *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*
	• *Reference to Conceptual Framework (Amendments to IFRS 3).*
Effective date 1 January 2022	• *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
	• *IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.*
	• *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).*
	• *Definition of Accounting Estimates (Amendments to IAS 8).*
	• *Deferred tax related to Assets and Liabilities arising from a Single transaction (Amendments to IAS 12)*
Available for optional adoption / effective date deferred indefinitely	• *Sale or Contribution of assets between an Investor and its associates and Joint venture (Amendments to IFRS 10 and IAS 28)*

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Company's financial statements.

3. Significant accounting policies

The principal accounting policies of the Group applied in the preparation of these consolidated financial Statements are set out below:

Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3. Significant accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/(loss) in the consolidated statement of income.

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognized in the consolidated statement of income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The useful lives of property, plant and equipment are estimated as follows:

Buildings and attached rights	:	5 to 30 years
Plant, equipment and tools	:	1 to 20 years
Furniture & fixtures	:	4 to 10 years
Motor vehicles	:	4 to 10 years

Capital work in progress

Capital work in progress comprise constructions in progress of properties. Capital work in progress are carried at cost less impairment, if any. Costs are those expenses incurred by the Group that are directly attributable to the construction of properties.

Land and capital work in progress are not depreciated

Impairment of assets

Property, plant and equipment and finite lived intangible assets
At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and finite lived 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, if any, of the impairment loss. Recoverable amount is the higher of value in use and fair value less cost of disposal. 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.

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 or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

3. Significant accounting policies (continued)

Intangible asset

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is provided to write down the intangible assets, on a straight-line basis over 2.5 years.

Investment property

Investment property comprises land and building held for long term and to earn rentals or for capital appreciation or both.

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The fair value of investment property was determined by external, independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every year.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognised in the consolidated statement of income on a straight-line basis over the estimated useful lives of each component of an item of investment property, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The useful life of building is 15 years.

Investment property is derecognized when either it is disposed of or when the investment property is 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 recognized in the consolidated statement of profit or loss.

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

3. Significant accounting policies (continued)

Investment in commodities

Investment in commodities represents precious metals and is stated at cost less impairment. Cost is determined using the weighted average cost method. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the consolidated statement of income, to the extent of previously recognized impairment losses.

IAS 8 specifies that, in the absence of an IFRS Standard that specifically applies to a transaction, other event or condition, preparers use judgement in developing and applying an accounting policy that results in relevant and reliable information. IAS 8 goes on to specify that in making that judgement, preparers refer to and consider the applicability of, in descending order:

(a) the requirements in IFRS Standards dealing with similar and related issues; and

(b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Conceptual Framework.

The management of the Group has considered the specific objectives of investment in commodities and business model under which such investments are held while applying the appropriate accounting policy for investment in commodities. According to management, the purpose of the investment is to naturally hedge Group's assets values against any volatility in the international market. The prime objective is not to track market movements in commodities pricing but to protect the value of the assets against any negative movements in the market dynamics. Any related gain and loss on investment in commodities are crystalized and recognized on disposal.

Subsidiaries

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

If the subsidiary is not fully owned, non-controlling interests in the results and equity of the subsidiary are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using first-in-first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business less applicable saleable expenses. Inventories comprise trading stock, spares and consumables as at the reporting date.

3. Significant accounting policies (continued)

Financial instruments

Non-derivative financial assets

The Group initially recognizes trade and other receivables on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Group has the following non-derivative financial assets: due from related parties, investment securities, accounts, retention and other receivables and cash and cash equivalents.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified at amortized cost – if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Fair Value Through Other Comprehensive Income (FVOCI) - if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Fair Value Through Profit or Loss (FVTPL) – All financial assets not classified as measured at amortized cost or FVOCI as described above.

On initial recognition, the Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3. Significant accounting policies (continued)

Financial instruments (continued)

Non-derivative financial assets (continued)

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual cash flows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

Classification and subsequent measurement of financial assets (continued)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. Significant accounting policies (continued)

Financial instruments (continued)

Non-derivative financial assets (continued)

Financial assets - Subsequent measurement and gains and losses

- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- Financial assets at Fair Value Through Profit or Loss (FVTPL) -These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

- Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- Equity investments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to profit or loss.

Cash and cash equivalents

Cash and cash equivalent consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts for the purpose of consolidated statement of cash flows.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) The rights to receive cash flows from the asset have expired;

(b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through· arrangement; and either:

(i) The Group has transferred substantially all the risks and rewards of the asset, or

(ii) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. Significant accounting policies (continued)

Financial instruments (continued)

Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: Islamic financing, due to related parties, accounts, retention and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Accounts payable, retention and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. A financial liability is recognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

Islamic Financing

Islamic financing is recognised initially at the fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost, using the effective profit method, with any differences between the cost and final settlement values being recognised in the consolidated statement of profit or loss over the period of Islamic financing. Installments due within one year are shown as a current liability.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statements of profit or loss in expense categories consistent with the function of the impaired asset.

3. Significant accounting policies (continued)

Financial instruments (continued)

Non-derivative financial liabilities (continued)

Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Impairment

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.
Loss allowances for account, retention and other receivables are always measured at an amount equal to lifetime ECLs.

