Zad Holding Company Q.P.S.C.

Consolidated Financial Statements

31 December 2020

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Moore & Kuwaiti Chartered Accountants * Doha - Qatar

INDEPENDENT AUDITOR'S REPORT MME/RP/AU/2103010

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

Report on the Audit of the Consolidated Financial Statements

Qualified opinion

We have audited the accompanying 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 2020, the consolidated statements of income, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects on the consolidated financial statements of the matters described in the basis for qualified opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for qualified opinion

As explained in note 10(b) to the consolidated financial statements, receivable from the Government of State of Qatar as compensation amounting to QR 68,368,576 in respect of subsidized flour sold during earlier years is, as per the provisions of the compensation agreement that was enforced until 13 December 2007. The quantification of the claim in respect of subsidized flour is still under discussion with the Government of State of Qatar. We have been unable to obtain assurance that this amount will be recovered in full. Further, as detailed in note 10(c) the Government of State of Qatar's loan of QR 59,959,040 has been netted off against the amount due in respect of the subsidies to arrive at the net outstanding balance due from the Government of State of Qatar. The Group has been unable to demonstrate to us that the "right of set off" exists. Referring to the status as described in Note 14, we have been unable to obtain assurance that the set off is appropriate.

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

P.O. Box: 32312, Doha, Qatar
Email: doha@morisonqatar.com, Website: www.MorisonQatar.com

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Description of the key audit matter	***How the matter was addressed in our audit***
<u>Depreciation and impairment of investment properties</u> - Refer notes 3 and 7 in the consolidated financial statements We focused on this area because: • Investment properties with a carrying value of QR 528,916,403 represent 22% of the Group's total assets as of 31 December 2020 and form a material portion of the consolidated statement of financial position. • The Group makes judgments over estimation of the useful life of investment properties and assessment of indicators of impairment.	Our audit procedures in this area included, among others: • Evaluating the key controls related to investment properties including the controls over the base data used in the estimation of useful life. • Evaluating the recognition criteria applied to the costs incurred and capitalized during the financial year against the requirements of the relevant accounting standards. • Assessing the depreciation method used and the appropriateness of the key assumptions based on our knowledge of the industry. • Recalculation of the depreciation charges and comparison with the actual depreciation charges for the year. • Critically challenging the Group's assessment of possible internal (physical damages) and external (decline in value) indications of impairment in relation to the investment properties including the comparison with fair value determined by independent valuer.

Description of the key audit matter	How the matter was addressed in our audit
Compensation from Government of State of Qatar for sale of subsidized flour - Refer note 10 in the consolidated financial statements We focused on this area because: • For the year ended 31 December 2020, compensation from Government of State of Qatar amounted to QR 97,543,617 which is a material amount for the purposes of our audit. • The Group's business involves selling flour in local market at subsidized rates as agreed with the Government of State of Qatar. In return, Government of State of Qatar compensates the Group with a pre agreed rate of subsidy in respect of the amount of flour sold in the local market. Due to the nature of the business, determination of subsidy involves judgement keeping in view various types of flour and the clauses of the subsidy agreement.	Our audit procedures in this area included, among others: • Evaluating the key controls in sales process including the progress claim certification and the approval process. • Inspecting the compensation contract and discussing with the Group to obtain full understanding of the specific terms and risk. • Challenging the Group in respect of the reasonableness of estimates made regarding the compensation. • Evaluating the adequacy of the Group's disclosure in relation to compensation from Government of State of Qatar by reference to the requirements of the relevant accounting standards.
Description of the key audit matter	**How the matter was addressed in our audit**
Impairment assessment of goodwill - Refer notes 2, 3 and 9 in the consolidated financial statements We focused on this area because: • As at 31 December 2020, the Group's consolidated financial statements include recognized goodwill of QR 19,704,770 which is a material amount for the purposes of our audit.	Our audit procedures in this area included: • Testing of the Group's budgeting procedures upon which the forecasts are based. • Involving our own valuation specialists to assist us in: - evaluating the appropriateness of the methodology used by the Group to assess impairment of goodwill;

• 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 the use of estimates and judgments	- 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 and experience in the related industry, in particular its derivation of discount rates, terminal growth rates and comparing progress against stated business plans. • Evaluating the adequacy of the disclosure in the consolidated financial statements including disclosures of key assumptions and judgments.
Description of the key audit matter	**How the matter *was* addressed in our audit**
<u>IFRS 9 "Financial Instruments"</u> - Refer notes to the consolidated financial statements We focused on this area because IFRS 9 "Financial Instruments" requires complex accounting treatments, including use of significant estimates and judgments.	Our audit procedures in this area included, among others: • Evaluating the appropriateness of the selection of accounting policies. • Evaluating management's process for selection of the "expected credit loss" methodology. • Considering management's processes and controls implemented to ensure the completeness and accuracy of the transition adjustments. • Identifying and testing relevant controls. • Evaluating the reasonableness of management's key judgement and estimates made in preparing the adjustments, specifically relating to the adjustment for the forward-looking factor.

Description of the key audit matter	How the matter was addressed in our audit
IFRS 16 Leases - Refer notes 2, 3 and 6 in the consolidated financial statements We focused on this area because IFRS 16 "Leases" requires complex accounting treatments including use of significant estimates and judgements	In responding to the identified key audit matter, we completed the following audit procedures: • Assessed the design and implementation of key controls pertaining to the determination of the IFRS 16 disclosures • Assessed the appropriateness of the discount rates applied in determining lease liabilities • Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information and checked the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 impact.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

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

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

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

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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, related safeguards.

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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the annual report, and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Articles of Association and any amendments thereto 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 2020.

