Alijarah Holding Q.P.S.C.
Consolidated Financial Statements
For the Year Ended 31 December 2019

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALIJARAH HOLDING Q.P.S.C.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Alijarah Holding Q.P.S.C. (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenues recognised from property development project	
The Group is executing a residential complex development project for 895 land plots in Northern Villa and Seafront Western Area in Lusail for an assigned scope of setting up water, electricity and drainage networks, landscape works, street furniture and street lighting and gas network for the land plots. Recognition of revenue from the project involves significant judgements and managerial assumptions such as cost to complete budget, contingency costs and other macro-economic factors. Management estimates the revenue and budgeted costs at the commencement of the contract and regularly reassess the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages.	Our audit procedures over revenue from property development included the following: • Obtained process understanding and evaluated the controls associated with contract budget estimation. • Visited the project site and discussed with the project team to understand the project progress. • Obtained the contract entered with the customer for the development of infrastructure and reviewed the scope assigned to the Group. • Discussed with the management and evaluated the triggering events causing changes to the budgeted contract costs. • Inspected the communications received from the customer identifying the project gaps.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ALIJARAH HOLDING Q.P.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
Revenues recognised from property development project	
We identified the revenues recognised on property development as a key audit matter because of the significant judgement involved in determining revenues and also due to the magnitude of property development revenue to the consolidated financial statements.	• Inspected the quotations received from various subcontractors for the identified project gaps and additional work. • Tested the project cost to complete budget by tracing against the open contracts, quotations and management's estimates and evaluated the key assumptions used in arriving at management estimates. • Assessed the adequacy and completeness of the disclosures on the revenues recognised from property development for the year presented in Note 18 to the consolidated financial statements.
Expected credit losses on installments and due from customers	
The Group's installments and due from customers consist of installments and due from customers on leasing and Islamic finance, property sales and other receivables. The Group's gross installments and due from customers amounted to QR 83,353,235 and the related allowances for expected credit losses amounted to QR 55,889,066, comprising QR 144,118 of ECL against stage 1 and stage 2 exposure and QR 55,744,948 against exposure classified as stage 3. We identified assessment of expected credit losses (ECL) on installments and due from customers as a key audit matter because of the significance of installments and due from customers to the consolidated financial statements and due to the complex and subjective judgments over both timing of recognition of impairment and the estimation of the amount of such impairment.	Our audit procedures on testing expected credit losses included the following: • Inspected the management's process, systems and controls in determining the expected credit losses over installments and due from customers. • Evaluated the appropriateness of impairment methodology applied to the requirements as specified by IFRS 9. • Performed tests of details over the identification of installments and due from customers under various categories and evaluated the ratings assigned on each category based on the age of the outstanding installments and due from customers. • Tested the accuracy of key variables relevant for the installments and due from customers including the year-end balances, repayment history, past-due status by reviewing a sample of installments and due from customers. • Involved our internal specialist to evaluate the reasonableness of the underlying assumptions used in the ECL assessment by comparing the assumptions used to internal and external data. • Tested the mathematical accuracy of the model used in arriving at expected credit loss provision. • We also assessed whether the consolidated financial statement disclosures appropriately reflect the requirements of International Financial Reporting Standards.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALIJARAH HOLDING Q.P.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Other information included in the Group's Annual Report 2019
Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The management is responsible for the other information.

The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 management.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALIJARAH HOLDING Q.P.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with 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

Furthermore, in our opinion, proper books of account have been kept by the Group, an inventory count has been conducted in accordance with established principles, and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Group's financial position or performance.

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

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Date: 30 January 2020
Doha

	Notes	2019	2018
		QR	QR
ASSETS			
Balances with financial institutions and cash	3	404,291,022	579,286,196
Installments and due from customers	4	32,762,966	44,616,069
Investment securities	5	164,048,002	161,347,708
Inventories	6	1,344,134	12,468,920
Prepayments and other receivables	7	34,908,463	30,044,435
Property and equipment	11	153,403,525	163,069,383
Investment property	10	103,291,058	106,277,617
Right-of-use asset	8	655,695	-
Intangible assets	9	8,636,880	8,456,000
Total Assets		**903,341,745**	**1,105,566,328**
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable, accruals and other payables	12	78,738,144	163,637,544
Islamic financing under Wakala Arrangements	13	50,890,341	76,423,363
Contract liabilities	14	59,619,623	150,880,049
Lease liability	8	827,799	-
Total Liabilities		**190,075,907**	**390,940,956**
EQUITY			
Share capital	15	494,802,000	494,802,000
Legal reserve	16	387,268,209	412,008,309
Accumulated losses		(168,804,371)	(192,184,937)
Total Equity		**713,265,838**	**714,625,372**
Total Liabilities and Equity		**903,341,745**	**1,105,566,328**

These consolidated financial statements were approved by the Board of Directors on 30th January 2020 and signed on their behalf by:

Sheikh Falah Bin Jassim Bin Jabr Al-Thani
Chairman

Hamad Shareef Al-Emadi
Chief Executive Officer

	Notes	2019	2018
		QR	QR
Revenues			
Revenues from core business	18	146,965,899	140,293,955
Income from investments	19	9,831,483	27,615,529
Other income	20	22,093,396	716,627
TOTAL REVENUES & INCOME		178,890,778	168,626,111
Expenses			
Operating expenses	21	(129,945,289)	(140,456,744)
General and administration expenses	22	(34,806,400)	(37,327,955)
Loss on valuation of investment properties	10	(2,986,559)	-
TOTAL EXPENSES		(167,738,248)	(177,784,699)
NET OPERATING INCOME (LOSS)		11,152,530	(9,158,588)
Finance income from deposits with Islamic Banks		15,611,958	18,185,770
Finance cost – Islamic Financing under Wakalah Arrangements		(2,542,403)	(1,886,764)
NET FINANCE INCOME		13,069,555	16,299,006
PROFIT FOR THE YEAR		24,222,085	7,140,418
Other comprehensive income that may be reclassified to profits or loss in subsequent periods:		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24,222,085	7,140,418
Basic and diluted earnings per share	24	0.049	0.014

	Share Capital	Legal Reserve	Fair Value Reserve	Accumulated Losses	Total
	QR	QR	QR	QR	QR
Balance at 1 January 2018	494,802,000	486,228,609	(694,560)	(244,138,711)	736,197,338
Effect of adoption of IFRS 9 (Note (i))	-	-	694,560	(4,488,334)	(3,793,774)
Balance at 1 January 2018 (Restated)	494,802,000	486,228,609	-	(248,627,045)	732,403,564
Profit for the Year	-	-	-	7,140,418	7,140,418
Other comprehensive income for the year	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	-	7,140,418	7,140,418
Dividends Paid (Note 17)	-	(10,040,616)	-	(14,699,484)	(24,740,100)
Social and Sports Fund Appropriation (Note 12)	-	-	-	(178,510)	(178,510)
Balance at 31 December 2018 (As reported)	494,802,000	476,187,993	-	(256,364,621)	714,625,372
Reclassification pursuant to the shareholders resolution (Note 31)	-	(64,179,684)	-	64,179,684	-
Balance at 31 December 2018	494,802,000	412,008,309	-	(192,184,937)	714,625,372
Balance at 1 January 2019	494,802,000	412,008,309	-	(192,184,937)	714,625,372
Effect of adoption of IFRS 16 (Note 2.4)	-	-	-	(235,967)	(235,967)
Balance at 1 January 2019 (Restated)	494,802,000	412,008,309	-	(192,420,904)	714,389,405
Profit for the Year	-	-	-	24,222,085	24,222,085
Other comprehensive income for the year	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	-	24,222,085	24,222,085
Reclassification pursuant to the shareholders resolution	-	-	-	-	-
Dividends Paid (Note 17)	-	(24,740,100)	-	-	(24,740,100)
Social and Sports Fund Appropriation (Note 12)	-	-	-	(605,552)	(605,552)
Balance at 31 December 2019	494,802,000	387,268,209	-	(168,804,371)	713,265,838

Note (i)
The Group had initially applied IFRS 15 and IFRS 9 at 1 January 2018 and adjusted the retained earnings under modified retrospective approach.

