

Zad Holding Company Q.P.S.C.
Consolidated Financial Statements
31 December 2024

Zad Holding Company Q.P.S.C.

**Consolidated Financial Statements
As at and for the year ended 31 December 2024**

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Independent auditors' report

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

Report on the Audit of the Consolidated Financial Statements

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 2024, 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 material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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 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 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 matters	How the matter was addressed in our audit
<p>Compensation from the Government of State of Qatar for sale of subsidized flour - Note 13</p> <p>We focused on this area because:</p> <ul style="list-style-type: none"> - 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 8.5% of total revenue 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. 	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> - 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.
<p>Impairment assessment of goodwill - Notes 3 and 12</p> <p>We focused on this area because:</p> <ul style="list-style-type: none"> - As at 31 December 2024, the Group's consolidated financial statements include recognised goodwill of QR 19,704,770 which arose from acquisition of National Food Company W.L.L. which represents 0.8% of total assets. - An assessment is required annually to establish whether this goodwill should continue to be recognized, or if any impairment is required. - 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. 	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> - Understanding the Group's budgeting process upon which forecasts are based. - Testing the design and implementation of controls over goodwill impairment assessment process. - We involved our valuation specialists to assist us in: <ul style="list-style-type: none"> • Evaluating the appropriateness of the methodology used by the Group to assess impairment of goodwill. • 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. - Evaluating the adequacy of the Group's disclosures related to goodwill impairment by reference to the requirements of the relevant accounting standards.



Independent auditors' report (continued)

Zad Holding Company Q.P.S.C.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company'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.

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 Accounting Standards, 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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



Independent auditors' report (continued)

Zad Holding Company Q.P.S.C.

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

- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 communication.



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) We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- (ii) The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- (iii) The report of the Board of Directors is expected to be made available to us after the date of this auditors' report.
- (iv) Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.
- (v) We are not aware of any 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 2024.

13 March 2025
Doha
State of Qatar



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

**Consolidated statement of financial position
As at 31 December 2024**

In Qatari Riyals

	Note	2024	2023 *Restated
Assets			
Non-current assets			
Property, plant and equipment	5	224,009,179	242,111,451
Intangible assets	6	3,118,434	3,321,018
Right-of-use assets	7.1	74,356,176	78,475,795
Investment properties	8	507,516,365	512,866,372
Investment in equity instruments	9	322,663,678	434,057,549
Investment in an associate	10	-	7,238,016
Retention and other receivables	11	28,635,242	30,119,553
Goodwill	12	19,704,770	19,704,770
Total non-current assets		1,180,003,844	1,327,894,524
Current assets			
Inventories	15	287,935,358	268,513,384
Investment in commodities	17	478,141,082	478,141,082
Investment in equity instruments	9	10,105,477	2,603,408
Due from the Government of Qatar	13	44,025,996	40,413,703
Due from related parties	14.1	3,519,907	2,816,598
Accounts, retention and other receivables	16	294,808,868	373,364,600
Cash and cash equivalents	18	193,239,392	69,794,018
Total current assets		1,311,776,080	1,235,646,793
Total assets		2,491,779,924	2,563,541,317
Equity and liabilities			
Equity			
Share capital	19	287,418,354	287,418,354
Legal reserve	20	563,120,753	563,120,753
Capital reserve	21	15,000,000	15,000,000
Fair value reserve	9	31,238,679	39,814,554
Retained earnings		487,243,417	436,627,783
Total equity		1,384,021,203	1,341,981,444
Non-current liabilities			
Lease liabilities	7.2	28,046,276	23,474,651
Employees' end of service benefits	23	45,603,718	41,754,080
Due to the Government of Qatar	24	190,673,422	207,173,422
Total non-current liabilities		264,323,416	272,402,153
Current liabilities			
Lease liabilities	7.2	9,411,992	6,859,123
Due to related parties	14.2	3,603,823	5,434,868
Due to the Government of Qatar	24	16,500,000	16,500,000
Islamic financing	25	524,632,606	598,367,843
Accounts, retention and other payables	26	289,286,884	321,995,886
Total current liabilities		843,435,305	949,157,720
Total liabilities		1,107,758,721	1,221,559,873
Total equity and liabilities		2,491,779,924	2,563,541,317

* The comparative information is restated. See Note 39.

These consolidated financial statements were approved by Company's Board of Directors on 13 March 2025 and were signed on their behalf by:


Mansoor Mohamed JM Al-Thani
 Board Member


Abdulla Ali M A Al-Ansari
 Board Member

The notes on pages 11 to 42 are an integral part of these consolidated financial statements.

Zad Holding Company Q.P.S.C.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

In Qatari Riyals

	Note	2024	2023
Operating revenue	27	1,366,989,858	1,410,195,028
Compensation from the Government of Qatar for sale of subsidized flour	13	127,201,754	160,546,164
Total revenue		1,494,191,612	1,570,741,192
Operating cost	28	(1,097,549,558)	(1,213,815,543)
Gross profit		396,642,054	356,925,649
Other income	29	30,734,988	52,690,012
General and administrative expenses	30	(78,954,817)	(75,539,340)
Selling and distribution expenses	31	(83,305,356)	(79,085,416)
Loss allowance reversal for impairment of accounts receivables	16 (1)	211,369	1,200,000
Operating profit		265,328,238	256,190,905
Net finance expenses	33	(41,504,062)	(45,348,380)
Profit before tax and zakat		223,824,176	210,842,525
Tax expense		(320,649)	(257,056)
Provision for zakat contribution		(16,953,320)	(15,296,038)
Profit for the year		206,550,207	195,289,431
Earnings per share			
Basic and diluted earnings per share	34	0.72	0.68
Profit for the year		206,550,207	195,289,431
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investments at FVOCI – net change in fair value	9	27,475,237	36,982,107
Total comprehensive income for the year		234,025,444	232,271,538



The notes on pages 11 to 42 are an integral part of these consolidated financial statements.

Zad Holding Company Q.P.S.C.