Kuriachan V Kuriakose
Morison and Kuriachan Kuriakose Chartered Accountants
(Formerly known as Morison Menon Chartered Accountants and Partners)
Qatar Auditors Registry Number: 254
Licensed by QFMA: External Auditor's License No. 120178
06 March 2021
Doha, State of Qatar

C.R.No.: 45399
P.O.Box: 32312, Doha - Qatar
Morison & Kuriachan Kuriakose Chartered Accountants
موريسون وكوريشان كورياكوز محاسبون قانونيون

ZAD HOLDING COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Assets			
Non-current asset			
Property, plant and equipment	5	307,314,202	303,011,738
Right of use assets	6	78,462,435	47,669,468
Investment property	7	528,916,403	535,894,689
Investment securities	8(a)	316,961,044	1,523,256
Retention and other receivables		4,021,514	11,915,042
Investment in associates	8(b)	6,989,435	-
Goodwill	9	19,704,770	19,704,770
Total non-current assets		**1,262,369,803**	**919,718,963**
Current assets			
Due from Government of Qatar	10(a)	94,240,326	78,840,635
Due from related parties	11(a)	3,983,335	16,554,914
Inventories	13	170,708,868	121,477,744
Accounts, retention and other receivables	14	330,590,013	375,716,561
Investment in commodities		494,908,210	543,876,259
Cash and bank balances	15	30,642,844	85,890,476
Total current assets		**1,125,073,596**	**1,222,356,589**
Total assets		**2,387,443,399**	**2,142,075,552**

For identification purpose only

ZAD HOLDING COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Equity and liabilities			
Equity			
Share capital	16	236,997,200	236,997,200
Legal reserve	17	563,120,753	563,120,753
Capital reserve		15,000,000	15,000,000
Fair value reserve		17,723,138	-
Retained earnings		717,929,595	722,920,086
Total shareholders' equity		**1,550,770,686**	**1,538,038,039**
Non-current liabilities			
Lease liability	6	13,135,767	8,412,497
Due to Government of Qatar	10(e)	56,412,866	47,591,581
Other non-current liabilities		33,972,951	30,290,921
Total non-current liabilities		**103,521,584**	**86,294,999**
Current liabilities			
Accounts payable, retention and other payables	20	312,775,494	224,737,151
Lease liability	6	4,986,136	2,947,207
Due to related parties	11(b)	7,350,740	4,846,449
Islamic financing – current	19	408,038,759	285,211,705
Total current liabilities		**733,151,129**	**517,742,512**
Total liabilities		**836,672,713**	**604,037,513**
Total shareholders' equity and liabilities		**2,387,443,399**	**2,142,075,552**

The accompanying notes on pages 14 to 51 form an integral part of the consolidated financial statements

The report of the independent auditor is set forth on pages 01 to 07

Authorised for issue by the Board of Directors on 06 March 2021, signed for and on its behalf by;

Nasser Mohamed J M Al-Thani
Chairman

Mansoor Mohamed J M Al-Thani
Board Member

ZAD HOLDING COMPANY Q.P.S.C.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Operating revenue	21	1,102,473,114	1,274,721,059
Compensation from Government of Qatar for sale of subsidized flour	10(a)	97,543,617	108,042,890
Total revenue		1,200,016,731	1,382,763,949
Operating cost	22	(938,833,317)	(1,075,476,899)
Gross profit		**261,183,414**	**307,287,050**
Other income	23	124,628,450	63,333,038
General and administrative expenses	24	(80,133,448)	(84,961,982)
Selling and distribution expenses	25	(70,682,889)	(67,138,678)
Net impairment reversal / (loss) on financial assets	27	(7,024,237)	16,791,629
Finance cost		(11,493,805)	(8,663,216)
Profit before tax and zakat		**216,477,485**	**226,647,841**
Income tax	28	(300,520)	(268,574)
Zakat		(14,682,474)	(15,227,090)
Profit for the year		**201,494,492**	**211,152,177**
Earning per share			
Basic earning per share	29(a)	0.85	0.89
Profit for the year		201,494,492	211,152,177
Other comprehensive income		17,723,138	
Total comprehensive income for the year		**219,217,630**	**211,152,177**

The accompanying notes on pages 14 to 51 form an integral part of the consolidated financial statements
The report of the independent auditor is set forth on pages 01 to 07

ZAD HOLDING COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital QAR	Legal reserve QAR	*Capital reserve QAR	**Fair value reserve QAR	Retained earnings QAR	Total QAR
Balance as on 31 December 2018	**236,997,200**	**563,120,753**	**15,000,000**	**-**	**718,494,333**	**1,533,612,286**
Profit for the year	-	-	-	-	211,152,177	211,152,177
Contribution to social and sports fund	-	-	-	-	(5,278,804)	(5,278,804)
Dividend distribution (Note 18)	-	-	-	-	(201,447,620)	(201,447,620)
Balance as on 31 December 2019	**236,997,200**	**563,120,753**	**15,000,000**	**-**	**722,920,086**	**1,538,038,039**
Profit for the year	-	-	-	-	201,494,492	201,494,492
Other comprehensive income	-	-	-	17,723,138	-	17,723,138
Contribution to social and sports fund	-	-	-	-	(5,037,362)	(5,037,362)
Dividend distribution (Note 18)	-	-	-	-	(201,447,620)	(201,447,620)
Balance as on 31 December 2020	**236,997,200**	**563,120,753**	**15,000,000**	**17,723,138**	**717,929,595**	**1,550,770,686**

The accompanying notes on pages 14 to 51 form an integral part of the consolidated financial statements

The report of the independent auditor is set forth on pages 01 to 07

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

Pursuant to Law No. 13 of 2008, the Group made an appropriation of QR 5,037,362 (2019: QR 5,278,804) from retained earnings for its contribution to the Social and Sports Activities Support Fund ("Daam") of Qatar. This amount represents 2.5% of the net profit for the year ended 31 December 2020.