The Group considers a financial asset to be in default when:

- customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

Impairment of financial assets

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's Rating Agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3. Significant accounting policies (continued)

Financial instruments (continued)

Impairment (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to financial assets are presented under net impairment (loss) / reversal on financial assets in the consolidated income statement.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with employment contracts and the Qatar Labor Law No. 14 of 2004. 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. The expected costs of these benefits are accrued over the period of employment.

Also, the Group provides for its contribution to the State of Qatar administered retirement fund for Qatari employees in accordance with the Retirement Law. The resulting charge is included within the staff cost in the consolidated statement of profit or loss. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due. This has been presented as other non-current liability in these statement of financial position.

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed. For example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursements.

Leasing

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component- on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Group is a lessee are presented in note Leases (Group as lessee).

Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

3. Significant accounting policies (continued)

Financial instruments (continued)

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's top management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Current versus non-current classification

The Group presents assets and liabilities based on current /non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting , or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting

The Group classifies all other liabilities as non-current.

Fair value measurement

The Group measures financial and non-financial assets and liabilities, at fair value at each reporting date for accounting and or disclosure purposes. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 32.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible to the Group.

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

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

3. Significant accounting policies (continued)

Financial instruments (continued)

Fair value measurement (continued)

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

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

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment property. The management comprises of the head of the logistics operations segment, the head of the internal audit department, chief finance officers and the managers of each property.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided annually after discussion with and approval by the Group's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Consolidated Statement of Financial Position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Income tax

Income tax is computed on the net profit adjusted for the tax purposes in accordance with the provisions of Law no. 24 of 2018 concerning Qatari Income tax.

3. Significant accounting policies (continued)

Financial instruments (continued)

Income tax (continued)

Deferred tax asset and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Tax expense

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Zakat

Zakat is levied at the higher of adjusted income subject to zakat or the zakat base in accordance with the articles of the Zakat Fund established the supervision of the Ministry of Endowments and Islamic Affairs. Zakat is computed using the zakat base. The zakat provision is charged to the Consolidated Statement of Income.

Contribution to social and sports fund

According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010, the Group is required to contribute 2.5% of annual net profits of the Company to the State Social and Sports Fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income in the consolidated statement of changes in equity.

Revenue recognition

Revenue from Contracts with Customers

"Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Revenue recognition (continued)

Revenue from Contracts with Customers

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Information about the Group's accounting policies relating to contracts with customers is provided in Note 21.

Rental income

Rental income from investment property is recognized on a straight-line basis over the term of relevant lease. Lease incentive granted are recognized as an integral part of the total rental income over the term of the lease.

Interest income and expense

Interest income and expense are recognized in consolidated statement of income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income and expense presented in the statement of comprehensive income include interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis.

Income from investment securities

Gains or losses on the sale of investment securities are recognized in profit or loss as the difference between fair value of the consideration received and carrying amount of the investment securities

Dividend Income

Dividend income is recognised when the right to receive income is established.

Compensation from Government of Qatar

Compensation from the Government of Qatar for the sale of subsidized flour is accrued based on the terms of the subsidy agreement signed by the Group with the Government of Qatar.

Borrowing costs

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as part of cost of the assets up to the date of asset being put to its intended use or the construction of the assets is complete. Other borrowing costs are recognised as an expense in the year in which they are incurred.

4. Operating segments

Information about reportable segments:

For the year ended 31 December	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Revenue / profit								
External revenue		-	940,280,866	943,995,649	257,425,264	158,477,465	1,197,706,130	1,102,473,114
Other Income	75,470,905	73,036,501	23,705,467	31,677,385	5,384,829	19,914,564	104,561,201	124,628,450
Inter-segment revenue		-	151,643,339	155,764,785	205,471,068	46,791,154	357,114,407	202,555,939
Compensation from Government of Qatar		-	94,612,708	97,543,617	-	-	94,612,708	97,543,617
Total revenue	75,470,905	73,036,501	1,210,242,380	1,228,981,436	468,281,161	225,183,183	1,753,994,446	1,527,201,120
Segment profit / (loss)	73,398,352	40,387,552	110,782,307	151,129,869	5,865,437	9,977,071	190,046,096	201,494,492

As at 31 December	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Assets and Liabilities								
Current assets	469,565,443	508,343,071	450,105,967	458,002,650	259,114,977	158,727,875	1,178,786,387	1,125,073,596
Non – current assets	821,075,180	347,638,892	99,444,545	180,321,953	448,415,790	734,408,958	1,368,935,515	1,262,369,803
Total assets	1,290,640,622	855,981,963	549,550,512	638,324,603	707,530,767	893,136,833	2,547,721,902	2,387,443,399
Current liabilities	302,488,663	552,879,585	120,580,468	120,203,213	287,011,542	60,068,331	710,080,673	733,151,129
Non- Current liabilities	189,171,425	15,052,083	117,786,360	79,395,675	9,573,014	9,073,826	316,530,799	103,521,584
Total Liabilities	491,660,088	567,931,668	238,366,828	199,598,888	296,584,556	69,142,157	1,026,611,472	836,672,713