**Consolidated statement of changes in equity
For the year ended 31 December 2024**

In Qatari Riyals

	Share capital	Legal reserve	Capital reserve	Fair value reserve (1)	Retained earnings	Total
Balance at 1 January 2023	273,731,766	563,120,753	15,000,000	(93,404,537)	525,857,855	1,284,305,837
Profit for the year	-	-	-	-	195,289,431	195,289,431
Other comprehensive income (Note 9)	-	-	-	36,982,107	-	36,982,107
Gain transferred on disposal of investment securities – ‘At FVOCI’ (Note 9)	-	-	-	96,236,984	(96,236,984)	-
Contribution to social and sports fund (2)	-	-	-	-	(4,882,236)	(4,882,236)
Bonus shares	13,686,588	-	-	-	(13,686,588)	-
Dividend distribution (Note 22)	-	-	-	-	(169,713,695)	(169,713,695)
Balance at 31 December 2023	<u>287,418,354</u>	<u>563,120,753</u>	<u>15,000,000</u>	<u>39,814,554</u>	<u>436,627,783</u>	<u>1,341,981,444</u>
Balance at 1 January 2024	287,418,354	563,120,753	15,000,000	39,814,554	436,627,783	1,341,981,444
Profit for the year	-	-	-	-	206,550,207	206,550,207
Other comprehensive income (Note 9)	-	-	-	27,475,237	-	27,475,237
Gain transferred on disposal of investment securities – ‘At FVOCI’ (Note 9)	-	-	-	(36,051,112)	36,051,112	-
Contribution to social and sports fund (2)	-	-	-	-	(5,163,755)	(5,163,755)
Dividend distribution (Note 22)	-	-	-	-	(186,821,930)	(186,821,930)
Balance at 31 December 2024	<u>287,418,354</u>	<u>563,120,753</u>	<u>15,000,000</u>	<u>31,238,679</u>	<u>487,243,417</u>	<u>1,384,021,203</u>

- (1) Fair value reserve mainly represents changes in fair value in mining shares which have been irrevocably designated as fair value through other comprehensive income.
- (2) Pursuant to Law No. 13 of 2008, the Group made an appropriation of QR 5,163,755 (2023: QR 4,882,236) 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 notes on pages 11 to 42 are an integral part of these consolidated financial statements.



Consolidated statement of cash flows
For the year ended 31 December 2024

In Qatari Riyals

	Note	2024	2023 * Restated
Cash flows from operating activities			
Profit for the year		206,550,207	195,289,431
<i>Adjustments for:</i>			
Reversal made for slow moving inventories, net	15	(2,456,605)	(3,257,559)
Reversal made on accounts receivables	16	(211,369)	(1,200,000)
Depreciation on property, plant and equipment	32	34,691,791	40,414,216
Depreciation on right-of-use assets	32	10,863,995	9,940,108
Depreciation on investment properties	32	5,350,007	5,350,007
Gain on disposal of property, plant and equipment	29	(621,645)	(376,948)
Amortisation of intangible assets	30	254,966	251,460
Finance costs		45,716,467	45,663,507
Provision for income tax		320,649	257,056
Employees' end of service benefits	23	7,230,383	6,535,414
Provision for zakat contribution		16,953,320	15,296,038
Share of loss of investment in an associate	10	754,576	855,864
Fair value adjustment of investment in an associate	10	(1,945,523)	-
Dividend income	29	(4,308,594)	(4,425,289)
Fair value loss / (gains) on investment securities – At fair value through profit or loss		926,894	(315,127)
Write off of capital work in progress		3,001,924	-
Profit from short term deposits		(5,139,299)	-
Gain on sale of discontinued operation		(3,491,964)	-
		<u>314,440,180</u>	<u>310,278,178</u>
<i>Change in:</i>			
Inventories		(16,965,368)	115,238,490
Due from and due to the Government of Qatar (net)		(3,612,293)	(13,097,680)
Accounts, retentions and other receivables		78,743,377	8,064,545
Due from and to related parties (net)		(2,534,354)	9,952,692
Accounts payable, retention and other payables		<u>(38,568,933)</u>	<u>(154,280,433)</u>
Cash generated from operating activities		<u>331,502,609</u>	<u>276,155,792</u>
Employees' end of service benefits paid	23	(3,380,745)	(4,036,817)
Zakat paid		(9,013,100)	(13,058,830)
Finance costs paid		<u>(44,913,957)</u>	<u>(45,049,085)</u>
Net cash from operating activities		<u>274,194,807</u>	<u>214,011,060</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(27,442,504)	(21,180,725)
Acquisition of intangible assets	6	(52,382)	(112,418)
Proceeds from disposal of property, plant and equipment		9,711,360	4,480,467
Proceeds from disposal of discontinued operation		5,000,000	-
Receipts from sale of investment securities	9	138,869,108	128,467,522
Acquisition of equity instruments	9	-	(126,800,009)
Dividends received	29	4,308,594	4,425,289
Profit received from short-term deposits		5,139,299	-
Net cash from / (used in) investing activities		<u>135,533,475</u>	<u>(10,719,874)</u>



The notes on pages 11 to 42 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)
For the year ended 31 December 2024

In Qatari Riyals

	Note	2024	2023 * Restated
Cash flows from financing activities			
Movement in Islamic financing		(73,735,237)	(56,915,014)
Repayment to the Government of Qatar		(16,500,000)	(16,500,000)
Receipts from the Government of Qatar		-	58,705,176
Payment of lease liabilities	7.2	(9,225,741)	(8,270,784)
Dividends paid		(186,821,930)	(166,974,854)
Net cash used in financing activities		<u>(286,282,908)</u>	<u>(189,955,476)</u>
Net increase in cash and cash equivalents		123,445,374	13,335,710
Cash and cash equivalents at 1 January		69,794,018	56,458,308
Cash and cash equivalents at 31 December	18	<u>193,239,392</u>	<u>69,794,018</u>

* The comparative information is restated. See Note 39.



The notes on pages 11 to 42 are an integral part of these consolidated financial statements.

Zad Holding Company Q.P.S.C.

Notes to the consolidated financial statements As at and for the year ended 31 December 2024

1. Reporting entity

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 shares of the Company are listed on Qatar Stock Exchange. Its registered office is at Al Meena Street, Doha Sea Port P.O. Box 1444 Doha, State of Qatar.

The Company and its subsidiaries (collectively the “Group”) principal activities, which remains unchanged since the previous year, 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 consolidated financial statements were authorised for issue by the representatives of the Board of Directors of Zad Holding Company Q.P.S.C. on 13 March 2025.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The consolidated 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 Group’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 consolidated financial statements, management has made judgements and estimates that affect the application of Group’s 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 estimates are recognised prospectively.

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

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Going concern

The management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Depreciation of property, plant and equipment, right-of-use assets, and investment properties

Items of property, plant and equipment, right-of-use assets, and investment properties are depreciated on a straight line basis over their estimated individual useful lives. Management exercises significant judgement for the determination of the depreciation method and the useful lives and residual values of these assets, including their expected usage over their lives, the rate of their physical wear and tear, and their technological or commercial obsolescence. Such estimates could have a significant impact on the annual depreciation charge recognized in profit or loss.

Provision for impairment for slow moving and obsolete inventories

When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence. The necessity and setting up of a provision for slow moving and obsolete inventories requires considerable degree of judgment.