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

ZAD HOLDING COMPANY Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Cash flows from operating activities			
Profit		**201,494,492**	**211,152,177**
Adjustments for:			
Provision for slow moving inventories	13	120,815	183,697
Provision for doubtful receivables	14	1,836,383	366,866
Profit on disposal of precious commodities	23	(72,325,609)	(20,475,283)
Depreciation on property, plant and equipment	5	64,279,267	60,030,492
Depreciation on Right To Use Assets	6	8,180,486	5,422,985
Depreciation on investment property	7	6,978,286	3,721,792
Gain on disposal of property, plant and equipment		(397,693)	1,343,275
Finance costs		11,493,805	8,663,216
Tax provision	28	300,520	268,574
Employees' end of service benefits		7,083,957	5,846,193
Capital work in progress written off		-	1,581,008
Zakat Contribution		14,682,474	15,227,090
Reversal of provision for doubtful receivables	14	(5,423,110)	(22,635,798)
Dividend income	23	(689,653)	(682,979)
Islamic finance income	23	(122,310)	(603,243)
(Gain)/loss on disposal of investment securities		10,235,740	5,285,062
		247,727,847	274,695,124
Change in:			
Inventories		(49,351,939)	(1,025,745)
Due from and due to Government of Qatar (net)		(6,578,406)	(663,509)
Accounts, retentions and other receivables		63,481,802	49,434,270
Due from and to related parties (net)		(935,790)	(3,927,186)
Accounts payable, retention and other payables		19,841,163	(27,106,795)
Cash generated from operating activities		**274,184,678**	**291,406,159**
Employees' end of service benefits paid		(3,401,927)	(2,126,439)
Zakat paid		(13,500,000)	(13,600,000)
Finance costs paid		(11,493,805)	(6,384,417)
Net cash from operating activities		**245,788,947**	**269,295,303**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(88,426,818)	(31,151,336)
Proceeds from disposal of property, plant and equipment		3,956,026	3,385,837
Proceeds from disposal of investment securities		6,852,784	23,168,790
Acquisition of AFS Shares		(314,803,175)	(28,453,852)
Dividend income received		689,653	682,979
Net proceeds/(payments) on commodities		121,293,658	(140,063,958)
Islamic finance income received		122,310	659,011
Net cash used in investing activities		**(270,315,562)**	**(171,772,529)**

Continued

Doha - Qatar

ZAD HOLDING COMPANY Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Cash flows from financing activities		
Net movement in Islamic financing	122,827,054	71,236,067
Lease liability paid	(4,950,200)	(3,491,724)
Repayment of loan	(6,875,000)	(5,500,000)
Dividends paid	(141,722,871)	(198,635,492)
Net cash used in financing activities	**(30,721,017)**	**(136,391,149)**
Net decrease in cash and cash equivalents	**(55,247,632)**	**(38,868,375)**
Cash and cash equivalents at beginning of the year	85,890,476	124,758,851
Cash and cash equivalents at end of the year (Note 15)	**30,642,844**	**85,890,476**

The accompanying notes on pages 14 to 51 form an integral part of the consolidated financial statements
The report of the independent auditor is set forth on pages 01 to 07

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

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

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

These consolidated financial statements were authorized for issue by the Company's Board of Directors on 06 March 2021.

The subsidiaries of the Group are as follows,

Name of subsidiary	Country of incorporation	Principal activities	Group effective shareholding %	
			2020	2019
Qatar Flour Mills Company W.L. L	Qatar	Manufacturing and distribution of wheat flour and trading of bran and barley.	100%	100%
Qatar Food Industries Company W.L. L	Qatar	Marketing of wheat, flour and allied products.	100%	100%
Umm Said Bakery W.L.L.	Qatar	Manufacturing of bakery products.	100%	100%
Arzak Marketing Company W.L. L	Qatar	Trading of food stuff.	100%	100%
QFM Trading Company W.L.L. (formerly "Zain Trading Company)	Qatar	Trading of food stuff and animal feed.	100%	100%
National Food Company W.L.L.	Qatar	Manufacturing &Trading of frozen meat products and vegetables.	100%	100%
Meeda Projects Company W.L.L.	Qatar	Civil construction, investing, establishing & managing of industrial projects, activities in real estate, selling and rental of heavy equipment and facilities.	100%	100%
Arzak Al Khalijia Company	Saudi Arabia	Trading of food stuff and cleaning items.	100%	100%
Tower International Limited	Cayman Islands	Holding and trading of investment in commodities	100%	100%

2. BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for investment securities, which is carried at fair value.

Functional and presentation currency

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

Use of estimates and judgements

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

Estimates underlying assumptions are reviewed on an ongoing basis. The most significant use of judgments and estimates are as follows:

Impairment of accounts receivables

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

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

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

Fair value of investment property

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

Inventories

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

2. BASIS OF PREPARATION (Continued)

Use of estimates and judgements (Continued)

Goodwill

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 9).

Lease period

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

Employee's end of service benefits

Management has measured the group's obligation for the post-employment benefits of its employees based on the provisions of the Qatar Labour Law No. 14 of 2004. 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 provision is reviewed 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 the profit or loss.

Newly effective standards, and amendments to or interpretations of standards

During the current year, the below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard became effective for the first time for financial years beginning on 1 January 2020:

Amendments to IFRS 3:	Definition of a business - 1 January 2020
Disclosure initiative:	Presentation of financial statement - 1 January 2020
Disclosure initiative:	Accounting Policies, changes in accounting estimates and errors - 1 January 2020

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

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

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

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard that are available for early adoption for financial years beginning after 1 January 2020 are not effective until a later period, and they have not been applied in preparing these financial statements:

Effective for year beginning 1 January 2021:	IFRS 17 "Insurance Contracts"

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

Property, plant and equipment

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

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

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

Property, plant and equipment (Continued)

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

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

Capital work in progress

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

Land and capital work in progress are not depreciated

Intangible asset

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

Investment property

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

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

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

The useful lives of building is 15 years.