In Qatari Riyals

5. Property, plant and equipment

	Building and attached rights	Plant and equipment	Furniture & Fixtures	Motor Vehicles	Tools	Intangible assets	Capital Work in Progress	Total
Cost:								
As at 1st January 2020	520,595,646	350,697,084	26,403,058	131,751,337	23,745,019	1,845,194	6,145,660	1,061,182,997
Additions during the year	31,992,308	4,727,528	2,921,906	3,882,625	942,561	-	27,688,546	72,155,474
Disposals during the year	(2,003,929)	(810,597)	(400,254)	(4,930,337)	(304,297)	-	(2,604,967)	(11,054,381)
Transfers	5,078,343	2,875,766	341,700	107,000	702,724	-	(9,105,533)	-
Write offs	-	-	(15,411)	-	-	-	-	(15,411)
As at 31 December 2020	555,662,368	357,489,781	29,250,999	130,810,625	25,086,007	1,845,194	22,123,706	1,122,268,680
Additions during the year	1,652,886	2,881,722	1,573,292	4,452,480	2,214,304	-	5,433,251	18,207,935
Disposals during the year	-	(1,693,891)	(29,469)	(4,750,637)	(4,022,985)	-	(214,868)	(10,711,850)
Transfers	2,125,258	17,482,214	206,009	183,000	777,761	-	(20,774,242)	-
As at 31 December 2021	**559,440,512**	**376,159,826**	**31,000,831**	**130,695,468**	**24,055,087**	**1,845,194**	**6,567,847**	**1,129,764,765**
Accumulated Depreciation & impairment:								
As at 1st January 2020	376,292,382	244,616,913	20,828,857	98,297,901	17,398,514	736,692	-	758,171,259
Charge for the year (Note 28)	26,708,418	19,120,902	2,253,831	12,995,133	2,832,637	368,346	-	64,279,267
Adjustment on disposals	(2,003,029)	(329,821)	(398,553)	(4,582,537)	(182,108)	-	-	(7,496,048)
Transfers	-	-	-	-	-	-	-	-
As at 31 December 2020	400,997,771	263,407,994	22,684,135	106,710,497	20,049,043	1,105,038	-	814,954,478
Charge for the year (Note 28)	13,037,997	15,128,666	2,318,148	12,596,146	2,618,322	-	-	45,699,279
Adjustment on disposals	-	(1,645,673)	(11,070)	(4,750,637)	(3,611,982)	-	-	(10,019,362)
Transfers	-	-	(15,411)	-	-	-	-	(15,411)
As at 31 December 2021	414,035,768	276,890,987	24,975,802	114,556,006	19,055,383	1,105,038	-	850,618,984
Net Book Value								
As at 31 December 2021	**145,404,744**	**99,268,839**	**6,025,029**	**16,139,462**	**4,999,704**	**740,156**	**6,567,847**	**279,145,781**
As at 31 December 2020	154,664,597	94,081,787	6,566,864	24,100,128	5,036,964	740,156	22,123,706	307,314,202

6. Leases

Details pertaining to leasing arrangements, where the Group is lessee are presented below:

	2021	2020
Net carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are as follows:		
Land	59,976,566	64,104,923
Vehicles	13,659,370	14,496,363
Adjustment on cease	-	(138,851)
	73,635,936	78,462,435
Right-of-use assets		
Additions:		
Land	285,331	28,155,025
Vehicles	-	10,957,279
Adjustment on cease	(294,231)	-
Closing	**(8,900)**	39,112,304

The Group uses its incremental borrowing rate as the discount rate.

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss. (Note 28).

	2021	2020
Land	4,274,837	4,005,761
Vehicles	542,762	4,174,725
	4,817,599	8,180,486

Lease liabilities

	2021	2020
The maturity analysis of lease liabilities is as follows:		
Within one year	5,350,899	5,696,711
Two to five years	10,679,096	12,133,758
More than five years	2,533,086	2,763,367
	18,563,081	20,593,836
Less: Finance components	(1,896,032)	(2,471,933)
	16,667,049	18,121,903
Present value of minimum lease payments due:		
Within one year	4,640,324	4,986,136
Two to five years	12,026,725	10,948,301
More than five years	-	2,187,466
	16,667,049	18,121,903
Other disclosures		
Interest expense on lease liabilities	633,722	755,120
Non-current liabilities	12,026,725	13,135,767
Current liabilities	4,640,324	4,986,136
	16,667,049	18,121,903

7. Investment property

	Land	Buildings	Total 2021	Total 2020
Cost				
As at 1 January	454,015,300	169,941,949	623,957,249	623,957,249
As at 31 December	454,015,300	169,941,949	623,957,249	623,957,249
Accumulated depreciation				
As at 1 January	-	95,040,846	95,040,846	88,062,560
Depreciation (Note 28)	-	5,350,017	5,350,017	6,978,286
As at 31 December	-	100,390,863	100,390,863	95,040,846
Net Book Value				
As at 31 December 2021	454,015,300	69,551,086	**523,566,386**	
As at 31 December 2020	454,015,300	74,901,103		528,916,403

Investment property comprises a number of residential and commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of one to five years. Subsequent renewals are negotiated with the lessees and historically the average renewal period was one year.

Management has used the services of an independent evaluator to calculate the fair value of investment property as at 31 December 2021 amounting to QAR 659 million (2020: QAR 688 million). The valuation is based on transaction for the similar asset in the same locality.

Investment property amounting to QAR 309.12 million (2020: QAR 90.3 million) of the Group are mortgaged against Islamic financing facility (Note 21).