	Notes	2019	2018
		QR	QR
Cash flows from operating activities			
Profit for the Year		24,222,085	7,140,418
Adjustments for:			
Depreciation and Amortization	22.a	17,107,566	19,081,943
Valuation loss on investment property		2,986,559	-
Gain on Investment Securities Measured at FVTPL	19	(1,041,040)	(15,996,487)
Net Allowance for Expected Credit Losses on Financial Assets	22	(431,579)	1,521,562
Dividend Income	19	(8,788,623)	(11,471,001)
(Profit) Loss on Disposal of Property and Equipment		(216,799)	5,147,244
Provision for Slow Moving Inventories	6	3,127,900	1,706,818
Impairment for advances to suppliers		877,000	450,760
Finance Income		(15,611,957)	(18,185,770)
Write off property and equipment		75,153	-
Finance Cost		2,542,403	1,886,764
Provision for employees' end of service benefits	12(a)	996,129	619,527
Net Operating Income (Loss) for the Year Before Working Capital Changes		25,844,797	(8,098,222)
Working Capital Changes			
Installments and Dues from Customers		12,498,578	18,120,705
Prepayments and Other Receivables		(8,160,376)	(12,168,078)
Inventories		7,996,886	2,858,983
Accounts Payable, Accruals and Other Payables		(86,561,173)	10,489,073
Deferred Revenue		(91,260,426)	(75,593,226)
Finance Cost Paid		(2,440,475)	(1,706,164)
Employees' End of Service Benefits Paid	12(a)	(178,223)	(559,300)
Net Cash Flows Used In Operating Activities		(142,260,412)	(66,656,229)
Cash Flows From Investing Activities			
Finance Income Received		17,394,638	15,238,312
Dividends Received		8,788,623	11,471,001
Purchase of Intangible Asset		(114,000)	(114,000)
Purchase of Property and Equipment	11	(7,276,089)	(16,195,114)
Additions to Capital Work in Progress		-	(29,379,656)
Net movement in Bank Term Deposit		60,000,000	(30,000,000)
Purchase of Investment Securities	5	(1,659,254)	(55,725,910)
Proceeds from disposal of Investment Securities		-	65,134,097
Proceeds from disposal of Property and Equipment		265,755	4,237,826
Net Cash Flows From (Used In) Investing Activities		77,399,673	(35,333,444)

Continued….

	Notes	2019	2018
		QR	QR
Cash Flow From Financing Activities			
Dividends Paid		(24,557,517)	(24,127,268)
Repayment of Financing Under Wakalah Arrangements	13	(25,533,022)	(25,485,988)
Repayment of lease liabilities	8	(100,000)	-
Net Cash Flows Used In Financing Activities		(50,190,539)	(49,613,256)
Net Decrease in Cash and Cash Equivalents		(115,051,278)	(151,602,929)
Cash and Cash Equivalents at the Beginning of the Year		199,506,271	351,109,200
Cash and Cash Equivalents at the End of the Year	3	84,454,993	199,506,271

1. INCORPORATION AND ACTIVITIES

Alijarah Holding Company Q.P.S.C. (the "Company") is a public shareholding company incorporated in the State of Qatar in accordance with resolution No. 35 issued on 21 April 2003 by the Ministry of Business and Trade. The Company is registered under commercial registration No. 26487 and is governed by the provisions of the Qatar Commercial Companies' Law No. 11 of 2015. The registered office of the Company is located at 'D' Ring Road, Doha, State of Qatar. The Company's shares are publicly traded at the Qatar Exchange.

The Company and its fully owned subsidiaries (together the "Group") are engaged in Leasing, Real Estate, Property Development, Transportation, Taxi Services and Driving School and operate through its fully owned subsidiaries established in the State of Qatar. The Group is committed to conduct all its activities in accordance with Islamic Sharia'a.

These consolidated financial statements were authorised for issue by the Board of Directors on 30th January 2020.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The consolidated financial statements have been prepared on historical cost basis, except for investment securities and investment property that have been measured at fair value. The consolidated financial statements are presented in Qatari Riyals (QR), which is the Group's functional and presentational currency and all values are rounded to the nearest Qatari Riyal, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

The Group presents its statement of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the end of the reporting year ("current") and more than 12 months of the end of the reporting year ("non-current") is presented in Note 27.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. 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 (i.e. existing rights that give it the current ability to direct the relevant activities of 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 comprehensive 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. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

The consolidated financial statements of the Group include the financial statements of the Company and its fully owned subsidiaries (listed below):

Name of subsidiaries	Country of incorporation	Principal activity
Alijarah Leasing Company	State of Qatar	Islamic leasing
Alijarah Equipment Company	State of Qatar	Transportation
Alijarah Limousine Company	State of Qatar	Taxi & Limousine services
Alijarah Property Development Company	State of Qatar	Property Development
Alijarah Driving Academy	State of Qatar	Driving School

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Group’s accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related consolidated financial statement line items.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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

Determination of performance obligations:
In relation to the services provided to tenants of investment property (such as cleaning, security, landscaping, reception services, catering) as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied, over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consumes the benefits provided by the Group.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting judgements estimates and assumptions (continued)

Revenue from Contracts with Customers (continued)

Determination of performance obligations (continued):
The Group has determined that the input method is the best method for measuring progress for the lease contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the leasing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's installments and due from customers is disclosed in Note 4.

Leases – Property lease classification (The Group as lessor)
The Group has entered into commercial property lease on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements , such as lease term and not constituting major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property that it retains substantially all risks and rewards incidental to ownership of this property and accounts for the contract as operating lease.

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

Useful lives of property and equipment
The Group determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting judgements estimates and assumptions (continued)

Revaluation of investment property
The Group carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. The Group engaged an external, independent valuation specialist to assess fair value as at 31 December 2019 for the investment property. The independent evaluator uses the market situations, estimated yield and expected future cash flows coupled with market and other evidence (i.e the recent real estate transactions with similar characteristics and location) of properties for the valuation of investment property.

If an independent valuation is carried out at the intermediate period, the management determines the year end valuation by applying appropriate discounting rate on the intermediate valuation based on the market situations, estimated yield and expected future cash flows. Thus, the management believes it's a more transparent and accurate valuation.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations
The Group applied, for the first time, IFRS 16 Leases using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies and disclosures (continued)

IFRS 16 Leases (continued)

Impact on the statement of financial position (increase/(decrease)) are as follows:

	1 January 2019 QR
Right-of-use asset	712,303
Prepayments	(66,667)
Total Assets	645,636
Lease Liability	881,603
Total Liabilities	881,603
Accumulated Losses	(235,967)
Total Equity	(235,967)

The Group has a lease contracts for a land lease. Before the adoption of IFRS 16, the Group classified the leases as an operating lease. The Group recognised right-of-use asset and lease liability with respect to land lease previously classified as an operating lease. The right-of-use asset is recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use asset is recognised based on the amount equal to the lease liabilities, adjusted for the related prepaid lease payment previously recognised.