Impairment of financial assets measured at amortised cost

The Group uses a provision matrix to calculate ECLs for trade receivables (Non-Government) and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in a particular sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Goodwill is tested annually for impairment. The determination of the recoverable amount of goodwill requires management to make significant judgments, estimations and assumptions. These are disclosed in Note 12.

Provision for employees' end of service benefits

Management has measured the Group's obligation for the post-employment benefits of its employees based on the provisions of the Labour Laws of the State of Qatar. Management does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The calculation of the provision is performed by management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in profit or loss.

**Notes to the consolidated financial statements
As at and for the year ended 31 December 2024**

2. Basis of preparation (continued)

(e) New standards, amendments and interpretations

The Group has applied the following new and revised IFRS Accounting Standards that have been issued and are effective for annual periods beginning on or after 1 January 2024:

Effective date	New standards or amendments
1 January 2024	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 <i>Leases</i>
	Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 <i>Presentation of Financial Statements</i>
	Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> – <i>Supplier Finance Arrangements</i> .

The application of these amendments had no material impact on the Group's consolidated financial statements.

(f) New and amended standards and an interpretation to a standard not yet effective, but available for early adoption

A number of new standards, amendments and interpretations to standards are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early applied the following new standards, amendments and interpretations in preparing these consolidated financial statements.

The following new and amendments standards are not expected to have a significant impact on Group's consolidated financial statements, except IFRS 18 - *Presentation and Disclosure in Financial Statements*.

Effective date	New standards or amendments
1 January 2025	Lack of Exchangeability – Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>
1 January 2026	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> <i>Annual improvements to IFRS Accounting Standards – Volume 11</i>
1 January 2027	IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>
	IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>
To be determined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i>

The Group is currently working to identify all impacts the amendments will have on the on the consolidated financial statements.

3. Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "control" an entity when it is exposed to or has right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3. Material accounting policies (continued)

a) Basis of consolidation (continued)

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of the equity. Any resulting gain or loss is recognized in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains or losses) arising from intra- group transactions, are eliminated.

Group companies

Set out below are the Group's principal subsidiaries at 31 December 2024. The subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by Group.

Name of subsidiary	Country of incorporation	Group effective shareholding %	
		2024	2023
Qatar Flour Mills Company W.L. L.	Qatar	100%	100%
Alqataryah Food Industry Company- Foodco W.L. L.	Qatar	100%	100%
Umm Said Bakery W.L.L.	Qatar	100%	100%
Arzak Marketing Company W.L. L.	Qatar	100%	100%
QFM Trading Company W.L.L.	Qatar	100%	100%
National Food Company W.L.L.	Qatar	99%	99%
Meeda Projects Company W.L.L.	Qatar	100%	100%
Cypher One Software Design W.L.L.	Qatar	100%	100%
Gulf Ice Cream and Dairy Company W.L.L.	Qatar	99%	99%
United Foodstuff & Catering W.L.L.	Qatar	99%	99%
Arzak Al Khalijia Company	Saudi Arabia	100%	100%
Tower International Limited	Cayman Islands	100%	100%

b) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment, except capital work-in-progress, are measured at cost less accumulated depreciation and any accumulated impairment losses. Capital work-in-progress is carried at cost less impairment, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

3. Material accounting policies (continued)

b) Property, plant and equipment (continued)

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group, and its cost can be measured reliably.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. The estimated useful lives of property, plant and equipment for the current year and the comparative year are as follows:

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

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Derecognition

An item of property, plant and equipment is derecognised 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 recognised net within profit or loss.

c) Goodwill

Goodwill arising on the acquisition of a business is measured as the excess of the consideration transferred over the fair value of the identifiable net assets acquired. In case the consideration transferred is less than the fair value of the net identifiable assets acquired, then the difference is recognized directly in profit or loss as a bargain purchase. Where settlement of any part of consideration transferred is deferred, the consideration to be transferred in future periods is discounted to present value as at the date of the transaction.

Subsequent measurement

Goodwill is not amortised, but is tested for impairment on an annual basis or more frequently if there are events and circumstances indicating that it has been impaired (See accounting policy "Impairment").

d) Investment properties

Land and buildings are considered as investment properties only when they are being held to earn rentals or for long term capital appreciation or both.

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. The cost of property includes all directly attributable costs including the borrowing costs that are directly attributable to the construction of the assets and excludes the cost of day-to-day servicing of an investment property.

Depreciation on buildings is calculated on a straight-line basis over the estimated useful life of 20 to 30 years.

3. Material accounting policies (continued)

d) Investment properties (continued)

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included within profit or loss in the year the asset is derecognised.

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out (FIFO) method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. A provision is made for any write-down of inventories to net realisable value and such a provision is reflected as an expense in profit or loss in the period the write-down. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised in profit or loss in the period in which the reversal occurs.

f) 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. Impairment loss is recognized when the market value is declined less than its carrying amount.

IAS 8 specifies that, in the absence of an IFRS Accounting 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 Accounting 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 crystallized and recognized on disposal within profit or loss.

3. Material accounting policies (continued)

g) Leases

At the inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of the assets leased.

Lease payments included in the measurement of the lease liability comprise mainly the fixed payments.

The lease liability is measured at amortised cost using the effective interest method.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

h) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, unless it is a trade receivable without a significant financing component, or a financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. An accounts receivable without a significant financing component is initially measured at the transaction price.

3. Material accounting policies (continued)

h) Financial instruments (continued)

Classification and subsequent measurement of financial assets

Classification on initial recognition

On initial recognition, a financial asset is classified at:

- Amortised 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 amortised cost or FVOCI as described above.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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 instrument 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. These include whether management's strategy focuses on earning contractual cash flows or realising cash flows through the sale;
- 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.

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:

3. Material accounting policies (continued)

h) Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

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

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.
- 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.

Financial liabilities - Classification, subsequent measurement

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

3. Material accounting policies (continued)

i) Impairment

Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Group measures loss allowance either at an amount equal to:

- lifetime ECLs, which are those ECLs that result from all possible default events over the expected life of a financial instruments; or
- 12-month ECLs, which includes the portion of ECLs that results 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 Group considers that it is not exposed to any credit risk with respect to its receivables from the Government or their controlled entities.

For the financial assets, except for the cash at bank, the Group applied the simplified approach to measuring ECLs which recognises the lifetime ECLs of these assets that reflect an increased credit risk. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

Loss allowances on bank balances are always measured at an amount equal to 12-month ECLs. The Group considers bank balances to have a low risk level when their credit risk rating is equivalent to the globally understood definition of "investment grade".

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 counterparty; or
- a breach of contract such as a default or being more than 365 days past due; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganization;

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.