8. Investment securities

a) Investment in equity instruments

The Group has made investments in the securities and these are classified as follows:

	2021	2020
Current		
Fair value through profit and loss*	1,943,694	1,532,294
Non-current		
Fair value through other comprehensive income	453,316,748	315,428,750
Total Investment securities	**455,260,442**	316,961,044

These comprise of investment made in listed shares in Egypt.

The movement during the year was as follows:

	2021	2020
Balance at beginning of the year	316,961,044	1,523,256
Additions during the year	190,411,630	314,803,175
Disposals during the year	(4,222,020)	(6,843,745)
Loss on sales	-	(10,235,740)
Fair value through profit or loss	1,260,329	(9,039)
Fair value through other comprehensive income	(49,150,541)	17,723,137
Balance at the end of the year	**455,260,442**	316,961,044

8. Investment securities (continued)

b) Investment in associates

	2021	2020
Investments in associate	9,450,255	7,355,620
Share of loss during the year (Note 27)	(594,571)	(366,185)
Investment at end of year	**8,855,684**	6,989,435

The above mentioned investments is made on "Indigenous Foods Private Limited" a company in India, holding 46.6%, which engaged to produce dairy and allied products. These investments are accounted using equity method.

The below table summarizes the financial information of the associate of the group.

	2021	2020
Percentage ownership interest		
Non-Current Assets	8,641,583	6,990,953
Current Assets	2,638,465	2,093,289
Non-Current Liabilities	-	-
Current Liabilities	4,786,331	5,137,633
Net Assets (100%)	6,493,717	3,946,609
Group's share of net assets (46.6%)	3,026,072	1,839,120
Carrying amount of interest in associate		
Revenue	7,898,739	4,279,982
Profit from continuing operations (100%)	(1,275,903)	(1,855,605)
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	(1,275,903)	(1,855,605)
Total comprehensive income (46.6%)	(594,571)	(366,185)
Group's share of total comprehensive income	**(594,571)**	(366,185)

9. Retention and other receivables

	2021	2020
Retention	9,096,451	1,780,778
Other Receivables	1,483,412	2,139,209
Total	**10,579,863**	3,919,987

9(a). Deferred Tax

Deferred tax is computed based on an effective tax rate of 0.9407% (2020: 1.4443%).

Deferred tax is recognised as follows:

	2021	2020
Taxable/deductible temporary difference movements in:		
Fixed assets	21,650	24,425
Provisions	(5,438)	21,754
Future loss	12,608	9,833
Total movement during the year	**28,820**	56,012
Movement in deferred tax asset:		
Opening balance	101,527	45,515
Movement during the year	28,820	56,012
Closing balance	**130,347**	101,527

9(a). Deferred Tax (continued)

Recognition in deferred tax asset:

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and

The entity has suffered a loss preceding period in the tax jurisdiction to which the deferred tax asset relates.

10. Goodwill

Impairment testing of goodwill

The Group has identified the National Food Group as cash generating unit (CGU) and has allocated the entire goodwill acquired through business combination to this CGU.

The recoverable amount of cash generating unit has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The terminal growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operate. As a result of this exercise, at 31 December 2021 no impairment was identified. (2020: No impairment).

Key assumptions used in value in use calculations:

	National Food Company	
	2021	2020
Compound annual volume growth	3.18%	7.28%
Terminal growth rate	2.00%	2.00%
Discount rate	8.97%	13.50%

Management determined compound annual volume growth rate for cash generating unit over five-year forecast to be a key assumption. The volume of growth in each period is the main driver for revenue and costs. The compound annual volume growth rate is based on past performance and management's expectations of market developments. The discount rates used reflect specific risks relating to the relevant operating segments.

11. Due from and due to Government of Qatar

a) Due from Government of Qatar

	2021	2020
Compensation due from Government of Qatar		
Balance at beginning of the year	165,307,514	138,799,675
Cash received during the year	(99,502,181)	(83,378,680)
Compensation due for the year for sale of subsidized flour	94,612,708	97,543,617
Compensation for storage and operation - Note 11(d)	417,937	12,342,902
Compensation due from Government of Qatar	160,835,978	165,307,514
Loan from Government of Qatar – Note 11(c)	(28,359,040)	(47,584,040)
Net due from Government of Qatar – Note 11(b)	**132,476,938**	117,723,474

11. Due from and due to Government of Qatar (continued)

b) This includes compensation receivable amounting to QR 128,327,616 (2020: QR 128,327,616) relating to the period up to 31 December 2007 and was computed based on the term of a subsidy agreement dated 25 May 1993.

c) A loan amounting to QR 40,000,000 was provided by the Government of Qatar on 5 June 1994 according to decision taken by the cabinet of ministers in the year 1991. The loan was repayable in equal semiannual installments for 10 years commencing three years after the receipt of the loan. It carries interest at a variable rate of 2% over the Qatar Central bank lending rate. In addition, the Company is required to pay an additional 1% annual rate of interest if it fails to make payment on the due dates. The Company has not yet made any repayment of the principle or interest. However, the Company has made a provision for the interest on the loan amounting to QR 19,959,040. The balance has been adjusted for repayments amounting to QR 31,600,000 (2020: QR 12,375,000).

The interest amount has been computed on the loan balance net of the amount due from Government of Qatar on account of the compensation for subsidized flour. As the amount receivable in respect of compensation for subsidized flour has exceeded the loan balance since beginning of the year 2006, no interest has been accrued for the subsequent period.