Lease liability is recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	1 January 2019
Operating lease commitments as at 31 December 2018 (QR)	1,200,000
Weighted average incremental borrowing rate as at 1 January 2019	5.5%
Discounted operating lease commitments as at 1 January 2019 (QR)	881,603

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies and disclosures (continued)

New accounting policies adopted with effect from 1 January 2019
Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below € 5,000 approximately QR 20,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies and disclosures (continued)

New accounting policies adopted with effect from 1 January 2019 (continued)

Significant judgement in determining the lease term of contracts with renewal options (continued)
Set out below, are the carrying amounts of the Group's right-of-use asset and lease liability and the movements during the period:

Right-of-use asset

	31 December 2019
	QR
At 1 January	712,303
Depreciation (Note 22)	(56,608)
Closing balance	655,695

Lease liability

	31 December 2019
	QR
At 1 January	881,603
Finance costs for the year	46,196
Payment during the year	(100,000)
Closing balance	827,799

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Standard/Interpretation	Content	Effective Date
IFRS 17	Insurance Contracts	1 January 2021
Amendments to IFRS 10 and IAS 28:	Sale or contribution of assets between an investor and its associates or joint venture	Deferred indefinitely

The Group did not early adopt any standards, interpretations or amendments that have been issued but are not yet effective.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the changes resulting from the adoption of IFRS 16. Below are the summary of significant accounting policies prior to the adoption of IFRS 16.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

The Group has determined the Chief Executive Officer of the Company as its chief operating decision maker. All transactions between operating segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in Company. Income and expenses
directly associated with each segment are included in determining operating segment performance.

Foreign currency translation
Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting year. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain and losses on revaluation of foreign currency non-monetary available-for-sale investments are recognized in the consolidated statement of changes in equity.

Balances with financial institutions and cash
Balances with financial institutions and cash represent cash, bank balances, balances with financial institutions and other short-term highly liquid investments with original maturities of three months or less.

Financial Instruments

Financial assets

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

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

Classification and subsequent measurement of financial assets
On initial recognition, a financial asset is classified at:

i) Amortised cost – if it meets both of the following conditions and is not designated as at FVTPL:

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

ii) 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 collect contractual cash flows and selling financial assets; 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.

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

On initial recognition, the Group may irrecoverable 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.

The Group has classified on initial recognition its dues from customers, other receivables and its bank balances and cash at amortised cost. The Group classified its investment portfolio as fair value through profit or loss (FVTPL).

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 realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;

Financial Instruments
- 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial Instruments (continued)

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 recognized in profit or loss. Any gain or loss on derecognition is recognized 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 recognized 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 recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Group does not hold such assets.
- Equity investments at Fair Value through Other Comprehensive Income (FVOCI) – These assets are subsequently measured at fair value. Dividends are recognized 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 recognized in OCI and are never derecognised to profit or loss. The Group does not hold such assets.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- 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 (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

For other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For Installments and due from customers, the Group has applied the standard's simplified approach and has calculated ECLs, The ECL allowance is based on the credit losses expected to arise over the life of the asset (the "lifetime expected credit loss" or "LTECL"), unless there has been no significant increase in credit risk ("SICR") since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL").

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each quarter, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Impairment (continued)

Non-derivative financial assets (continued)
Based on the above process, the Group classified its installment and due from customers into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: includes financial instruments that have not had a SICR since initial recognition or that have low credit risk at the reporting date. For these assets, 12mECL are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

- Stage 2: includes financial instruments that have had a SICR since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, LTECL are recognized, but interest revenue suspended of these assets. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. ECLs are the weighted average credit losses with the probability of default ('PD') as the weight.

- Stage 3: includes financial instruments that have objective evidence of impairment at the reporting date. This stage has obligors that already are impaired (defaulted) and consequently is classified in Stage 3

The calculation of ECLs
The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD) : The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- Exposure at Default (EAD):The EAD is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 6.2.4.

- Loss Given Default (LGD): The LGD is an estimate of the loss arising in the case where a default occurs at a given time.

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

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.

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

The Group classifies its financial assets in the following categories. The classification depends on the purpose for which the financial assets were acquired and their characteristics. Management determines the classification of its financial assets at initial recognition.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Impairment (continued)

Installments and dues from customers
Installments and dues from customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Islamic financing such as Ijarah and Morabaha are stated at their gross principal amount less any amount received, allowance for expected credit losses and unearned profit. Subsequent to initial measurement, installments and dues from customers are carried at amortized cost less allowance for expected credit losses.

Financial liabilities

Initial recognition and measurement
Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

The Group does not hold any financial liabilities at fair value through profit or loss

Islamic financing under wakalah arrangements
Financial instruments or their components issued by the Group, are classified as financial liabilities under 'Islamic Financing under Wakalah Arrangements', where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder. 'Islamic Financing under Wakalah Arrangements' are initially recognized at fair value net of transaction costs incurred. After initial measurement, Islamic Financing under Wakalah Arrangements are subsequently measured at amortized cost using the effective yield rate method.

De-recognition of financial assets and financial liabilities
Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when they are extinguished that is, when the obligation is discharged, cancelled or has expired. 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial liabilities (continued)

Inventories
Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing inventories to their present location and condition at purchase cost on a weighted average basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Investment Property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or use in the production or supply of goods and services or for administrative purposes. Investment properties are measured by applying the fair value model.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing cost.

Any gain or loss on disposal of any investment property (calculated as a difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.
When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Leasing
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land: 25 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Leasing (continued)

Group as a lessee (continued)

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term lease of machinery and equipment (i.e., those lease that have lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to lease of office equipment that are considered of low value (i.e., below QR 20,000 (€ 5000)). Lease payment on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Fair values
The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These include the use of recent arm’s length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

The fair value of an investment property is determined by independent real estate valuation experts with recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein parties had each acted knowledgeably.

Transfers are made to or from investment properties only when there is a change in use evidenced by the end of owner-occupation and commencement of an operating lease to another party or completion of construction or development. 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 and equipment up to the date of the change in use.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Intangible Assets

Driving School License
The cost incurred in acquiring a license to operate the driving school is recorded as intangible asset in the consolidated statement of financial position. The license has an indefinite useful life.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when this asset is recognized.

Software
The cost incurred for the development or acquisition of software is recorded as intangible asset in the consolidated statement of financial position. Subsequent costs are included in the asset carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the software will flow to the Group and the cost can be measured reliably.

For each module or component of a software project, amortization should start when the computer software is ready for its intended use and placed in service. The software is amortized using the straight line method over its estimated useful life. The estimated useful life might be changed subsequently considering the effects of obsolescence, technology, and other economic factors on useful life.

The software carrying amount is written down immediately if it's use is not expected to provide substantive service benefit to the Group.