3. Material accounting policies (continued)

i) Impairment (continued)

Impairment of non-financial assets

At each reporting date, management reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or the CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

j) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of cash at bank and cash in hand and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of any outstanding bank overdrafts.

k) Share capital

Ordinary shares are classified as equity.

l) 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. Material accounting policies (continued)

m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, is recognised in the consolidated statement of profit or loss and other comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

n) Revenue recognition

Revenue from Contracts with Customers

Revenue from contracts with customers for sales of goods and rendering of services in the ordinary course of the Group's activities is recognised in accordance with the following 5-step model:

1. Identify contracts with customers: A contract is an agreement which creates enforceable rights and obligations and sets out criteria that must be met.
2. Identify performance obligations within the contract: A performance obligation is a promise to deliver a good or a service to a customer.
3. Determine the transaction price: The transaction price is the amount to which the Group expects to be entitled in exchange for delivering the promised goods or services to a customer.
4. Allocate the transaction price to the performance obligations, if more than one.
5. Recognise revenue as and when the performance obligation(s) is/are satisfied.

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

3. Material accounting policies (continued)

o) Revenue recognition (continued)

Rental income

Rental income from investment properties 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 the 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.

p) Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Qatari Riyal.

Transactions and balances

Transactions in foreign currencies are translated into respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. 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. All differences are taken to the consolidated statement of profit or loss and other comprehensive income.

3. Material accounting policies (continued)

q) Fair value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

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

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

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

r) 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 measurement basis are determined by the management based on the Sharia Law. The zakat provision is charged to the consolidated statement of income.

s) 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.

t) 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.

4. Operating segments

Information about reportable segments:

	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
For the year ended 31 December								
Revenue / profit								
External revenue	-	-	1,057,931,546	1,062,924,461	309,058,312	347,270,567	1,366,989,858	1,410,195,028
Other income	4,343,394	5,072,318	22,860,963	30,705,941	3,530,631	16,911,753	30,734,988	52,690,012
Inter-segment revenue	-	-	268,279,342	330,003,079	100,690,135	115,635,110	368,969,477	445,638,189
Compensation from the Government of Qatar	-	-	127,201,754	160,546,164	-	-	127,201,754	160,546,164
Total revenue	4,343,394	5,072,318	1,476,273,605	1,584,179,645	413,279,078	479,817,430	1,893,896,077	2,069,069,393
Segment profit / (loss)	(84,029,277)	(87,483,227)	216,345,799	232,207,069	74,233,685	50,565,589	206,550,207	195,289,431

	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
As at 31 December				(Restated)				(Restated)
Assets and liabilities								
Current assets	174,995,335	351,025,933	519,859,658	572,869,607	616,921,087	311,751,256	1,311,776,080	1,235,646,796
Non – current assets	344,044,969	452,251,395	160,385,972	154,892,062	675,572,903	720,751,064	1,180,003,844	1,327,894,521
Total assets	519,040,304	803,277,328	680,245,630	727,761,669	1,292,493,990	1,032,502,320	2,491,779,924	2,563,541,317
Current liabilities	630,338,314	700,368,546	130,768,522	127,317,516	82,328,469	121,471,660	843,435,305	949,157,720
Non- current liabilities	19,167,304	17,657,420	230,472,215	243,125,947	14,683,897	11,618,785	264,323,416	272,402,153
Total liabilities	649,505,618	718,025,966	361,240,737	370,443,463	97,012,366	133,090,445	1,107,758,721	1,221,559,873

5. Property, plant and equipment

	Building and attached rights	Plant and equipment	Furniture & fixtures	Motor vehicles	Tools	Capital work in progress	Total
Cost:							
At 1 January 2023	559,543,944	381,947,644	31,832,307	124,960,075	27,735,602	9,904,347	1,135,923,919
Impact of restatements (Note 39)	-	-	-	-	-	4,708,057	4,708,057
Restated balances at 1 January 2023	559,543,944	381,947,644	31,832,307	124,960,075	27,735,602	14,612,404	1,140,631,976
Additions	3,485,938	5,888,941	1,910,891	3,579,103	3,291,019	4,274,964	22,430,856
Disposals	(148,459)	(8,998,900)	(2,953,615)	(11,655,990)	(6,497,057)	(3,858,966)	(34,112,987)
Transfers	-	29,764	55,615	630,000	(563,877)	(151,502)	-
At 31 December 2023 / 1 January 2024	562,881,423	378,867,449	30,845,198	117,513,188	23,965,687	14,876,900	1,128,949,845
Additions	251,935	3,646,377	2,385,193	1,704,808	3,997,114	16,695,731	28,681,158
Disposals and write offs	(10,573,697)	(11,591,000)	(1,232,294)	(6,792,695)	(2,187,650)	(3,015,024)	(35,392,360)
At 31 December 2024	552,559,661	370,922,826	31,998,097	112,425,301	25,775,151	28,557,607	1,122,238,643
Accumulated depreciation:							
At 1 January 2023	426,549,782	284,891,658	26,139,912	115,889,801	22,962,493	-	876,433,646
Charge for the year (Note 32)	12,581,748	15,263,496	2,114,889	6,122,723	4,331,360	-	40,414,216
Disposals	(120,793)	(8,900,110)	(2,942,652)	(11,558,797)	(6,487,116)	-	(30,009,468)
At 31 December 2023 / 1 January 2024	439,010,737	291,255,044	25,312,149	110,453,727	20,806,737	-	886,838,394
Charge for the year (Note 32)	11,373,611	14,994,201	2,392,637	3,712,535	2,218,807	-	34,691,791
Disposals	(6,419,894)	(7,058,674)	(1,222,318)	(6,784,732)	(1,815,103)	-	(23,300,721)
At 31 December 2024	443,964,454	299,190,571	26,482,468	107,381,530	21,210,441	-	898,229,464
Net carrying amount:							
At 31 December 2024	108,595,207	71,732,255	5,515,629	5,043,771	4,564,710	28,557,607	224,009,179
At 31 December 2023	123,870,686	87,612,405	5,533,049	7,059,461	3,158,950	14,876,900	242,111,451

- Buildings are constructed on land provided by the Government of Qatar on a nominal rent.
- The current year capital working progress addition amount includes the capitalization of the depreciation charge amounting to QR 549,634 (2023: QR 549,634) (Note 7.1) and the capitalization of interest expenses amounting to QR 689,020 (2023: QR 700,498) (Note 7.2) respectively.