Investment property (Continued)

Investment property is derecognized when either it is disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss.

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

Investment property under construction

Property under construction is presented as investment property if intention is to hold such property under construction for rental or capital appreciation or both after completion of the construction.

Investment in commodities

Investment in commodities represents precious metals and is stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less applicable saleable expenses. 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.

Inventories

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

Financial instruments

Non-derivative financial assets

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

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

Non-derivative financial assets (Continued)

Classification and subsequent measurement of financial assets

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

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

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

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

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

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

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

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual cash flows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Non-derivative financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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:

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

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

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

Financial assets - Subsequent measurement and gains and losses

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

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

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

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

Non-derivative financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Cash and cash equivalents

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

Derecognition of financial assets

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

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

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

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

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

Non-derivative financial liabilities

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

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

Accounts payable, retention and other payables

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

Islamic Financing

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

Non-derivative financial liabilities (Continued)

De-recognition of financial liabilities

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

Impairment of non-financial assets

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

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

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

Impairment

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses ·relating to goodwill cannot be reversed in future periods.

Impairment of financial assets

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

Loss allowances for account, retention and other receivables are always measured at an amount equal to lifetime ECLs.

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

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

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

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

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

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

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.

Impairment (Continued)

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with employment contracts and the Qatar Labor Law No. 14 of 2004. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

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

Provisions

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

Leasing

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

Group as a lessee

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

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

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

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

Group as a lessor

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

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

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

Foreign currency translation

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

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

Earnings per share

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

Segment reporting

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

Current versus non-current classification

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

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

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

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

The Group classifies all other liabilities as non-current.

Fair value measurement

The Group measures financial and non-financial assets and liabilities, at fair value at each reporting date for accounting and or disclosure purposes. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 27.

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

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

Fair value measurement (Continued)

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

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

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

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

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

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

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

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

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

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

Investments in associates

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

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

Income tax

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

Deferred tax asset and liabilities

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

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

Tax expense

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

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

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

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

Revenue recognition

Revenue from Contracts with Customers

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

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

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

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

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

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

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

Revenue recognition (Continued)

Rental income

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

Interest income and expense

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

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

Income from investment securities

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

Dividend Income

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

Compensation from Government of Qatar

Government grants that are receivable as compensation for expenses already incurred by the Group with no future

related costs are recognized in consolidated statement of income in the period in which they become receivable.

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

Borrowing costs

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

4. OPERATING SEGMENTS

Information about reportable segments:

Revenue / profit	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
External revenue	-	-	943,995,649	985,418,698	158,477,465	289,302,361	1,102,473,114	1,274,721,059
Other Income	73,036,501	23,399,017	31,677,385	20,588,079	19,914,564	19,345,941	124,628,450	63,333,037
Inter-segment revenue	-	-	155,764,785	149,870,566	46,791,154	91,705,660	202,555,939	241,576,226
Compensation from Government of Qatar	-	-	97,543,617	108,042,890	-	-	97,543,617	108,042,890
Total revenue	73,036,501	23,399,017	1,228,981,436	1,263,920,233	225,183,183	400,353,962	1,527,201,120	1,687,673,212
Segment profit / (loss)	40,387,552	(40,800,077)	151,129,869	172,747,483	9,977,071	79,204,770	201,494,492	211,152,177

Assets and Liabilities	Investment & managed services		Trading, manufacturing, distribution & services		Contracting, real estate & others		Total	
	As at 31 December		As at 31 December		As at 31 December		As at 31 December	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Current assets	508,343,071	593,374,244	458,002,650	494,665,136	158,727,875	134,317,209	1,125,073,596	1,222,356,589
Non – current assets	347,638,892	31,033,316	180,321,953	174,004,376	734,408,958	714,681,271	1,262,369,803	919,718,963
Total assets	855,981,963	624,407,560	638,324,603	668,669,512	893,136,833	848,998,480	2,387,443,399	2,142,075,552
Current liabilities	552,879,585	358,841,176	120,203,213	118,504,459	60,068,331	40,396,879	733,151,129	517,742,514
Non- Current liabilities	15,052,083	15,272,925	79,395,675	62,935,571	9,073,826	8,086,503	103,521,584	86,294,999
Total Liabilities	567,931,668	374,114,101	199,598,888	181,440,030	69,142,157	48,483,382	836,672,713	604,037,513