Property and Equipment
Property and equipment are stated at historical cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset carrying amount or recognized as a separate asset, as appropriate, only when it is probable that
future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to write off the cost of property and equipment to their estimated residual values over their expected useful lives as follows:

	Years
Building	10 - 25
Office equipment	4-5
Furniture and fixtures	5
Heavy Equipment, trucks and motor vehicles	5-6

Land is not depreciated. An asset's carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than recoverable amount.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Property and Equipment (continued)
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. Repairs and maintenance are charged to the consolidated statement of income when the expenditure is incurred.

Capital work-in-progress represents renovation work and construction work which are carried at cost, less any recognized impairment loss. Cost includes professional fees and related construction costs. Upon the completion of the work, the balance of work-in-progress will be transferred to the relevant caption under property and equipment.

Accounts Payable and Accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer, if the customer pays consideration before the company transfers goods or services to the customer, a contract liability are recognised when payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Provisions
Provisions are recognized when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Employees' End of Service Benefits
The Group makes provision for end of service benefits payable to its expatriate employees on the basis of the employees' length of service in accordance with the employment policy of the Group and the applicable provisions of Qatar Labor Law number 14 of 2004. The expected costs of these benefits are accrued over the period of employment. The liability recognized in the statement of financial position represent employees' end of service indemnity.

Defined contribution plans
Also the Group provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the personnel cost under the general administration expenses in the consolidated statement of income. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized when they are due.

Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

Borrowing costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of financing and other costs that an entity incurs in connection with the borrowing of funds.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Earnings per share
The group basic diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary share outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Revenue Recognition
Construction contracts
When the outcome of individual contracts can be foreseen with reasonable certainty and can be measured reliably, margin is recognized by reference to the stage of completion, based on the percentage margin forecast at completion. The stage of completion is measured by the proportion of contracts costs incurred for work performed to date to the estimated total contract costs or the proportion of the value of work done to the total value of work under contract. Full provision is made for all known expected losses on individual contracts immediately once such losses are foreseen. Margin in respect of variations in contract work and claims is recognized if it is probable they will result in revenue.

The Group has determined that for engineering, procurement, installation and commissioning contracts, the customer controls all of the work in progress as the contracts being executed. This is because under those contracts, the final product is made to customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin.

Revenue is recognised over time based on the percentage of completion method. The related costs are recognised when they are incurred. Advances received are included in deferred revenue.

Leasing income
Income from Islamic Financing and investment contracts under Islamic Sharia'a principles are recognized in the consolidated statement of income using a method that is analogous to the effective 'yield' rate. Fees and Commissions are generally recognized when the related service has been provided.

Taxi and transportation revenue
Taxi income represents revenue generated from performing public taxi services in Qatar under the franchise agreement with Karwa (Mowasalat). Revenue is recognised over time as the services are provided. Generally, the taxi services are provided in frequent basis and are rendered within a single reporting period. Further, the taxi and transportation services comprise of only a single performance obligation. Taxi and transportation fees are billed and collected at the same time.

Driving school services revenue
Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognised is assessed based on the no of lessons attended. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.

Driving school services are generally provided upon collecting the full dues in advance.

Income from deposits
Profit from Term Deposits is recognized on a time proportion basis using the effective profit rate method.

Dividend income
Dividend income is recognized when the right to receive payment is established.

3. BALANCES WITH FINANCIAL INSTITUTIONS AND CASH

	2019 QR	2018 QR
Cash on hand	172,057	214,222
Current accounts with Islamic Banks	38,688,167	12,310,258
Current accounts with a conventional Bank	5,594,769	5,417,578
Term deposits with Islamic Banks	360,000,000	530,000,000
Deposits with financial institutions	-	31,564,213
	404,454,993	579,506,271
Allowance for expected credit losses	(163,971)	(220,075)
Balances with financial institutions and cash	404,291,022	579,286,196

Bank term deposits carry profit at commercial market rates. The Group has pledged QR 50,890,341 and QR 17,038,000 of the term deposit to fulfill collateral requirements of Islamic financing and Letter of guarantees.

Movements in the allowance for expected credit losses are as follows:

	2019 QR	2018 QR
At 1 January	220,075	239,664
Reversal of allowance during the year (Note 22)	(56,104)	(19,589)
Balance at 31 December	163,971	220,075

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

	2019 QR	2018 QR
Balances with financial institutions and cash prior to the expected credit losses	404,454,993	579,506,271
Term deposits maturing after 3 months	(320,000,000)	(380,000,000)
Cash and cash equivalents	84,454,993	199,506,271

4. INSTALLMENTS AND DUES FROM CUSTOMERS

			2019	2018
			QR	QR
Gross installments due from leasing			83,353,235	101,635,439
	2019	2018		
Morabaha	77,230,008	94,604,763		
Ijarah	6,123,227	7,030,676		
Less: Deferred profits of future installments			(3,097,723)	(4,006,459)
	2019	2018		
Morabaha	(2,157,174)	(2,586,460)		
Ijarah	(940,549)	(1,419,999)		
Installments Due from Leasing			80,255,512	97,628,980
Other trade receivables			8,588,486	3,713,596
Gross Installments and Dues from Customers			88,843,998	101,342,576
Allowance for expected credit losses for installments due from leasing and other trade receivables			(56,081,032)	(56,726,507)
Installments and Dues from Customers			32,762,966	44,616,069
Maturity profile of installments and dues from customers (net of deferred profits)				
Not later than 1 year			20,493,959	24,960,254
Later than 1 year and not later than 5 years			11,915,287	18,641,768
Later than 5 years			353,720	1,014,047
			32,762,966	44,616,069

Movement in allowance of expected credit losses for receivable	2019	2018
	QR	QR
Balance at 1 January	56,726,507	51,622,469
Impact of initial application of IFRS 9	-	3,554,110
As at 1 January (adjusted)	56,726,507	55,176,579
Provided during the year (Note 22)	183,189	1,549,928
Reversals during the year (Note 22)	(828,664)	-
Balance at 31 December	56,081,032	56,726,507

5. INVESTMENT SECURITIES

	2019	2018
	QR	QR
Financial assets measured at FVTPL (Note i)	164,048,002	161,347,708

(i) all investment securities are Quoted equity investments that have been valued using Level 1 measurement techniques as per IFRS 7.

5. INVESTMENT SECURITIES (CONTINUED)

Concentration of investment portfolio

Concentration of investment portfolio arises when a number of investments are made in entities engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would be affected by changes in economic, political or other conditions. The Group manages this risk through diversification of investments in terms of industry and geographical concentration. The industry and geographical concentration of the investment portfolio is as follows:

Listed shares located in State of Qatar

	2019	2018
	QR	QR
Consumer goods and services	131,140,584	125,100,996
Telecommunication	2,407,418	3,241,712
Other industries	30,500,000	33,005,000
	164,048,002	161,347,708

6. INVENTORIES

	2019	2018
	QR	QR
Vehicles	2,979,073	11,115,107
Spare parts and consumables	5,121,127	4,981,979
Gross inventories	8,100,200	16,097,086
Provision for slow moving inventories	(6,756,066)	(3,628,166)
	1,344,134	12,468,920

Movement in provision for slow moving inventories	2019	2018
	QR	QR
Balance at 1 January	3,628,166	1,921,348
Addition during the year (Note 21, 22)	3,127,900	1,706,818
Balance at 31 December	6,756,066	3,628,166

7. PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
	QR	QR
Advance payments to suppliers	9,810,515	18,760,721
Prepayments and other receivables	20,162,147	4,291,162
Profits accrued on bank deposits	5,005,221	6,787,902
Security deposit	200,580	204,650
	35,178,463	30,044,435
Allowance for expected credit losses of other receivables	(270,000)	-
	34,908,463	30,044,435

7. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Movement in allowance of expected credit losses for other receivables	2019	2018
	QR	QR
Balance at 1 January	-	-
Provision during the year (Note 22)	270,000	-
Balance at 31 December	270,000	-

8. LEASES

a) Group as a lessee

The Group has lease contracts for lands used in its operations. Leases of lands generally have lease terms of 25 years.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

Right-of-use asset

	31 December 2019
	QR
At 1 January	712,303
Depreciation (Note 22)	(56,608)
	655,695

Lease liability

	31 December 2019
	QR
At 1 January	881,603
Finance costs for the period	46,196
Payment during the period	(100,000)
	827,799

b) Group as a lessor

The Group has entered into operating leases on its investment properties. These leases have remaining terms of 2 -3 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2019 QR	2018 QR
Less than one year	5,125,800	4,680,000
Between one and three years	2,551,050	6,630,000
	7,676,850	11,310,000

9. INTANGIBLE ASSET

	Driving School License	Software	Total
	QR	QR	QR
Cost:			
At 1 January 2019	8,000,000	5,046,185	13,046,185
Additions	-	414,000	414,000
At 31 December 2019	8,000,000	5,460,185	13,460,185
At 1 January 2018	8,000,000	4,944,335	12,944,335
Additions	-	114,000	114,000
Written off	-	(12,150)	(12,150)
At 31 December 2018	8,000,000	5,046,185	13,046,185
Amortization:			
At 1 January 2019	-	4,590,185	4,590,185
Charge for the year	-	233,120	233,120
At 31 December 2019	-	4,823,305	4,823,305
At 1 January 2018	-	4,595,092	4,595,092
Charge for the year	-	7,243	7,243
Relating to write off	-	(12,150)	(12,150)
At 31 December 2018	-	4,590,185	4,590,185
Net carrying amounts:			
31 December 2019	8,000,000	636,880	8,636,880
31 December 2018	8,000,000	456,000	8,456,000

	2019	2018
	QR	QR
Amortization attributable to General and Administration (Note 22)	-	7,243
Direct costs forming part of Operating expenses – Driving Academy Operations (Note 21)	233,120	-
	233,120	7,243

On 2 September 2013, the Group purchased a license to operate a driving school assigned with a local company ("transferee"). The license was purchased as a part of a transfer of the ownership of the local company to the Group.

At the date of transfer of ownership of the local company, the only asset held by the transferee was the license to operate a driving school amounting to QR 8 Million. The license granted to the Group has an indefinite useful life.

10. INVESTMENT PROPERTY

a) Reconciliation of carrying value

The Group's investment properties consist of commercial buildings which are constructed on the lands obtained under operating lease from the State of Qatar.

	2019	2018
	QR	QR
At 1 January	106,277,617	106,277,617
Valuation loss	(2,986,559)	-
Balance at 31 December	103,291,058	106,277,617

b) Measurement of fair values

The investment property includes a property leased out under an operating lease agreement to third parties. The fair value of the Group's investment properties at 31 December 2019 has been arrived at on the basis of a valuation carried out at that date by an independent valuer not related to the Group. The valuations were prepared by certified valuers, specialized in the valuation of real estate and similar activities. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties and discounted cash flows coupled with market and other evidence. In estimating the fair value of the properties, the lowest and best use of the properties is their current use.

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

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring fair value of investment property, as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs
Market comparable approach Under the market comparable approach, a property's fair value is estimated based on the comparable transactions. The market comparable approach is based upon the principle of substitution, under which a potential buyer will not pay more for a property than the amount to buy a comparable substitute property. Management assumes that the operating lease agreements relating to acquisition of the land on which the buildings of those properties were constructed from the State of Qatar, which have expiration dates, will be renewed in perpetuity. Consequently, it is not expected that the fair values of these properties will decline as these lease agreements approach their expiry dates.	The comparable method of valuation comprises; - The identification of the transacted evidence for the same or similar type of property within the nearby vicinity: - Comparative analysis of the listed properties in the market; - Discussions with the active real estate agents within the locality.

The following amounts in relation to the investment property have been recognised in profit or loss:

	2019	2018
	QR	QR
Rental income (Note 18)	4,910,550	2,580,000
Direct operating expenses that generate rental income	339,313	136,500
Direct operating expenses that did not generate rental income	129,394	39,813

11. PROPERTY AND EQUIPMENT

	Land QR	Building QR	Office Equipment QR	Furniture and Fixtures QR	Heavy Equipment, Trucks and Motor Vehicles QR	Work in Progress QR	Total QR
Cost:							
At 1 January 2018	29,991,000	29,406,687	6,894,695	8,966,146	115,842,099	52,366,129	243,466,756
Additions	-	-	455,820	727,857	15,011,437	29,379,656	45,574,770
Transfers to inventory	-	-	-	-	(22,173,332)	-	(22,173,332)
Disposal	-	(1,249,255)	(295,825)	(242,150)	(43,966,208)	-	(45,753,438)
Reclassification	-	79,550,284	-	-	-	(79,550,284)	-
At 31 December 2018	29,991,000	107,707,716	7,054,690	9,451,853	64,713,996	2,195,501	221,114,756
Additions	-	4,613,901	1,740,169	107,237	814,782	-	7,276,089
Disposal	-	-	-	-	(1,843,100)	-	(1,843,100)
Reclassification	-	1,103,500	900,000	-	-	(2,003,500)	-
Write off	-	-	(8,295)	(500)	(75,153)	-	(83,948)
At 31 December 2019	29,991,000	113,425,117	9,686,564	9,558,590	63,610,525	192,001	226,463,797
Accumulated Depreciation:							
At 1 January 2018	-	19,058,771	6,145,765	8,734,255	49,017,945	-	82,956,736
Charge for the year	-	4,215,839	430,846	137,007	14,291,008	-	19,074,700
Transfers to inventory	-	-	-	-	(7,617,695)	-	(7,617,695)
Related to Disposal	-	(1,249,255)	(292,350)	(235,434)	(34,591,329)	-	(36,368,368)
At 31 December 2018	-	22,025,355	6,284,261	8,635,828	21,099,929	-	58,045,373
Charge for the year	-	6,288,522	776,438	266,666	9,486,212	-	16,817,838
Related to Disposal	-	-	-	-	(1,794,144)	-	(1,794,144)
Related to write off	-	-	(8,295)	(500)	-	-	(8,795)
At 31 December 2019	-	28,313,877	7,052,404	8,901,994	28,791,997	-	73,060,272
31 December 2019	29,991,000	85,111,240	2,634,160	656,596	34,818,528	192,001	153,403,525
31 December 2018	29,991,000	85,682,361	770,429	816,025	43,614,067	2,195,501	163,069,383

11. PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation charge for the year has been allocated in the consolidated statement of income on the following basis:

	2019	2018
	QR	QR
Depreciation attributable to General and Administration (Note 22)	3,294,802	2,993,357
Direct costs forming part of Operating expenses – Transportation and Taxi division (Note 21)	13,523,036	16,081,343
	16,817,838	19,074,700

12. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	2019	2018
	QR	QR
Accounts payable and advances from customers	44,862,193	47,641,266
Unclaimed dividends	12,654,166	12,471,583
Provision for employees' end of service benefits (a)	4,207,943	3,390,037
Provision for social contribution (b)	605,552	178,510
Accrued expenses	16,408,290	99,956,148
	78,738,144	163,637,544

Notes:
(a) Provision for employees' end of service benefits

	2019	2018
	QR	QR
At 1 January	3,390,037	3,329,810
Charge for the year	996,129	619,527
Payments during the year	(178,223)	(559,300)
	4,207,943	3,390,037

(b) Contribution to Social and Sports Development Fund

Pursuant to Law No. 13 of 2008 and further clarification of the law issued in 2010, the Group made an appropriation of QR 605,552 for the year 2019 (QR 178,510 for the year 2018) to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the year ended 31 December 2019.