The amount of claims under previous compensation agreement and the loan are under review by the Government of Qatar. The loan balance including the accrued interest has been netted off with the compensation due from the Government in respect of the subsidized flour.

d) Due from Government of Qatar represents the recovery of claims related to storage and operation income of strategic stock of oil.

e) Due to Government of Qatar

	2021	2020
Opening balance	56,412,866	47,591,581
Receipts during the year	41,155,380	8,821,285
Closing balance	**97,568,246**	56,412,866

Due to Government of Qatar represents the compensation received from the Government of Qatar in order to maintain the strategic wheat stock and oil as required by the Government of Qatar. Since the repayable terms and conditions has not been agreed with the Government of Qatar, the compensation is considered as long term.

12. Related party balances and transactions

The Group enters into transaction with companies, entities and individuals that fall within the definition of a related party as referred in International Accounting Standard (IAS) No. 24 Related Party Disclosures.

(a) Due from related parties

	Relationship	**2021**	2020
Dandy Company Limited W.L.L.	Common ownership	6,787,224	3,983,335
		6,787,224	3,983,335

(b) Due to related parties

	Relationship	**2021**	2020
Qatar Detergent Company W.L.L	Common ownership	3,728,739	3,960,636
Aayan Leasing Company Qatar	Common ownership	3,931,500	2,098,801
Seven Brothers Holding Company W.L.L.	Common ownership	1,246,035	1,291,303
		8,906,274	7,350,740

Related party balances and transactions (continued)

(c) Transaction with related parties

	2021	2020
Compensation of key management personnel		
Key management remuneration*	15,527,700	15,360,372
Post-employment benefits	458,654	458,654
	15,986,354	15,819,026

*Key management remuneration includes director remuneration amounting QR 9,070,002 (2020: QR 9,690,000) (note 26).

Sale of goods and services		
Companies under common control		
Aayan Leasing Company Qatar WLL, Qatar	15,879	-
Qatar Detergent Company W.L.L, Qatar	97,569	212,625
Dandy Company Limited W.L.L, Qatar	11,421,283	13,711,535
	11,534,731	13,924,160

Purchase of goods		
Companies under common control		
Aayan Leasing Company Qatar	4,528,936	4,347,476
Qatar Detergent Company W.L.L	12,587	59,061
Dandy Company Limited W.L.L	8,589,756	9,381,169
	13,131,279	13,787,706

Transaction with related parties are at terms as approved by management.

13. Inventory

	2021	2020
Wheat stock	128,213,141	111,099,480
Raw Material	36,211,125	26,678,693
Packing materials	5,204,379	9,267,403
Spare parts	3,118,703	15,106,671
Others	17,495,941	69,046
	190,243,289	162,221,293
Less: Provision for slow moving inventory	(1,978,721)	(1,766,687)
	188,264,568	160,454,606
Finished Goods	10,269,041	10,254,262
Total	**198,533,609**	170,708,868

The movement for the provision of slow-moving inventories is as follows:

	2021	2020
Balance at beginning of the year	1,766,687	1,715,736
Provision for the year	225,029	120,815
Written off during the year	(12,995)	(69,864)
Balance at 31 December	**1,978,721**	1,766,687

The Group is required by the Government of Qatar to maintain certain quantities as a minimum stock to avoid any possible stock out of wheat and oil.

14. Accounts, retention and other receivables

	2021	2020
Accounts receivable	353,652,428	295,433,121
Retention receivable	4,771,763	30,193,612
	358,424,191	325,626,733
Provision for doubtful receivables	(55,256,201)	(54,551,562)
	303,167,990	271,075,171
Prepayments and advances	26,105,670	28,024,284
Margin deposit	4,320	2,558,806
Accrued income	762,847	188,515
Other receivables and deposits	2,916,074	6,734,419
	29,788,911	37,506,024
Provision for other receivables	(362,810)	(1,474,330)
	29,426,101	36,031,694
Total receivables	332,594,091	307,106,865

14. Accounts, retention and other receivables (continued)

The movement for the provision of doubtful receivables is as follows:

	2021	2020
Opening balance	54,551,562	58,280,376
Provision for the year	704,639	1,836,383
Reversal for the year	-	(5,423,110)
Moved to provision for other receivables	-	(253,738)
Transfer	-	212,077
Written off during the year	-	(100,426)
Closing balance	**55,256,201**	54,551,562

A sum of QR 170,210,949 (2020: QR 133,144,410) is receivable from three major customers which represents 47% (2012: 41%) of total accounts and retentions receivable as at 31 December 2021.

The movement for the provision of other receivables is as follows:

	2021	2020
Opening balance	1,474,330	1,486,315
Reversal for the year	(1,111,520)	(11,985)
Closing balance	**362,810**	1,474,330

The normal credit terms of trade and other receivables falls between 60 to 90 days.

15. Investment in commodities

	2021	2020
Opening Balance	494,908,210	543,876,259
Purchased during the year	122,195,031	34,368,147
Disposed off during the year	(238,856,653)	(155,661,805)
Gain/(Loss)	75,306,055	72,325,609
Closing Balance	**453,552,643**	494,908,210

Investment in commodities contains silver kept by the company in Switzerland.