6. Intangible assets

Computer software	2024	2023
Cost:		
At 1 January	5,600,319	5,487,901
Additions	52,382	112,418
At 31 December	<u>5,652,701</u>	<u>5,600,319</u>
Accumulated amortisation:		
At 1 January	2,279,301	2,027,841
Charge for the year (Note 30)	254,966	251,460
At 31 December	<u>2,534,267</u>	<u>2,279,301</u>
Net carrying amount:		
At 31 December	<u>3,118,434</u>	<u>3,321,018</u>

7. Right-of-use assets / lease liabilities**7.1 Right-of-use assets**

The right-of-use assets relates to lands and vehicles which are expiring within 2 to 5 years from the reporting date.

	2024	2023 (Restated)
Cost:		
At 1 January	127,286,452	104,975,569
Impact of restatements (Note 39)	-	13,740,859
Restated balances at 1 January	<u>127,286,452</u>	<u>118,716,428</u>
Remeasurement	(1,287,023)	-
Additions	16,268,130	8,570,024
Disposals	(12,406,988)	-
At 31 December	<u>129,860,571</u>	<u>127,286,452</u>
Accumulated depreciation:		
At 1 January	48,810,657	36,534,604
Impact of restatements (Note 39)	-	1,786,311
Restated balances at 1 January	<u>48,810,657</u>	<u>38,320,915</u>
Charge for the year (Note 32)	10,863,995	9,940,108
Charge capitalised within capital work in progress (Note 5 (2))	549,634	549,634
Disposals	(4,719,891)	-
At 31 December	<u>55,504,395</u>	<u>48,810,657</u>
Net carrying amount:		
At 31 December	<u>74,356,176</u>	<u>78,475,795</u>

7. Right-of-use assets / lease liabilities (continued)**7.2 Lease liabilities**

	2024	2023 (Restated)
At 1 January	30,333,774	14,478,288
Impact of restatements (Note 39)	-	14,241,316
Restated balances at 1 January	<u>30,333,774</u>	<u>28,719,604</u>
Remeasurement	(1,409,429)	-
Additions	16,268,130	8,570,024
Lease payments	(9,225,741)	(8,270,784)
Interest expense on lease liabilities	802,514	614,432
Interest expense capitalised within capital work in progress (Note 5 (2))	689,020	700,498
At 31 December	<u>37,458,268</u>	<u>30,333,774</u>

The lease liabilities are presented in presented in the consolidated statement of financial position as follows:

	2024	2023 (Restated)
Non-current	28,046,276	23,474,651
Current	<u>9,411,992</u>	<u>6,859,123</u>
Total lease liabilities	<u>37,458,268</u>	<u>30,333,774</u>

The maturity analysis of lease liabilities is as follows:

	2024	2023 (Restated)
Not later than 1 year	10,369,946	8,330,815
Later than 1 year and not later than 5 years	21,549,095	14,853,655
More than 5 years	<u>16,980,868</u>	<u>18,023,059</u>
	48,899,909	41,207,529
Future finance charges of finance leases	<u>(11,441,641)</u>	<u>(10,873,755)</u>
Total lease liabilities	<u>37,458,268</u>	<u>30,333,774</u>

The following are the amounts recognised in the consolidated statement of profit or loss:

	2024	2023
Depreciation of right-of-use assets (Note 32)	<u>10,863,995</u>	<u>9,940,108</u>
Interest on lease liabilities	<u>802,514</u>	<u>614,432</u>

8. Investment properties

	Land	Buildings	Total	
			2024	2023
Cost				
At 1 January / 31 December	<u>454,015,300</u>	<u>169,941,949</u>	<u>623,957,249</u>	<u>623,957,249</u>
Accumulated depreciation				
At 1 January	-	111,090,877	111,090,877	105,740,870
Depreciation (Note 32)	-	<u>5,350,007</u>	<u>5,350,007</u>	<u>5,350,007</u>
At 31 December	-	<u>116,440,884</u>	<u>116,440,884</u>	<u>111,090,877</u>
Net carrying amount:				
At 31 December 2024	<u>454,015,300</u>	<u>53,501,065</u>	<u>507,516,365</u>	<u>-</u>
At 31 December 2023	<u>454,015,300</u>	<u>58,851,072</u>	<u>-</u>	<u>512,866,372</u>

8. Investment properties (continued)

Investment properties 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 properties as at 31 December 2024 amounting to QR 599 million (2023: QR 601 million). The valuation is based on transactions for the similar asset in the same locality.

Investment properties amounting to QR 304.57 million (2023: QR 304.57 million) of the Group are mortgaged against Islamic financing facilities (Note 25).

9. Investment in equity instruments

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

	2024	2023
Non-current		
Fair value through other comprehensive income	322,663,678	434,057,549
Current		
Fair value through profit and loss	10,105,477	2,603,408
Total investment in equity instruments	<u>332,769,155</u>	<u>436,660,957</u>

The movement during the year was as follows:

	2024	2023
At 1 January	436,660,957	401,031,236
Additions	-	126,800,009
Disposals	(138,869,108)	(128,467,522)
Reclassification	8,428,963	-
Fair value through profit or loss	(926,894)	315,127
Fair value through other comprehensive income	27,475,237	36,982,107
At 31 December	<u>332,769,155</u>	<u>436,660,957</u>

The movement in the fair value reserve as follows:

	2024	2023
At 1 January	39,814,554	(93,404,537)
Transfer directly to retained earnings on disposal of equity securities	(36,051,112)	96,236,984
Net unrealised gain on equity investments designated at FVOCI	27,475,237	36,982,107
At 31 December	<u>31,238,679</u>	<u>39,814,554</u>

The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income.

10. Investment in an associate

	2024	2023
Investments in associate	7,238,016	8,093,880
Share of loss during the year	(754,576)	(855,864)
Fair value adjustment	1,945,523	-
Derecognition	(8,428,963)	-
Investment at end of year	<u>-</u>	<u>7,238,016</u>

The investments mentioned above are made in Indigenous Foods Private Limited, a company in India, of which 51% shares are held by the Group. It is engaged in producing dairy and allied products. As of the reporting date, this investment is reclassified as an under-investment in equity instruments (Fair value through profit or loss) as the Group has reassessed that they does not have significant influence.

11. Retention and other receivables

	2024	2023
Retention receivables	17,705,285	29,573,057
Other receivables	<u>10,929,957</u>	<u>546,496</u>
	<u>28,635,242</u>	<u>30,119,553</u>

12. Goodwill**Impairment testing of goodwill**

The Group has identified the National Food Company W.L.L. 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 2024 no impairment was identified. (2023: No impairment).

Key assumptions used in value in use calculations:

	<u>National Food Company W.L.L.</u>	
	2024	2023
Compound annual volume growth	2%	2.0%
Terminal growth rate	2.5%	2.5%
Discount rate	8.5%	8.7%

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.