13. ISLAMIC FINANCING UNDER WAKALAH ARRANGEMENTS

During 2016, the Group has obtained Islamic financing facility under Wakalah arrangement to fund construction and development of taxi complex, driving school and warehouses. The facility is secured by term deposits and it is a revolving facility renewed annually. The facility carries financing charges at market rates.

	2019	2018
	QR	QR
At 1 January	76,423,363	101,909,351
Paid	(25,533,022)	(25,485,988)
	50,890,341	76,423,363

14. CONTRACT LIABILITIES

	2019	2018
	QR	QR
Contract Liability from property development (Note (i))	58,300,742	150,880,049
Contract Liability related to driving academy	1,318,881	-
	59,619,623	150,880,049

(i) During 2010, the Group entered into an arrangement with Qatari Diar Real Estate Co., for undertaking the infrastructure development of the plot areas in the North and West Water Front of Lusail area. This amount will be recognized in the consolidated statement of income based on the percentage of completion of the infrastructure development.

15. SHARE CAPITAL

	2019	2018
	QR	QR
Authorized, Issued and Fully paid-up		
494,802,000 ordinary shares of QR 1 each (Note i)	494,802,000	-
49,480,200 ordinary shares of QR 10	-	494,802,000

Note (i)
On 18 February 2019, the shareholders of the Group approved in the Extraordinary General Meeting the par value of the ordinary share to be amended from QR 10 per share to of QR 1 per share, as per the instructions of Qatar Financial Markets Authority, and amendment of the related Articles of Association. On 11th June 2019 Qatar stock exchange announced that the stock split of the Group has been executed and the total number of shares has increased.

16. LEGAL RESERVE

In accordance with the Qatar Commercial Companies' Law No.11 of 2015, QR 321,621,300 received in excess of the nominal amount of the share issued during the year 2012 has been credited to the Legal reserve. The legal reserve is not available for distribution except in circumstances specified in the said Law. The Group has not appropriated any amount to legal reserve during the year as the reserve had already exceeded 50% of the Group's share capital.

17. DIVIDENDS PAID AND PROPOSED

During 2019, the Group paid a dividend of QR 0.05 per share amounting to QR 24,740,100 in respect of 2018 results. (2018: QR 0.50 per share amounting to QR 24,740,100 in respect of 2017 results).

The Board of Directors has proposed a cash dividend at 5% for the year ended 31 December 2019. The proposed dividends for the year ended 31 December 2019 will be submitted for approval at the Annual General Assembly meeting.

18. REVENUES FROM CORE BUSINESS

			2019	2018
			QR	QR
Revenue from leasing operations (Note i)				
	2019	2018	1,010,937	2,726,362
Morabaha	619,593	1,814,079		
Ijarah	391,344	912,283		
Type of goods or services				
Revenue from taxi operations			41,744,837	58,316,479
Revenue from plots resale			848,188	826,788
Revenue from real estate property development			92,579,307	75,593,226
Revenue from warehouse rental (Note 10)			4,910,550	2,580,000
Revenue from driving academy operations			5,872,080	251,100
			146,965,899	140,293,955

Note (i)
During 2019, The Group received a letter from Qatar Central Bank (QCB) requesting to cease the leasing and Islamic finance operations of the group. The letter emphasized that the Group has to fully comply with Qatar Central Bank law and the Regulation of Financial Institutions no. 13 of 2012. The management of the Group is in the process of preparing the relevant documents and updating its systems in order to register the leasing segment under QCB and accordingly the operation of leasing and Islamic finance was temporarily ceased until the matter is regularized with the Qatar Central Bank.

	2019	2018
	QR	QR
Timing of revenue recognition		
Products and services transferred over time	98,451,387	75,844,326
Products transferred at a point in time	42,593,025	59,143,267
Leasing income	1,010,937	2,726,362
Straight line over lease period	4,910,550	2,580,000
	146,965,899	140,293,955

All revenue sources are earned inside the State of Qatar.

18. REVENUES FROM CORE BUSINESS (CONTINUED)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	2019 QR	2018 QR
Within one year	59,619,623	150,880,049
More than one year	-	-
	59,619,623	150,880,049

19. INCOME FROM INVESTMENTS

	2019 QR	2018 QR
Dividend income	8,788,623	11,471,001
Gain on fair value of investment securities at FVPL	1,041,040	15,996,487
Other income from financial assets	1,820	148,041
	9,831,483	27,615,529

20. OTHER INCOME

	2019 QR	2018 QR
Proceeds from legal case (Note i)	17,893,825	-
Income from vehicles repairs workshop	1,384,529	525,625
Reversal of Board of Directors provision	1,170,000	-
Back charges accepted by contractor	600,000	-
Gain on sale of property and equipment	216,799	-
Others	828,243	191,002
	22,093,396	716,627

(i) During 2018, the Court of Civil Cassation issued its final decree in the lawsuit raised by the Group against Local Company, the Court final decree forced the Defendant to pay back QR 17,893,825 to the Group in addition to legal expenses. The Group has received the amount in full subsequent to the date of the financial statements.

21. OPERATING EXPENSES

	2019	2018
	QR	QR
Property development cost	72,334,617	56,825,972
Cost of taxi operations	34,680,694	60,192,886
Depreciation and amortization (Notes 9 and 11)	13,756,156	16,081,343
Cost of driving academy operations	3,522,875	647,269
Provision for slow moving inventories (Note 6)	3,127,900	1,516,741
Loss on sale of vehicle inventory	2,054,340	-
Property expenses arising from investment property that generate rental income.	339,313	136,500
Property expenses arising from investment property that did not generate rental income.	129,394	39,813
Loss on Sale/Retirement of Assets	-	5,016,220
	129,945,289	140,456,744

22. GENERAL AND ADMINISTRATION EXPENSES

	2019	2018
	QR	QR
Staff costs	17,856,579	15,986,970
Depreciation and amortization (Notes 8, 9, 11)	3,351,410	3,000,600
Professional and Legal Fees	2,283,555	3,860,616
Software & Licenses	1,584,775	1,899,549
General Meeting, Telephone and Consumable Expenses	1,533,974	1,542,383
Business promotion	1,343,700	1,421,900
Repairs & Maintenance Expenses	1,184,320	1,427,025
Discounts on settlement of dues	1,202,727	1,047,812
Impairment of advances to suppliers (Note i)	877,000	450,760
Advertising Expenses	788,747	596,444
Security Expenses	758,598	161,398
Insurance	430,954	435,726
Licensing & Listing	520,565	574,474
Bank charges & Commissions	200,703	110,396
Rent Expenses	193,395	275,500
Postage Printing and Stationery	167,274	116,966
Travel Expenses	158,966	441,669
Donation and Charity	25,900	386,649
Net Reversal of / Provision for expected credit losses (Notes 3,4 and 7)	(431,579)	1,521,562
Provision for slow moving inventory (Note 6)	-	190,077
Loss on Sale/Retirement of Assets	-	131,024
Miscellaneous expenses	774,837	1,748,455
	34,806,400	37,327,955

(i) Impairment to advances to suppliers represent provision made against advances to suppliers balances that management believes there is a significant doubt on recoverability of these balances.