16. Cash and bank balances

	2021	2020
Cash in hand	3,797,620	1,082,529
Cash at bank	49,100,568	29,560,315
Cash and Cash Equivalent	**52,898,188**	30,642,844

17. Share capital

a) The authorized share capital amounting to QR 260,696,920 (2020: QR 236,997,200) represents 260,696,920 (2020: 236,997,200) ordinary shares of QR 1 each as follows:

	2021	2020
Issued and fully paid share capital – listed at Qatar Exchange	**260,696,920**	236,997,200

During the year company issued Bonus shares amounting to QAR 23,699,720 in line with the dividend announcement (Note 20)

18. Legal reserve

The company maintains a legal reserve in compliance with the provisions of the Qatar Commercial Companies Law No. 11 of 2015, which requires that a minimum amount of 10% of the net profit for each year is transferred to a legal reserve until the legal reserve equals to 50% of the Group's paid-up and issued share capital. No such transfer was made during the year as the reserve balance exceeds 50% of paid-up share capital. The reserve is not available for distribution except in the manner specified in the above law.

19. Capital reserve

Capital reserve amounting to QR 15,000,000 reflected in the consolidated statement of financial position as at 31 December 2021 (2020: QR 15,000,000) represents additional reserve created from prior years' profits. There has not been any movement in the reserve for the current year.

20. Dividends

At the Board Meeting held on 23 March 2022, a dividend in respect of the profit for the year ended 31 December 2021 were QR 0.65 per share & 5% bonus shares million is recommended. These consolidated financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2021.

The dividends declared in respect of the profit for the year ended 31 December 2020 were QR 165.89 million or QR 0.7 per share and 10% bonus share. (2019: QR 201.45 million or QR 0.85 per share)

21. Islamic financing

	2021	2020
Islamic financing – Non current	168,488,710	-
Islamic financing – Current	378,836,561	408,038,759
	547,325,271	408,038,759

The Group has obtained loan under Murabaha Contract in QAR and in USD at normal commercial rates.

During the year, the Group obtained new Murabaha loan amounting to QAR 193.40 million with maturity in 2029.

Islamic financing is secured against corporate guarantee, first degree mortgage over certain investment properties (Note 7), and assignment of rental proceeds from pledged investment properties.

22. Accounts, retention and other payables

	2021	2020
Accounts payable	152,111,992	111,927,357
Provision for job cost	23,745,476	13,185,148
Provision for contractual obligations	-	5,783,332
Dividend payable	56,020,835	93,914,713
Social and sports fund payable	4,751,152	5,037,362
Directors' remuneration payable	4,700,000	5,300,000
Sub-contractors payable	1,172,206	1,371,884
Zakat payable	24,192,116	17,715,221
Retention payable	4,019,777	1,912,227
Other payables	47,072,568	56,628,250
	317,786,122	312,775,494

Movement in provision for job costs is as follows:

	2021	2020
Opening balance	13,185,148	11,932,881
Provided during the year	17,980,015	5,993,600
Used during the year	(7,446,687)	(4,552,202)
Reversed during the year	-	(189,131)
Closing balance	**23,745,476**	13,185,148

Movement in provision for contractual obligations are as follows:

	2021	2020
Opening balance	5,783,332	13,185,274
Provided during the year (Note 22)	-	199,145
Reversed during the year	(5,783,332)	(7,601,087)
Closing balance	-	5,783,332

23. Operating 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 revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 "Operating Segments" (see Note 4).

	2021	2020
Trading, manufacturing distribution and services	995,757,827	943,995,649
Contracting, real estate and others	201,948,303	158,477,465
	1,197,706,130	1,102,473,114

Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition.

23. Operating revenue (continued)

	2021	2020
Primary geographical markets:		
Local Operations	1,190,564,238	1,095,331,222
Foreign Operations	7,141,892	7,141,892
	1,197,706,130	1,102,473,114

	2021	2020
Major Products and services:		
Sale of Manufactured and Traded products	995,757,827	943,995,649
Contracting and other related services	104,839,296	31,912,984
Building materials and logistics	119,093,647	65,002,086
Rental Income	(21,984,640)	61,562,395
	1,197,706,130	1,102,473,114

	2021	2020
Timing of revenue recognition:		
Products and service transferred over time	82,854,656	93,475,379
Products transferred point of time	1,114,851,474	1,008,997,735
	1,197,706,130	1,102,473,114

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of services		Nature, timing of satisfaction of performance obligations, significant payment terms
Sale of manufactured and traded products	:	Revenue is recognised at point in time when the goods are delivered to the customers based on the rates agreed with the customer
Contracting and other related services	:	Revenue is recognised over time based on the stage of completion of the projects which is determined based on the input method. The related costs are recognised in profit or loss when they are incurred.
Building materials and logistics	:	Revenue is recognised at point in time when the goods are delivered to the customers based on the rates agreed with the customer

24. Operating cost

	2021	2020
Cost of material consumed	562,625,255	477,566,946
Depreciation on Property, plant and equipment (Note 28)	50,860,186	69,368,047
Provision for contractual obligations	-	199,145
Other direct costs	410,490,633	391,699,179
	1,023,976,074	938,833,317

25. Other income

	2021	2020
Dividend income	3,015,825	689,653
Gain from sale of investment in commodities	75,306,055	72,325,609
Others	26,239,321	52,259,007
	104,561,201	125,274,269

Other income pertains insurance claim, transport income, damage product sales, profit on disposal of plant, property and equipment and scrap sales.