13. Due from the Government of Qatar

	2024	2023
<i>Compensation due from the Government of Qatar</i>		
At 1 January	40,413,703	27,316,023
Cash received during the year	(123,589,461)	(147,448,484)
Compensation due for the year for sale of subsidized flour	<u>127,201,754</u>	<u>160,546,164</u>
At 31 December	<u>44,025,996</u>	<u>40,413,703</u>

14. 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.

Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest, affiliates, and other related parties.

14. Related party balances and transactions (continued)**14.1 Due from related parties**

	Relationship	2024	2023
Dandy Company Limited W.L.L.	Common ownership	3,183,505	2,475,843
Seven Brothers Holding Company W.L.L.	Common ownership	313,256	320,020
Al Jabor Real Estate Investment Company W.L.L.	Common ownership	23,146	20,735
		<u>3,519,907</u>	<u>2,816,598</u>

All above receivables are of trading nature, bear no interest or securities and are receivable on demand.

14.2 Due to related parties

	Relationship	2024	2023
Qatar Detergent Company W.L.L.	Common ownership	2,351,648	2,954,719
Aayan Leasing Company Qatar W.L.L.	Common ownership	1,252,175	2,480,149
		<u>3,603,823</u>	<u>5,434,868</u>

All above payables are of trading nature, bear no interest or securities and are payable on demand.

14.3 Transaction with related parties

	2024	2023
Compensation of key management personnel		
Key management remuneration*	15,485,642	14,669,556
Post-employment benefits	1,258,080	458,654
	<u>16,743,722</u>	<u>15,128,210</u>

*Key management remuneration includes director remuneration amounting QR 9,343,542 (2023: QR 9,061,290).

	2024	2023
Sale of goods and services		
<i>Companies under common control</i>		
Aayan Leasing Company Qatar W.L.L.	492,800	3,050
Qatar Detergent Company W.L.L.	800,075	116,245
Dandy Company Limited W.L.L.	14,746,705	5,630,368
	<u>16,039,580</u>	<u>5,749,663</u>

	2024	2023
Purchase of goods		
<i>Companies under common control</i>		
Aayan Leasing Company Qatar W.L.L.	8,882,597	6,719,164
Qatar Detergent Company W.L.L.	190,977	276,133
Dandy Company Limited W.L.L.	3,805,015	9,692,457
	<u>12,878,589</u>	<u>16,687,754</u>

All transactions with related parties were made as approved by management.

15. Inventories

	2024	2023
Wheat stock	197,101,944	192,292,804
Raw materials	38,145,315	38,051,474
Packing materials	17,798,768	13,710,074
Spare parts	16,020,130	15,184,466
Others	3,762,952	2,514,699
	<u>272,829,109</u>	<u>261,753,517</u>
Less: Provision for slow moving inventories (1)	<u>(2,232,718)</u>	<u>(4,689,323)</u>
	270,596,391	257,064,194
Finished goods	17,338,967	11,449,190
Total	<u>287,935,358</u>	<u>268,513,384</u>

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

	2024	2023
At 1 January	4,689,323	7,968,223
Provision reversals, net	(2,456,605)	(3,257,559)
Written off during the year	-	(21,341)
At 31 December	<u>2,232,718</u>	<u>4,689,323</u>

The Group is required by the Government of Qatar to maintain certain quantities as a strategic as per agreement for wheat and oil.

16. Accounts, retention and other receivables

	2024	2023 (Restated)
Accounts receivable	306,036,410	389,778,089
Allowance for impairment of accounts receivables (1)	<u>(48,659,419)</u>	<u>(49,814,187)</u>
	<u>257,376,991</u>	<u>339,963,902</u>
Retention receivables	-	196,284
Prepayments and advances	31,745,990	32,292,007
Accrued income	292,509	-
Other receivables	5,560,488	1,275,217
	<u>37,598,987</u>	<u>33,763,508</u>
Allowance for impairment of other receivables (2)	<u>(167,110)</u>	<u>(362,810)</u>
	<u>37,431,877</u>	<u>33,400,698</u>
	<u>294,808,868</u>	<u>373,364,600</u>

(1) The movement in allowance for impairment of accounts receivables are as follows:

	2024	2023
At 1 January	49,814,187	57,615,770
Allowance reversal due to recoveries, net	(211,369)	(1,200,000)
Written off during the year	(943,399)	(6,601,583)
At 31 January	<u>48,659,419</u>	<u>49,814,187</u>

16. Accounts, retention and other receivables (continued)

(2) The movement in allowance for impairment of other receivables is as follows:

	2024	2023
At 1 January	362,810	362,810
Written off during the year	<u>(195,700)</u>	<u>-</u>
At 31 January	<u>167,110</u>	<u>362,810</u>

(3) A sum of QR 153,848,857 (2023: QR 196,142,357) is receivable from three major customers which represents 50% (2023: 50%) of total accounts and retentions receivable as at 31 December 2024.

17. Investment in commodities

	2024	2023
At 1 January / 31 December	<u>478,141,082</u>	<u>478,141,082</u>

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

18. Cash and cash equivalents

	2024	2023
Cash in hand	1,284,566	2,248,667
Cash at bank	<u>191,954,826</u>	<u>67,545,351</u>
	<u>193,239,392</u>	<u>69,794,018</u>

19. Share capital

The authorized share capital amounting to QR 287,418,354 (2023: QR 287,418,354) represents 287,418,354 (2023: 287,418,354) ordinary shares of QR 1 each as follows:

	2024	2023
Issued and fully paid share capital – listed at Qatar Exchange	<u>287,418,354</u>	<u>287,418,354</u>

20. Legal reserve

In accordance with the requirements of the Qatar Commercial Companies' Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), an amount equal to 10% of the net profit for the year, as a minimum, should be transferred to legal reserve until this reserve is equal to 50% of the paid-up share capital. No such transfer was made during the current year and the comparative year as the Company's legal reserve balance exceeds 50% of its share capital in an earlier year. The reserve is not available for distribution except in the circumstances stipulated in the above-mentioned law and the Company's articles of association.

21. Capital reserve

Capital reserve amounting to QR 15,000,000 reflected in the consolidated statement of financial position as at 31 December 2024 (2023: QR 15,000,000) represents additional reserve created from prior years' profits. There has not been any movement in the reserve for the current and comparative year.

22. Dividends

At the Board Meeting held on 13 March 2025, a dividend in respect of the profit for the year ended 31 December 2024 were QR 0.70 per share 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 2024.

The dividends declared in respect of the profit for the year ended 31 December 2023 were QR 186.82 million or QR 0.65 per share. (2023: QR 169.71 million or QR 0.62 per share and 5% bonus share, related to profit for the year ended 31 December 2022).