5. PROPERTY, PLANT AND EQUIPMENT

	Building and attached rights	Plant and equipment	Furniture & Fixtures	Motor Vehicles	Tools	Intangible assets	Capital Work in Progress	Total
Cost:								
As at 1st January 2019	517,405,781	348,637,177	27,868,534	149,858,521	23,614,864	1,841,729	9,478,323	1,078,704,927
Additions during the year	2,884,315	9,569,016	2,820,297	12,040,008	2,941,095	3,465	893,140	31,151,336
Disposals during the year	-	(10,815,239)	(4,374,980)	(30,147,192)	(3,335,856)	-	-	(48,673,267)
Transfers	305,550	3,306,130	89,207	-	524,916	-	(4,225,803)	-
Transfer to related party	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at 31 December 2019	520,595,646	350,697,084	26,403,058	131,751,337	23,745,019	1,845,194	6,145,660	1,061,182,997
Additions during the year	31,992,308	4,727,528	2,921,906	3,882,625	942,561	-	11,661,475	56,128,404
Disposals during the year	(2,003,929)	(810,597)	(400,253)	(4,930,337)	(304,297)	-	(2,604,967)	(11,054,380)
Transfers	5,078,343	2,875,766	341,700	107,000	702,724	-	6,921,538	16,027,071
Write offs	-	-	(15,411)	-	-	-	-	(15,411)
As at 31 December 2020	555,662,368	357,489,781	29,250,999	130,810,625	25,086,007	1,845,194	22,123,706	1,122,268,680
Accumulated Depreciation & impairment:								
As at 1st January 2019	351,378,697	234,554,460	23,228,218	114,780,259	17,905,567	-	-	741,847,201
Charge for the year (Note 26)	24,913,685	16,974,519	1,959,307	12,640,002	2,806,274	736,692	-	60,030,478
Adjustment on disposals	-	(6,912,066)	(4,358,668)	(29,122,360)	(3,313,327)	-	-	(43,706,420)
Transfer to related party	-	-	-	-	-	-	-	-
As at 31 December 2019	376,292,382	244,616,913	20,828,857	98,297,901	17,398,514	736,692	-	758,171,259
Charge for the year (Note 26)	26,708,418	19,120,902	2,253,831	12,995,133	2,832,636	368,346	-	64,279,267
Adjustment on disposals	(2,003,029)	(329,821)	(398,553)	(4,582,537)	(182,108)	-	-	(7,496,048)
Transfers	-	-	-	-	-	-	-	-
As at 31 December 2020	400,997,771	263,407,994	22,684,135	106,710,498	20,049,043	1,105,038	-	814,954,478
Net Book Value								
As at 31 December 2020	154,664,597	94,081,787	6,566,864	24,100,128	5,036,964	740,156	22,123,706	307,314,202
As at 31 December 2019	144,303,264	106,080,171	5,574,201	33,453,436	6,346,505	1,108,502	6,145,660	303,011,738

6. LEASES

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

	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Net carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are as follows:		
Land	64,104,923	39,955,659
Vehicles	14,496,363	7,713,809
Buildings	-	-
Adjustment on cease	(138,851)	-
	78,462,435	**47,669,468**
Right-of-use assets		
Addtions:		
Land	28,155,025	31,531,302
Vehicles	10,957,279	10,490,320
Buildings	-	-
Adjustment on cease	-	-
Closing	**39,112,304**	**42,021,622**

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss. (Note 26)

	2020	2019
Land	4,005,761	2,646,474
Vehicles	4,174,725	2,776,511
Buildings	-	-
	8,180,486	**5,422,985**

Lease liabilities	As at 31.12.2020 QAR	As at 31.12.2019 QAR
The maturity analysis of lease liabilities is as follows:		
Within one year	5,696,711	3,000,998
Two to five years	12,133,758	5,918,415
More than five years	2,763,367	-
	20,593,836	8,919,413
Less: Finance components	(2,471,933)	(752,724)
	18,121,903	**8,166,689**
Present value of minimum lease payments due:		
Within one year	4,986,136	2,947,207
Two to five years	10,948,301	6,466,894
More than five years	2,187,466	1,945,603
	18,121,903	**11,359,704**
Other disclosures		
Interest expense on lease liabilities	755,120	484,897
Non-current liabilities	13,135,767	8,412,497
Current liabilities	4,986,136	2,947,207
	18,121,903	**11,359,704**

7. INVESTMENT PROPERTIES

	Lands	Buildings	Total 2020	Total 2019
Cost				
As at 1 January	454,015,300	169,941,949	623,957,249	623,957,249
As at 31 December	454,015,300	169,941,949	623,957,249	623,957,249
Accumulated depreciation				
As at 1 January	-	88,062,560	88,062,560	84,340,768
Depreciation (Note 26)	-	6,978,286	6,978,286	3,721,792
As at 31 December	-	95,040,846	95,040,846	88,062,560
Net Book Value				
As at 31 December	454,015,300	74,901,103	528,916,403	-
As at 31 December	454,015,300	81,879,389	-	535,894,689

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

Management has used the services of an independent evaluator to calculate the fair value of investment property as at 31 December 2020 amounting to QAR 688 million (2019: QAR 700.7 million). The valuation is based on transaction for the similar asset in the same locality.

Investment property amounting to QAR 90.3 Million (2019: QAR 90.3 Million) of the group are mortgaged against Islamic financing facility (Note 19).

8. INVESTMENT SECURITIES

a) Investment in quoted equity instruments

Investment securities comprise of investment in shares of a listed Group classified at fair value. During the year, the Group invested in the equity shares in the mining industry and intend to hold it for a long term period with a view to earn dividends and have taken the decision to irrovocably designate these investments as fair value through other comprehensive income.

	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Investment in equity instruments		
Quoted (Note 8 (a))		
Fair value	316,961,044	1,523,256

8. INVESTMENT SECURITIES (Continued)

a) Investment in quoted equity instruments (Continued)	2020	2019
The movement during the year was as follows:		
Balance at beginning of the year	1,523,256	1,715,499
Additions during the year	314,803,175	28,453,852
Disposals during the year	(6,843,745)	(23,168,790)
Loss on sales	(10,235,740)	(5,285,062)
Fair value through profit or loss	(9,039)	(192,243)
Fair value through other comprehensive income	17,723,137	-
Balance at the end of the year	316,961,044	1,523,256

b) Investment in associates	2020	2019
Investments made during the year	7,355,620	-
Impaired during the year (Note 27)	(366,185)	-
Investment at end of year	6,989,435	-

The above mentioned investments is made on "Indigenous Foods Private Limited" a company in India, holding 46.39%, which engaged to produce dairy and allied products. These investments are accounted using equity method.

9. Goodwill

Impairment testing of goodwill

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

The recoverable amount of cash generating unit has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The terminal growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operate. As a result of this exercise, at 31 December 2020 no impairment was identified. (2019: No impairment).

Key assumptions used in value in use calculations:	National Food Company	
	2020	2019
Compound annual volume growth	7.28%	3%
Terminal growth rate	2%	2%
Discount rate	13.50%	13.5%

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.