26. General and administrative expenses

	2021	2020
Staff salaries and benefits	47,792,063	45,876,861
Directors' remuneration	9,070,002	9,690,000
Rent Expense	4,089,569	5,567,886
Provision for doubtful debts	704,639	2,069,476
Depreciation (Note 28)	1,679,370	5,537,056
Insurance expenses	701,698	3,269,571
Travelling and transportation	56,980	1,090,212
Repair and maintenance	926,905	481,019
Utilities	2,695,132	2,163,988
Telephone expenses	466,562	435,935
Consultancy fees	3,537,323	1,164,607
Miscellaneous	8,850,369	2,786,837
	80,570,612	80,133,448

27. Selling and distribution expenses

	2021	2020
Staff salaries and benefits	20,298,161	20,338,107
Packing and freight charges	4,526,398	4,909,633
Depreciation (Note 28)	3,327,339	4,532,936
Sales rebates	17,705,492	19,553,771
Sales commission	5,833,001	5,519,819
Marketing expenses	4,143,145	2,234,014
Rent expense	2,907,274	2,718,635
Insurance expenses	799,565	979,597
Other expenses	11,533,534	9,896,377
	71,073,909	70,682,889

28. Depreciation

	2021	2020
Property, plant and equipment (Note 5)	45,699,279	64,279,267
Right of Use Assets (Note 6)	4,817,599	8,180,486
Investment property (Note 7)	5,350,017	6,978,286
	55,866,895	79,438,039
Allocation:		
Operating cost (Note 24)	50,860,186	69,368,047
General and administrative expenses (Note 26)	1,679,370	5,537,056
Selling and distribution expenses (Note 27)	3,327,339	4,532,936
	55,866,895	79,438,039

29. Net impairment (loss)/reversal of financial assets

	2021	2020
Provision for doubtful receivables	(761,765)	(1,836,383)
Reversal of provision for doubtful receivables	57,126	5,423,110
	(704,639)	3,586,727

30. Income tax

The net tax expense for the year is as follows

	2021	2020
Current taxes	206,145	356,532
Prior year difference	-	-
Deferred taxes movement for the year (Note 9a)	(28,820)	(56,012)
	177,325	300,520

Taxable income for the year is arrived at as follows:

	2021	2020
Profit/(loss) for the year	153,255,776	172,500,989
Adjustments for:		
Add: Accounting depreciation	36,168,413	52,463,678
Less: Tax depreciation	(29,513,728)	(30,530,211)
Add: Tax gains/(losses) on disposals	48,959	2,463
Less: Accounting gains/(losses) on disposals	(35,049)	(36,068)
Add: Non-deductible expenses	(59,428)	16,050
Add: Non-deductible provisions	28,648,299	13,663,290
Taxable income for the year	**188,503,242**	208,080,191
Carried forward losses	-	-
Net taxable income for the year	**188,503,242**	208,080,191

Tax on income has been computed as per Qatar Income Tax Law and is arrived at as follows;

Taxable income	188,503,242	208,080,191
Tax due @ 10%	18,850,324	20,808,019
Non-Qatari share in tax based on their 0.9407% (2020: 1.4443%) share of profits (Income tax payable)	**177,325**	300,520

31. Earning per share

(a) Basic earning per share:

	2021	2020
Profit attributable to ordinary shareholders of the Group	190,046,096	201,494,492
Weighted average number of ordinary shares outstanding	260,696,920	260,696,920*
Basic earnings per share (QR)	0.73	0.77

*Restated for the effect of bonus share issued in current year

(b) Diluted earning per share:

There were no potentially dilutive instruments outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

32. Contingent liabilities and capital commitments

As at year end the Group has contingent liability and capital commitments amounting to QR 58.69 million (2020: QR 199.44 million).

33. Financial risk management

Objective and policies

The Group's principal financial liabilities comprise Islamic financing, accounts, retentions and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivables and bank balances which arise directly from its operations.

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

Market risk

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

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Group is exposed to foreign currency risk on its imports. However, the outstanding payments are designated in US Dollar. As the Qatari Riyals is pegged to the US Dollar, balances in US Dollar are not considered to represent a significant currency risk.

Interest rate risk

Interest rate risk is the risk that the Group's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates. The Group's exposure to interest rate risk is limited to the variable interest bearing borrowings.

At the reporting date, reasonably possible changes of 100 basis points in interest rates would have increased/(decreased) equity and profit or loss by the amounts showing below:

	2021	2020
Islamic financing	**5,473,253**	4,080,388

Equity price risk

The company is exposed to price risk because of its investments in equity instruments which are measured at fair value as described in note 8.

Equity price risk represents the sensitivity of the effect of cumulative changes in fair value recognized in equity of the Group to reasonably possible changes in quoted equity share prices, with all other variables held constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. A 5% change in equity price of investment securities will effect equity by QR 20,149,467 (2020: QR 15,282,832).

33. Financial risk management (continued)

Equity price risk (continued)

At December 31, 2021, if the commodity price had been 1% (2020: 1%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been QR 4,535,526 (2020: QR 4,949,082) lower or higher, respectively.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of accounts, retentions and other receivable, due from related parties and bank balances (except due from Government of Qatar).