23. Employees' end of service benefits

	2024	2023
At 1 January	41,754,080	39,255,483
Provision made during the year	7,230,383	6,535,414
End of service benefits paid during the year	<u>(3,380,745)</u>	<u>(4,036,817)</u>
At 31 December	<u>45,603,718</u>	<u>41,754,080</u>

24. Due to the Government of Qatar

	2024	2023
Due to the Government of Qatar	<u>207,173,422</u>	<u>223,673,422</u>

Due to the Government of Qatar is presented in the statement of financial position as follows:

	2024	2023
Non-current	190,673,422	207,173,422
Current	<u>16,500,000</u>	<u>16,500,000</u>
	<u>207,173,422</u>	<u>223,673,422</u>

- On 1 September 2019, the Government of Qatar amended the amount payable to QR 132,000,000 as full and final settlement amount. This is repayable in 96 monthly installments of QR 1,375,000 starting from 1 September 2019.
- Due to the Government of Qatar also includes an amount of QR 156.2 million (2023: QR 156.2 million) representing 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.

25. Islamic financing

	2024	2023
Islamic financing	<u>524,632,606</u>	<u>598,367,843</u>

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

Islamic financing is secured against corporate guarantee, first degree mortgage over certain investment properties (Note 8).

Apart from above secured loan, during the year the Group has also availed unsecured Murabaha loan.

26. Accounts, retention and other payables

	2024	2023
Accounts payables	118,494,624	122,540,704
Provision for job cost	14,249,257	32,096,253
Dividend payables	48,771,856	48,771,856
Social and sports fund payables	5,164,946	4,887,353
Directors' remuneration payables	4,500,002	4,500,002
Sub-contractors payables	527,600	486,812
Zakat payables	28,373,490	20,433,374
Retention payables	7,861,081	9,287,247
Other payables	61,344,028	78,992,285
	<u>289,286,884</u>	<u>321,995,886</u>

Movement in provision for job costs is as follows:

	2024	2023
At 1 January	32,096,253	37,470,854
Provided during the year	11,176,480	32,096,253
Used during the year	(23,807,154)	(20,349,400)
Reversed during the year	(5,216,322)	(17,121,454)
At 31 December	<u>14,249,257</u>	<u>32,096,253</u>

27. 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).

	2024	2023
Trading, manufacturing distribution and services	1,057,931,546	1,062,924,460
Contracting, real estate and others	309,058,312	347,270,568
	<u>1,366,989,858</u>	<u>1,410,195,028</u>

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.

	2024	2023
<i>Primary geographical markets:</i>		
Local operations	1,366,422,171	1,389,736,268
Foreign operations	567,687	20,458,760
	<u>1,366,989,858</u>	<u>1,410,195,028</u>

Major Products and services:

Sale of manufactured and traded products	1,057,931,546	1,062,924,460
Contracting, building materials and logistics	246,090,916	281,655,358
Rental income	62,967,396	65,615,210
	<u>1,366,989,858</u>	<u>1,410,195,028</u>

Timing of revenue recognition:

Products and service transferred over time	150,216,908	213,774,900
Products transferred point of time	1,153,805,554	1,130,804,918
Rental income	62,967,396	65,615,210
	<u>1,366,989,858</u>	<u>1,410,195,028</u>

28. Operating cost

	2024	2023
Cost of material consumed	858,987,865	931,299,446
Depreciation on Property, plant and equipment (Note 32)	42,690,115	47,509,735
Other direct costs	195,871,578	235,006,362
	<u>1,097,549,558</u>	<u>1,213,815,543</u>

29. Other income

	2024	2023
Dividend income	4,308,594	4,425,289
Laytime income	3,563,908	3,423,014
Transport income	2,361,615	2,326,440
Share of loss on investment in an associate (Note 10)	(754,576)	(855,864)
Fair value adjustment of investment in an associate (Note 10)	1,945,523	-
Reversal of provision of slow-moving inventories	-	3,257,559
Gain on disposal of property plant and equipment	621,645	376,948
Strategic claim from the Government of Qatar	10,725,768	9,305,521
By product sales – Acid and fatty oil	-	993,929
Reversal of job costs provision	-	17,121,454
Other miscellaneous income*	7,962,511	12,315,722
	<u>30,734,988</u>	<u>52,690,012</u>

* Other miscellaneous income includes gain on sale of discontinued operation, scrap sales, provision reversal related to delay penalty charges, and insurance claims.

30. General and administrative expenses

	2024	2023
Staff salaries and benefits	48,764,321	43,499,058
Directors' remuneration	9,343,542	9,061,290
Rent expense	4,132,878	4,504,906
Depreciation (Note 32)	4,638,601	4,712,649
Insurance expenses	1,814,337	2,052,369
Travelling and transportation expenses	465,476	366,709
Repair and maintenance expenses	282,376	230,743
Utilities expenses	2,589,587	2,303,382
Telephone expenses	349,524	398,785
Consultancy fees	1,792,750	1,028,489
Amortisation of computer software (Note 6)	254,966	251,460
Miscellaneous expenses	4,526,459	7,129,500
	<u>78,954,817</u>	<u>75,539,340</u>

31. Selling and distribution expenses

	2024	2023
Staff salaries and benefits	25,548,922	24,042,667
Packing and freight charges	4,116,247	3,602,523
Depreciation (Note 32)	3,577,077	3,481,947
Sales rebates	23,298,047	22,874,743
Sales commission	4,605,714	5,737,552
Marketing expenses	8,289,803	4,164,164
Rent expense	3,821,204	4,396,391
Insurance expenses	775,144	806,682
Other expenses	9,273,198	9,978,747
	<u>83,305,356</u>	<u>79,085,416</u>

32. Depreciation

	2024	2023
Property, plant and equipment (Note 5)	34,691,791	40,414,216
Right-of-use assets (Note 7.1)	10,863,995	9,940,108
Investment properties (Note 8)	5,350,007	5,350,007
	<u>50,905,793</u>	<u>55,704,331</u>
<i>Allocation:</i>		
Operating cost (Note 28)	42,690,115	47,509,735
General and administrative expenses (Note 30)	4,638,601	4,712,649
Selling and distribution expenses (Note 31)	3,577,077	3,481,947
	<u>50,905,793</u>	<u>55,704,331</u>

33. Net finance expenses

Net finance expenses amounting to QR 41,504,062 (2023: QR 45,348,380) mainly represent the net balance of profit from short-term deposits, profit on Islamic financing and bank charges, profit on lease liabilities, and Fair value gains/losses on investment securities—at fair value through profit or loss.

34. Earnings per share

(a) *Basic earnings per share:*

	2024	2023
Profit attributable to ordinary shareholders of the Group	206,550,207	195,289,431
Weighted average number of ordinary shares outstanding	287,418,354	287,418,354
Basic earnings per share (QR)	<u>0.72</u>	<u>0.68</u>

(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.