22.(a) EXPENSES BY NATURE

	2019	2018
	QR	QR
Cost of Infrastructure	72,334,617	56,825,972
Staff Costs	39,161,617	40,865,087
Depreciation & Amortization (Notes 8,9 and 11)	17,107,566	19,081,943
Fuel	9,341,983	14,587,097
Vehicle Repairs & Maintenance	3,398,786	3,893,104
Provision for slow moving inventories (Note 6)	3,127,900	1,706,818
Professional and Legal Fees	2,283,555	3,860,616
Loss on Sale of Vehicle Inventory	2,054,340	-
Insurance Expenses	2,028,568	2,406,800
Business promotion	1,343,700	1,421,900
General Meeting, Telephone and Consumable Expenses	1,767,974	1,678,883
Franchise Fees	1,586,858	9,687,901
Software & Licenses	1,584,775	1,899,549
Repairs & Maintenance Expenses	1,289,633	1,092,406
Discounts on settlement of dues	1,202,727	1,047,812
Impairment of advances to suppliers	877,000	450,760
Advertising Expenses	788,747	596,444
Security Expenses	758,598	161,398
Licensing & Listing	520,565	574,474
Rent & Accommodation Expenses	403,325	4,360,137
Vehicle Licenses	347,108	452,534
Bank charges & Commissions	298,276	153,643
Taxi Management Fees	288,336	942,340
Postage Printing and Stationery	167,274	116,966
Other Operating Expenses	159,737	-
Travel Expenses	158,966	444,484
Donation and Charity	25,900	386,649
Net Reversal of / Provision for expected credit losses (Notes 3,4 and 7)	(431,579)	1,549,928
Call Center Booking Fees	-	622,214
Loss on Sale/Retirement of Property and Equipment	-	5,147,244
Penalties & Fines	-	47,479
Miscellaneous expenses	774,837	1,722,117
	164,751,689	177,784,699

23. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the Group and companies in which they are major owners. Pricing policies and terms of these transactions are approved by the Group's management.

Key management personnel remuneration

	2019	2018
	QR	QR
Key management personnel remuneration	3,895,489	4,573,169

24. BASIC AND DILUTED EARNINGS PER SHARE

	2019	2018
Profit for the year (QR)	24,222,085	7,140,418
Weighted average number of shares (Note (i))	494,802,000	494,802,000
Basic and Diluted Earnings per share (QR)	0.049	0.014

There were no potentially diluted shares outstanding at any time during the year, therefore, the diluted earnings per share is equal to the basic earnings per share.

The weighted average numbers of shares have been calculated as follows:

	2019	2018
Qualifying shares at the beginning of the year	494,802,000	494,802,000
Balance at end of the year	494,802,000	494,802,000

Note (i)

On 18 February 2019, the shareholders of the Group and the Extraordinary General Meeting approved the par value of the ordinary share to be amended from QR 10 per share to of QR 1 per share, as per the instructions of Qatar Financial Markets Authority, and amendment of the related Articles of Association. Accordingly, the total number of shares has been increased from 49,480,200 to 494,802,000 ordinary shares. Consequently, Earning per share for comparative period has been restated to reflect this.

25. SEGMENT REPORTING

Based on the nature of core activities of the business, the Group is segmented into five major operating segments. The major operating segments are given below with their respective revenue and analysis of Assets and Liabilities:

- Financial Leasing
- Transportation
- Property Development
- Driving School
- Taxi Services (including Limousine)

The Group operates geographically in only one segment, being in the state of-Qatar.

25. SEGMENT REPORTING (CONTINUED)

The following table presents segment revenues and profits of the Group's operating segments as at 31 December 2019 and 31 December 2018:

2019	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Revenues and Gains:								
External Parties	1,322,589	-	99,062,548	5,885,969	43,452,571	29,167,101	-	178,890,778
Internal Parties	-	-	4,188,000		199,511		(4,387,511)	-
Total Revenues and Gains	1,322,589	-	103,250,548	5,885,969	43,652,082	29,167,101	(4,387,511)	178,890,778
Profit (Loss) for the year	(1,026,511)	-	19,516,966	(2,211,087)	(13,113,345)	21,056,062	-	24,222,085
Finance Income	37,605	-	4,391,726	9,246	1,546,707	9,626,673	-	15,611,957
Finance Cost	-	-	(2,496,206)	-	-	(46,196)	-	(2,542,402)
Depreciation and amortization	5,206	-	6,291,815	1,291,940	9,225,605	293,000	-	17,107,566

2018	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Revenues and Gains:								
External Parties	4,403,921	-	80,696,781	251,500	60,560,962	22,712,947	-	168,626,111
Internal Parties	-	-	-	-	220,753	-	(220,753)	-
Total Revenues and Gains	4,403,921	-	80,696,781	251,500	60,781,715	22,712,947	(220,753)	168,626,111
Profit (Loss) for the year	(4,797,984)	-	16,604,322	(2,167,854)	(24,018,355)	21,520,289	-	7,140,418
Finance Income	763,022	-	3,971,614	-	1,443,598	12,007,536	-	18,185,770
Finance Cost	-	-	(1,886,764)	-	-	-	-	(1,886,764)
Depreciation and amortization	(4,100)	-	(3,801,981)	(79,334)	(14,957,540)	(238,988)	-	(19,081,943)

25. SEGMENT REPORTING (CONTINUED)

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2019 and 31 December 2018:

As of 31 December 2019	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Current Asset	302,258,004	19,083,801	191,693,267	2,768,067	34,654,627	493,202,351	(418,775,117)	624,885,000
Non-Current Assets	8,556,923	183,680	219,179,164	13,631,288	35,669,503	1,236,187	-	278,456,745
Total Assets	310,814,927	19,267,481	410,872,431	16,399,355	70,324,130	494,438,538	(418,775,117)	903,341,745
Current Liabilities	(7,033,483)	(81,510)	(67,106,556)	(20,190,629)	(316,738,615)	(115,831,824)	372,575,117	(154,407,500)
Non-Current Liabilities	(126,269)	-	(30,760,126)	(93,129)	(678,314)	(4,010,569)	-	(35,668,407)
Total Liabilities	(7,159,752)	(81,510)	(97,866,682)	(20,283,758)	(317,416,929)	(119,842,393)	372,575,117	(190,075,907)

As of 31 December 2018	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Current Asset	292,052,249	19,272,800	345,502,180	382,220	72,045,302	620,569,128	(541,921,017)	807,902,862
Non-Current Assets	19,669,565	183,680	222,658,945	14,009,012	40,531,927	610,337	-	297,663,466
Total Assets	311,721,814	19,456,480	568,161,125	14,391,232	112,577,229	621,179,465	(541,921,017)	1,105,566,328
Current Liabilities	(6,966,670)	(270,510)	(237,685,763)	(16,033,541)	(345,976,859)	(239,413,206)	495,721,017	(350,625,532)
Non-Current Liabilities	(73,459)	-	(36,986,579)	(31,008)	(579,823)	(2,644,555)	-	(40,315,424)
Total Liabilities	(7,040,129)	(270,510)	(274,672,342)	(16,064,549)	(346,556,682)	(242,057,761)	495,721,017	(390,940,956)

During 2017, the Board of Directors decided to hold the operations of Transportation division of the Group, which was primarily focusing on industrial equipment transportation. However, the Board of Directors are currently reassessing the strategy on equipment transportation business and accordingly no operations took place from that period.