10. DUE FROM AND DUE TO GOVERNMENT OF QATAR

a) Due from Government of Qatar	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Compensation due from Government of Qatar		
Balance at beginning of the year	138,799,675	138,136,166
Cash received during the year	(83,378,680)	(107,379,381)
Compensation due for the year for sale of subsidized flour	97,543,617	108,042,890
Compensation for storage and operation - Note 10(d)	1,234,754	-
Compensation due from Government of Qatar	154,199,366	138,799,675
Loan from Government of Qatar – Note 10(c)	(59,959,040)	(59,959,040)
Net due from Government of Qatar – Note 10(b)	94,240,326	78,840,635

b) This includes compensation receivable amounting to QR 68,368,576 (2019: QR 68,368,576) relating to the period up to 31 December 2007 and was computed based on the term of a subsidy agreement dated 25 May 1993.

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

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

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

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

10. DUE FROM AND DUE TO GOVERNMENT OF QATAR (Continued)

e) Due to Government of Qatar	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Opening balance	47,591,581	47,591,581
Reciepts during the year	8,821,285	
Closing balance	56,412,866	47,591,581

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

11. 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.

	As at 31.12.2020 QAR	As at 31.12.2019 QAR
(a) Due from related parties		
Dandy Company Limited W.L.L.	3,983,335	16,342,622
Seven Brothers Holding Company W.L.L.	-	212,292
	3,983,335	16,554,914
(b) Due to related parties		
Qatar Detergent Company W.L.L	3,960,636	4,066,234
Aayan Leasing Company Qatar	2,098,801	780,215
Seven Brothers Holding Company W.L.L.	1,291,303	-
	7,350,740	4,846,449

(c) Transaction with related parties

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Compensation of key management personnel		
Key management remuneration	15,360,372	15,080,087
Post-employment benefits	458,654	755,337
	15,819,026	15,835,424

11. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(c) Transaction with related parties (Continued)

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Sale of goods and services		
Companies under common control		
Aayan Leasing Company Qatar WLL, Qatar		
Qatar Detergent Company W.L.L, Qatar	212,625	11,875
Seven Brothers Holding Company W.L.L, Qatar		450,378
Dandy Company Limited W.L.L, Qatar	13,711,535	14,033,936
	13,924,160	14,496,189
Purchase of goods		
Companies under common control		
Aayan Leasing Company Qatar	4,347,476	3,956,259
Qatar Detergent Company W.L.L	59,061	11,875
Dandy Company Limited W.L.L	9,381,169	5,937,958
	13,787,706	9,906,092

12. DEFERRED TAX

Deferred tax is computed based on an effective tax rate of 1.6645% (2019:1.07%)

	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Deferred tax is recognised as follows:		
Taxable/deductible temporary difference movements in:		
Fixed assets	24,425	29,600
Provisions	21,754	15,915
Future loss	9,834	-
Total movement during the year	56,012	45,515
Movement in deferred tax asset:		
Opening balance	45,515	-
Movement during the year	56,012	45,515
Closing balance	101,527	45,515

Recognition in deferred tax asset:

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

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

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

13. INVENTORY

	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Wheat stock	111,099,480	69,520,617
Raw Material	26,678,693	11,116,856
Packing materials	9,267,403	20,382,456
Spare parts	15,106,671	12,618,332
Others	69,046	30,517
	162,221,293	113,668,778
Less: Provision for slow moving inventory	(1,766,687)	(1,715,736)
	160,454,606	111,953,042
Finished Goods	10,254,262	9,524,702
Total	170,708,868	121,477,744

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

	2020	2019
Balance at beginning of the year	1,715,736	1,663,331
Provision for the year	120,815	183,697
Written off during the year	(69,864)	(131,292)
Balance at 31 December	1,766,687	1,715,736

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

14. ACCOUNTS, RETENTION AND OTHER RECEIVABLES

	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Accounts receivable	295,433,121	332,647,492
Retention receivable	31,944,666	29,811,569
	327,377,787	362,459,061
Provision for doubtful receivables	(54,551,562)	(51,828,092)
	272,826,225	310,630,969
Prepayments and advances	28,024,284	37,268,182
Margin deposit	2,558,806	1,892,500
Accrued income	188,515	383,736
Other receivables and deposits (a)	30,217,567	38,895,433
	60,989,172	78,439,851
Provision for other doubtful debts	(1,474,330)	(1,486,315)
	59,514,841	76,953,536

14. ACCOUNTS, RETENTION AND OTHER RECEIVABLES (Continued)

	2020	2019
Total receivables	332,341,067	387,584,505
Less: Non current receivables	(1,751,054)	(11,867,945)
Current receivables	330,590,013	375,716,561

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

Opening balance	58,280,376	76,541,237
Provision for the year (Note 27)	1,836,383	366,864
Reversal for the year (Note 27)	(5,423,110)	(22,635,797)
Moved to provision for other receivables	(253,738)	-
Transfer	212,076	-
Written off during the year	(100,426)	(2,444,212)
Closing balance	54,551,562	51,828,092

A sum of QR 133,144,410 (2019: QR 223,953,654) is receivable from three major customers which represents 41% (2019: 64%) of total accounts and retentions receivable as at 31 December 2020.

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

Other receivables includes:
a) QAR 12.375 million (2019: QAR 5.50 million) which represents the amount paid to the Government of Qatar towards the loan referred in note 10.

b) QAR 11.11 million which represents the claim from Government of Qatar in relation to maintaining wheat strategic stock.