35. Contingent liabilities and capital commitments

As at year end the Group has contingent liabilities and capital commitments amounting to QR 237.24 million (2023: QR 185.33 million).

36. Financial risk management***Objective and policies***

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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.

36. Financial risk management (continued)***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. Transactions in other foreign currencies are immaterial.

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:

	2024	2023
Islamic financing	<u>5,246,326</u>	<u>5,983,678</u>

Equity price risk

The Group is exposed to price risk because of its investments in equity instruments which are measured at fair value as described in Note 9.

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 14,843,248 (2023: QR 19,983,942).

At 31 December 2024, if the commodity price had been 1% (2023: 1%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been QR 4,781,411 (2023: QR 4,781,411) 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, due from the Government of Qatar and bank balances.

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:

	2024	2023
Bank balances	191,954,826	67,545,351
Accounts receivables	257,376,991	339,963,902
Retention receivables	17,705,285	29,769,341
Accrued income	292,509	-
Other receivables	16,490,445	1,821,713
Due from related parties	3,519,907	2,816,598
Due from the Government of Qatar	44,025,996	40,413,703
	<u>531,365,959</u>	<u>482,330,608</u>

36. Financial risk management (continued)**Credit risk (continued)**

A sum of QR 153,848,857 (2023: 196,142,357) is receivable from three major customers which represents 50% (2023: 50%) of total accounts and retentions receivable as at 31 December 2024. 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 receivables from 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 as at 31 December 2024:

	2024		2023	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
0-90 days	236,971,022	240,575	294,572,794	144,038
91–180 days past due	17,610,460	329,949	43,633,854	161,949
181–270 days past due	1,099,805	284,332	357,465	6,476
271–360 days past due	2,560,489	633,391	453,484	172,577
Over 360 days past due	47,794,634	47,171,172	50,760,492	49,329,147
At 31 December	306,036,410	48,659,419	389,778,089	49,814,187

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 receivables do not bear interest.

The Group does not require collateral as security in respect of its accounts receivables.

Cash at banks

The Group held cash and bank balances of QR 191,954,826 at 31 December 2024 (2023: QR 67,545,351). The Group's cash at bank is held with a credit worthy and reputable bank in Qatar with a high credit rating. As a result, management believes that the credit risk in respect of the Group's cash at bank is minimal.

As at the reporting date, none of the bank balances were credit impaired. On the non-credit impaired balance, based on the expected credit loss (ECL) exercise performed by the management, the ECL was determined to be immaterial, therefore, no ECL on the cash and cash equivalents was recognised in these consolidated financial statements.

36. Financial risk management (continued)**Credit risk (continued)***Due from related parties*

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.

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 2024:				
Accounts payable, retention and other payables	289,286,884	(289,286,884)	(289,286,884)	-
Lease liabilities	37,458,268	(48,899,911)	(10,369,948)	(38,529,963)
Islamic financing	524,632,606	(528,389,115)	(528,389,115)	-
Due to related parties	3,603,823	(3,603,823)	(3,603,823)	-
Due to the Government of Qatar	207,173,422	(207,173,422)	(16,500,000)	(190,673,422)
	<u>1,062,155,003</u>	<u>(1,077,353,155)</u>	<u>(848,149,770)</u>	<u>(229,203,385)</u>
31 December 2023				
Accounts payable, retention and other payables	321,995,886	(321,995,886)	(321,995,886)	-
Lease liabilities	30,333,774	(41,207,529)	(8,330,815)	(32,876,714)
Islamic financing	598,367,843	(638,368,415)	(638,368,415)	-
Due to related parties	5,434,868	(5,434,868)	(5,434,868)	-
Due to the Government of Qatar	223,673,422	(223,673,422)	(16,500,000)	(207,173,422)
	<u>1,179,805,793</u>	<u>(1,230,680,120)</u>	<u>(990,629,984)</u>	<u>(240,050,136)</u>

37. 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 1,352,782,524 on 31 December 2024 (2023: QR 1,302,166,890).

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 2024 and 2023.

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.

38. 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.

During the year ended 31 December 2024, 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 2024				
Financial assets:				
Investment securities	324,340,192	-	8,428,963	332,769,155
31 December 2023				
Financial assets:				
Investment securities	436,660,957	-	-	436,660,957

39. Comparative figures

During 2024, the Group identified following prior period errors in the previous years consolidated financial statements.

- The Group did not recognise right-of-use asset and lease liability for a land lease contract in the prior years in accordance with IFRS 16, 'Leases'. As a consequence, other receivables, right-of-use assets, lease liabilities and related depreciation and interest charge have been misstated.
- The Group erroneously classified certain capital nature expenses in relation to the construction of a building on the above-mentioned leased land as other receivables. As a consequence, property, plant and equipment have been understated and other receivables have been overstated.

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following table summarise the impacts on the Group's consolidated financial statements.

39. Comparative figures (continued)

The impact of the restatement as at 1 January 2023 was as follows:

Consolidated statement of financial position	As previously reported	Adjustments	As restated
Property, plant and equipment	259,490,273	4,708,057	264,198,330
Right-of-use assets	68,440,965	11,954,548	80,395,513
Accounts, retention and other receivables	391,692,551	(2,421,289)	389,271,262
Total assets	2,646,271,059	14,241,316	2,660,512,375
Lease liability – Non-current	6,030,796	13,485,396	19,516,192
Lease liability - Current	8,447,492	755,920	9,203,412
Total liabilities	1,361,965,222	14,241,316	1,376,206,538

The impact of the restatement as at 31 December 2023 was as follows:

Consolidated statement of financial position	As previously reported	Adjustments	As restated
Property, plant and equipment	233,209,011	8,902,440	242,111,451
Right-of-use assets	67,070,881	11,404,914	78,475,795
Accounts, retention and other receivables	379,655,576	(6,290,976)	373,364,600
Total assets	2,549,524,939	14,016,378	2,563,541,317
Lease liability – Non-current	10,192,596	13,282,055	23,474,651
Lease liability - Current	6,124,800	734,323	6,859,123
Total liabilities	1,207,543,495	14,016,378	1,221,559,873
Consolidated statement of cash flows	As previously reported	Adjustments	As restated
Net cash from operating activities	210,141,372	3,869,688	214,011,060
Net cash used in investing activities	(7,775,622)	(2,944,252)	(10,719,874)
Net cash used in financing activities	(189,030,040)	(925,436)	(189,955,476)

The above prior period errors did not have any impact on the consolidated statements of profit or loss and other comprehensive income and changes in equity for the year ended 31 December 2023.

40. Subsequent events

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