26. CONTINGENT LIABILITIES & COMMITMENTS

	2019	2018
	QR	QR
Letter of guarantees from Islamic banks	17,088,000	17,038,000
Capital commitments	48,825,842	188,421,605

27. CURRENT AND NON-CURRENT ANALYSIS OF ASSETS AND LIABILITIES

2019	Non-current	Current	Total
	QR	QR	QR
ASSETS			
Balances with financial institutions and cash	-	404,291,022	404,291,022
Installments and dues from customers	12,269,007	20,493,959	32,762,966
Investment securities	-	164,048,002	164,048,002
Inventories	-	1,344,134	1,344,134
Prepayments and other receivables	200,580	34,707,883	34,908,463
Property and equipment	153,403,525	-	153,403,525
Investment property	103,291,058	-	103,291,058
Intangible asset	8,636,880	-	8,636,880
Right-Of-Use Asset	655,695	-	655,695
Total Assets	278,456,745	624,885,000	903,341,745
LIABILITIES			
Accounts payables, accruals and other payables	34,859,153	43,878,991	78,738,144
Islamic financing under wakalah arrangements	-	50,890,341	50,890,341
Contract Liabilities	-	59,619,623	59,619,623
Lease Liability	809,254	18,545	827,799
Total Liabilities	35,668,407	154,407,500	190,075,907

2018	Non-current	Current	Total
	QR	QR	QR
ASSETS			
Balances with financial institutions and cash	-	579,286,196	579,286,196
Installments and dues from customers	19,655,816	24,960,253	44,616,069
Investment securities	-	161,347,708	161,347,708
Inventories	-	12,468,920	12,468,920
Prepayments and other receivables	204,650	29,839,785	30,044,435
Intangible asset	8,456,000	-	8,456,000
Investment property	106,277,617	-	106,277,617
Property and equipment	163,069,383	-	163,069,383
Total Assets	297,663,466	807,902,862	1,105,566,328
LIABILITIES			
Accounts payables, accruals and other payables	40,315,424	123,322,120	163,637,544
Islamic financing under wakalah arrangements	-	76,423,363	76,423,363
Contract Liabilities	-	150,880,049	150,880,049
Total Liabilities	40,315,424	350,625,532	390,940,956

28. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to routine financial risks, including the effects of defaults by customers, profit rates and liquidity. The Group seeks to minimize potential adverse effects on the financial performance of the Group by taking appropriate steps to address specific risk management areas, such as profit rate risk, credit risk and liquidity management. There is no foreign currency risk as all balances are in QR.

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 limited to the carrying amount of its financial assets which consist primarily of bank balances and financing facilities to customers. Credit risk on bank balance is limited to as deposits are placed with banks with high credit ratings assigned by international credit-rating agencies. Credit risk due from customers is limited by obtaining collaterals and mortgage on leasing facilities.

	2019	2018
	QR	QR
Balances with financial institutions	404,282,936	579,292,049
Installments and dues from customers	32,762,966	44,616,069
Security deposit	200,580	204,650
	437,246,482	624,112,768

	As at 31 December 2019			
	Gross carrying amount	Expected credit losses	Net carrying amount	
	QR	QR	QR	Loss rate
Current – 30 days past due	15,935,617	(256,367)	15,679,250	1.61%
30 – 60 days past due	280,659	(411)	280,248	0.15%
61 – 90 days past due	763,078	(132,998)	630,080	17.43%
91 – 180 days past due	761,506	(180,979)	580,527	23.77%
181 – 360 days past due	1,884,082	(506,996)	1,377,086	26.91%
More than 360 days past due	69,219,056	(55,003,281)	14,215,775	79.46%
Total	88,843,998	(56,081,032)	32,762,966	63.12%

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of the developments in the local markets. The Group is subject to equity price risk in relation to its investments that valued through profit and loss. The Group evaluates the current market and other factors including normal volatility in share price for quoted equities in order to manage its risk.

	Change in equity price	2019	2018
		QR	QR
Qatar Exchange	+/-10%	16,404,800	16,134,771

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity requirements are monitored on a periodic basis and the management ensures that sufficient funds are available to meet any future commitments. The Group also ensures liquidity by diversifying the Group's funding sources and entering into financial arrangements with reputable banks and financial institutions.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)
The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to pay or expect to receive.

Financial liabilities At 31 December 2019	Less than 1 year	1-5 years	Total
	QR	QR	QR
Accounts payable and accruals	43,878,991	34,859,153	78,738,144
Islamic financing under wakalah arrangements	51,102,555	-	51,102,555
	94,981,546	34,859,153	129,840,699

Financial liabilities At 31 December 2018	Less than 1 year	1-5 Years	Total
	QR	QR	QR
Accounts payable and accruals	123,322,120	40,315,424	163,637,544
Islamic financing under wakalah arrangements	78,716,064	-	78,716,064
	202,038,184	40,315,424	242,353,608

Profit Rate Risk
The Group's financing arrangements are solely through Islamic arrangements. Management of the Group believes that these financing arrangements are not sensitive to a change in market profit rates as they are fixed based on the rate applicable at the date of lending.

Capital Management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year-end 31 December 2019 and 31 December 2018. Capital comprises share capital and accumulated losses of QR 494.8 Million and QR 168.8 Million, respectively (2018: QR 494.8 Million and QR 192.1 Million, respectively).

29. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents, installments and dues from customers and financial assets at FVTPL and certain other receivables. Financial liabilities consist of Islamic financing under wakalah arrangements, accounts payable, amounts due on construction contracts and certain other accruals.

Management believes that the fair values of financial assets and liabilities are not materially different from their carrying values.

30. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets at amortised cost

	2019	2018
	QR	QR
Installments and due from customers	32,762,966	44,616,069
Balances with financial institutions	404,282,936	579,292,049
Security deposit	200,580	204,650
	437,246,482	624,112,768

Other financial liabilities at amortized cost

	2019	2018
	QR	QR
Trade and other payables	44,862,193	47,641,266
Islamic financing under wakalah arrangements	50,890,341	76,423,363
Unclaimed dividend	12,654,166	12,471,583
	108,406,700	136,536,212

Financial Assets at Fair Value Through Profit or Loss

	2019	2018
	QR	QR
Investment Securities at Fair Value Through Profit or Loss	164,048,002	161,347,708

31. COMPARATIVE INFORMATION

At the Annual General Assembly meeting held on 18 February 2019, the shareholders approved a resolution to transfer all the dividends paid out for the years ended 31 December 2015, 2016 and 2017 to be transferred out of the legal reserve instead from the previously reported retained earnings. Accordingly, the Group had transferred the respective dividends paid out of previously reported retained earnings. The reclassification adjustments were made pursuant to the shareholders resolution and have not resulted in any changes to previously reported net profit or equity.

The management reclassified certain prior year numbers to conform to current year presentation. Such reclassification did not affect previously reported total equity or profit for the year.