15.CASH AND BANK BALANCES

	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Cash in hand	1,082,529	1,582,616
Cash at bank	29,560,316	84,307,860
	30,642,844	85,890,476

16. SHARE CAPITAL

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

	2020 QAR	2019 QAR
Issued and fully paid share capital – listed at Qatar Exchange	236,997,200	236,997,200

17. LEGAL RESERVE

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

18. DIVIDENDS

At the board meeting held on 6th March 2021, a dividend in respect of the profit for the year ended 31st December 2020 at 70% on the face value of each share & 10% bonus share (2019: 85% on the face value of each share) is recommended. These consolidated financial statements do not reflect this proposed dividend in the shareholders equity as an appropriation of retained earnings in the year ended 31st December 2020.
The dividend declared in respect of the net profit for the year ended 31st December 2019 was QAR 201.45 million or 85% on the face value of each share. (2018: QAR 201.45 million or 85% on the face value of each share and 10% bonus share).

19. ISLAMIC FINANCING

	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Islamic financing-current	408,038,759	285,211,705

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

20. ACCOUNTS, RETENTION AND OTHER PAYABLES

	As at 31.12.2020 QAR	As at 31.12.2019 QAR
Accounts payable	111,927,357	94,023,681
Provision for job cost	13,185,148	11,932,881
Provision for contractual obligations	5,783,332	13,185,274
Dividend payable	93,914,713	34,189,964
Social and sports fund payable	5,037,362	5,278,804
Directors' remuneration payable	5,300,000	5,300,000
Sub-contractors payable	1,371,884	277,626
Zakat payable	17,715,221	16,532,746
Retention payable	1,912,227	2,872,991
Other payables	56,628,250	41,143,185
	312,775,494	224,737,153

20. ACCOUNTS, RETENTION AND OTHER PAYABLES (Continued)

Movement in provision for job costs is as follows:	2020	2019
Opening balance	11,932,881	33,102,490
Provided during the year	5,993,600	5,837,231
Used during the year	(4,552,202)	(4,296,198)
Reversed during the year	(189,131)	(22,710,642)
Closing balance	13,185,148	11,932,881

Movement in provision for contractual obligations are as follows:

Opening balance	13,185,274	7,342,189
Provided during the year (Note 22)	199,145	11,314,769
Reversed during the year	(7,601,087)	(5,471,684)
Closing balance	5,783,332	13,185,274

21. 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).

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Trading, manufacturing distribution and services	943,995,649	988,611,828
Contracting, real estate and others	158,477,465	286,109,231
	1,102,473,114	1,274,721,059

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.

Primary geographical markets:		
Local Operations	1,095,331,222	1,274,631,471
Foreign Operations	7,141,892	89,588
	1,102,473,114	1,274,721,059
Major Products and services:		
Sale of Manufactured and Traded products	943,995,649	988,611,828
Contracting and other related services	31,912,984	143,218,848
Building materials and logistics	65,002,086	66,570,896
Rental Income	61,562,395	76,319,487
	1,102,473,114	1,274,721,059

21. OPERATING REVENUE (Continued)

	2020	2019
Timing of revenue recognition:		
Products and service tranferred over time	93,475,379	219,538,335
Products transferred point of time	1,008,997,735	1,055,182,724
	1,102,473,114	1,274,721,059

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

22. OPERATING COST

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Cost of material consumed	477,566,946	456,795,158
Depreciation on Property, plant and equipment (Note 26)	69,368,047	58,852,802
Provision for contractual obligations (Note 20)	199,145	11,314,769
Other direct costs	391,699,179	548,514,170
	938,833,317	1,075,476,899

23. OTHER INCOME

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Loss on sale of available-for-sale financial assets	(768,129)	-
Islamic finance income	122,310	603,243
Dividend income	689,653	682,979
Gain on sale of commodities	72,325,609	20,475,283
Others	52,259,007	41,571,533
	124,628,450	63,333,038

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Staff salaries and benefits	45,876,861	48,294,357
Directors' remuneration	9,690,000	9,105,000
Short term leases	5,567,886	4,075,073
Provision for doubtful debts	2,069,476	387,452
Depreciation (Note 26)	5,537,056	5,520,059
Insurance expenses	3,269,571	2,546,277
Travelling and transportation	1,090,212	2,248,236
Repair and maintenance	481,019	735,255
Utilities	2,163,988	2,314,309
Telephone expenses	435,935	512,003
Consultancy fees	1,164,607	735,434
Miscellaneous	2,786,838	8,488,528
	80,133,448	84,961,982

25. SELLING AND DISTRIBUTION EXPENSES

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Staff salaries and benefits	20,338,107	18,935,497
Packing and freight charges	4,909,633	5,695,889
Depreciation (Note 26)	4,532,936	4,802,393
Sales rebates	19,553,771	17,238,191
Sales commission	5,519,819	5,489,952
Marketing expenses	2,234,014	2,579,246
Rent	2,718,635	2,251,727
Insurance expenses	979,597	790,618
Other expenses	9,896,377	9,355,165
	70,682,889	67,138,678

26. DEPRECIATION

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Property, plant and equipment (Note 5)	64,279,267	60,030,478
Right of Use Assets (Note 6)	8,180,486	5,422,985
Investment property (Note 7)	6,978,286	3,721,792
	79,438,039	69,175,255
Allocation:		
Operating cost (Note 22)	69,368,047	58,852,803
General and administrative expenses (Note 24)	5,537,057	5,520,059
Selling and distribution expenses (Note 25)	4,532,936	4,802,393
	79,438,039	69,175,255

27. NET IMPAIRMENT (LOSS)/REVERSAL OF FINANCIAL ASSETS

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Provision for doubtful receivables (Note 14)	(1,836,383)	(366,863)
Impairment of investment in Associates (8(b)	(366,185)	-
Reversal of provision for doubtful receivables (Note 14)	5,423,110	22,635,798
Loss/impairment on available-for-sale securities	(10,244,779)	(5,477,305)
	(7,024,237)	16,791,630

28. INCOME TAX

The net tax expense for the year is as follows

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
Current taxes	356,532	324,835
Prior year difference	-	(10,745)
Deferred taxes movement for the year (Note 12)	(56,012)	(45,515)
	300,520	268,575