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

	2021	2020
Bank balances	49,100,568	29,560,316
Accounts and retention receivables	303,167,990	272,826,225
Other receivables (Excluding prepayments)	6,066,507	18,740,557
Due from related parties	6,787,224	3,983,335
Due from Government of Qatar	98,230,862	94,240,326
	463,353,151	419,350,759

A sum of QR 170,210,949 (2020: 133,144,410) is receivable from three major customers which represents 47% (2020: 41%) of total accounts and retentions receivable as at 31 December 2021. This significant concentration risk has been managed through enhanced monitoring and periodic tracking. The Group has a rigorous policy of credit screening prior to providing services on credit.

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

The Group uses an allowance matrix to measure the ECLs of accounts, retention and other receivables from non-government customers, which comprise a very large number of balances.

Loss rates are calculated using a 'net flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Net flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – Government and non-government.

The following table provides information about the exposure to credit risk and ECLs for accounts receivables from non governmental customers as at 31 December 2021:

	2021		2020	
	Gross carrying amount	**Loss allowance**	Gross carrying amount	Loss Allowance
0-90 days	207,652,318	83,172	127,251,504	54,212
91–180 days past due	56,215,135	87,157	34,056,749	3,042,308
181–270 days past due	11,924,894	66,144	696,436	143,252
271–360 days past due	12,130,676	1,109,001	507,068	162,885
Over 360 days past due	65,729,405	53,910,727	51,323,904	51,323,904
At 31 December	**353,652,428**	**55,256,201**	213,835,661	54,726,561

33. Financial risk management (continued)

Credit risk (continued)

Loss rates are based on actual credit loss experience over the three years. These rates are multiplied by forward looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Forward looking factors are based on actual and forecast macro-economic factors (primarily GDP) and is considered to be positive.

Past due are those amounts for which either the contractual or the "normal" payment date has passed.

Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit base.

Accounts, retention and other receivables do not bear interest.

The Group does not require collateral as security in respect of its accounts, retention and other receivables.

Cash at banks

The Group's cash at banks is held with banks that are independently rated by credit rating agencies as follows:

Credit ratings (by Moody's)	**2021**	2020
A1	7,944,055	4,782,608
A2	12,878,151	7,753,112
baa1	23,722,638	14,281,885
Ba1	4,417,667	2,659,595
baa2	138,057	83,116
At 31 December	**49,100,568**	29,560,316

Therefore, the Group's bank deposits are held with credit worthy and reputable banks with high credit ratings. As a result, management believes that credit risk in respect of these balances is minimal.

Due from Related Party

Management believes that there is no significant credit risk in its receivables from the related parties because these counterparties are under the control of the Group's shareholders, who are financially healthy and accordingly no expected credit loss has been recognized.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation and is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

33. Financial risk management (continued)

Liquidity risk (continued)

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

	Carrying amount	Contractual cash flows	1 to 12 months	More than 1 year
31 December 2021				
Accounts payable, retention and other payables (Note 20)	317,786,122	(317,786,122)	(317,786,122)	
Lease liability (Note 6)	16,667,049	(18,563,081)	(5,350,899)	(13,212,182)
Islamic financing (Note 19)	547,325,271	(576,344,361)	(387,167,848)	(189,176,513)
Due to related parties (Note 11(b))	8,906,274	(8,906,274)	(8,906,274)	
Due to Government of Qatar (10 (e))	97,568,246	(97,568,246)	-	(97,568,246)
	988,252,962	**(1,019,168,084)**	**(719,211,143)**	**(299,956,941)**
31 December 2020				
Accounts payable, retention and other payables (Note 20)	312,775,494	(312,775,494)	(312,775,494)	-
Lease liability (Note 6)	18,121,903	(20,593,836)	(5,696,711)	(14,897,125)
Islamic financing (Note 19)	408,038,759	(416,199,534)	(416,199,534)	-
Due to related parties (Note 11(b))	7,350,740	(7,350,740)	(7,350,740)	-
Due to Government of Qatar (10 (e))	56,412,866	(56,412,866)	-	(56,412,866)
	802,699,762	(813,332,470)	(742,022,479)	(71,309,991)

34. Capital management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and to sustain future development of the business. The management monitors the capital, which the Group defines as total shareholders' equity excluding cumulative changes in fair value reserve and is measured at QR 1,552,630,561 on 31 December 2021 (2020: QR 1,533,047,548).

The Group manages its capital structure and makes adjustments to it, in light of changes in business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or increase capital. No changes were made in the objectives, policies or process during the years 2021 and 2020.

The Group monitors capital using a gearing ratio, which is debt divided by capital plus debt. The Group's policy is to keep the gearing ratio less than 40%. The Group includes within debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes shareholders equity less any net unrealised fair value gains.

35. Fair value of financial instruments

The Group measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are based on unobservable market data based on unobservable market data.

All the quoted investments are classified under Level 1 in the fair value hierarchy into which the fair value measurements are categorized. Investment property are classified under level 2.

35. Fair value of financial instruments (continued)

During the year ended 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair value of the financial assets and liabilities carried at amortised cost approximates their carrying amount, hence not included in the above fair value hierarchy.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
31 December 2021 Financial assets: Investment securities	**455,260,442**	**-**	**-**	**455,260,442**
31 December 2020 Financial assets: Investment securities	316,961,044	-	-	316,961,044

36. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation in the current year's financial statements. However, such reclassification does not have any effect on the net income, net assets and equity of the previous year.

37. Subsequent events

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