28. INCOME TAX (Continued)

	2020	2019
Taxable income for the year is arrived at as follows:		
Profit/(loss) for the year	172,500,989	264,813,328
Adjustments for :		
Add: Accounting depreciation	52,463,678	55,769,175
Less: Tax depreciation	(30,530,211)	(31,851,968)
Add: Tax gains/(losses) on disposals	2,463	1,683,926
Less: Accounting gains/(losses) on disposals	(36,068)	(1,212,725)
Add: Non-deductible expenses	16,050	18,811
Add: Non-deductible provisions	13,663,290	15,246,775
Tax loss for the year	208,080,191	304,467,321
Carried forward losses	-	-
Net tax loss for the year	208,080,191	304,467,321

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

	2020	2019
Taxable income	214,197,616	304,467,321
Tax due @ 10%	21,419,762	30,446,732
Non-Qatari share in tax based on their 1.6645% (2019: 1.07%) share of profits (Income tax payable)	356,532	324,835

29. EARNING PER SHARE

	Year ended 31.12.2020 QAR	Year ended 31.12.2019 QAR
(a) Basic earning per share:		
Profit attributable to ordinary shareholders of the Group	201,494,492	211,152,177
Weighted average number of ordinary shares outstanding	236,997,200	236,997,200
Basic earnings per share (QR)	0.85	0.89

(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.

30. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at year end the Group has contingent liability and capital commitments amounting to QR 199.44 million (2019: QR 163.25 million).

31. FINANCIAL RISK MANAGEMENT

Objective and policies

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

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

Market risk

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

Currency risk

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

Interest rate risk

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

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

	2020	2019
Islamic financing	4,080,388	2,852,117

31. FINANCIAL RISK MANAGEMENT (Continued)

Equity price risk

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

Equity price risk represents the sensitivity of the effect of cumulative changes in fair value recognized in equity of the Group to reasonably possible changes in quoted equity share prices, with all other variables held constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. A 1% change in equity price of investment securities will effect equity by QR 3,169,610 (2019: QR 15,233).

The company is exposed to commodity price risk because of its investments in gold and silver. The exposure to commodity risk on gold and silver is managed at fair value through other comprehensive income.

At December 31, 2020, if the commodity price had been 1% (2019: 1%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been QR 4,949,082 (2019: QR 5,438,763) lower or higher, respectively.

Credit risk

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

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

	2020	2019
Bank balances	29,560,316	84,307,860
Accounts receivables	272,826,225	310,630,969
Retention and other receivables (Excluding prepayments)	31,490,557	39,685,354
Due from related parties	3,983,335	16,554,914
Due from Government of Qatar	94,240,326	78,840,635
	337,860,433	451,179,097

A sum of QR 133,144,410 (2019: 223,953,654) is receivable from three major customers which represents 41% (2019: 52%) of total accounts and retentions receivable as at 31 December 2020. 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.

31. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

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

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

The following table provides information about the exposure to credit risk and ECLs for accounts receivables from non governmental customers as at 31 December 2020:

	Gross carrying amout	Loss allowance	Gross carrying amout	Loss allowance
	2020		2019	
0-90 days	127,251,504	54,212	141,169,267	367,826
91–180 days past due	34,056,749	3,042,308	102,539,395	63,665
181–270 days past due	696,436	143,252	10,946,497	25,100
271–360 days past due	507,068	162,885	898,770	1,260,213
Over 360 days past due	51,323,904	51,323,904	76,827,110	49,385,541
At 31 December	213,835,661	54,726,561	332,381,039	51,102,345

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

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

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

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

Accounts, retention and other receivables do not bear interest.

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

Cash at banks

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

Credit ratings (by Moody's)	2020	2019
A1	4,782,608	33,130,792
A2	7,753,112	48,271,527
baa1	14,281,885	-
Ba1	2,659,595	1,759,402
baa2	83,116	1,146,136
At 31 December	29,560,316	84,307,857

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

31. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Due from Related Party

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

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 5 years
31-Dec-20				
Accounts payable, retention and other payables (Note 20)	312,775,494	(312,775,494)	(312,775,494)	-
Lease liability (Note 6)	18,121,903	(18,121,903)	(4,986,136)	(13,135,767)
Islamic financing (Note 19)	408,038,759	(408,038,759)	(408,038,759)	-
Due to related parties (Note 11(b))	7,350,740	(7,350,740)	(7,350,740)	-
Due to Government of Qatar (10 (e))	56,412,866	(56,412,866)	-	(56,412,866)
	802,699,762	(802,699,762)	(733,151,129)	(69,548,633)
31-Dec-19				
Accounts payable, retention and other payables (Note 20)	224,737,153	(224,737,153)	(224,737,153)	-
Lease liability (Note 6)	11,359,704	(11,359,704)	(2,947,207)	(8,412,497)
Islamic financing (Note 19)	285,211,705	(285,211,705)	(285,211,705)	-
Due to related parties (Note 11(b))	4,846,449	(4,846,449)	(4,846,449)	-
Due to Government of Qatar (10 (e))	47,591,581	(47,591,581)	-	(47,591,581)
	573,746,592	(573,746,592)	(517,742,514)	(56,004,078)

32. 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 1,533,047,548 on 31 December 2020 (2019: QR 1,538,038,039).

32. CAPITAL MANAGEMENT (Continued)

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 2020 and 2019. 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.

33. 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.

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

During the year ended 31 December 2020, 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.

34. COMPARATIVE FIGURES

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

35. IMPACT OF COVID-19

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the financial statements. Management has developed various accounting estimates in the financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2020 about future events that the management believes are reasonable in the circumstances. The underlying assumptions to arrive at those estimates are subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may impact accounting estimates included in the financial information. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to financial instruments.