الإجارة

ALIJARAH HOLDING

ANNUAL REPORT

2022

ANNUAL REPORT

2022

We are indebted to:

His Highness

Sheikh Tamim Bin Hamad Al Thani

The Emir of Qatar

We are indebted to:

His Highness

Emir Hamad Bin Khalifa Al Thani

The Father Emir

Content

Independent auditor’s report	22
Consolidated statement of financial position	28
Consolidated statement of profit or loss	30
Consolidated statement of other comprehensive income	31
Consolidated statement of changes in equity	32
Consolidated statement of cash flows	33
Notes to the consolidated financial statements	35

BOARD OF DIRECTORS

Sheikh Falah Bin Jassim Bin Jabr Al-Thani
Chairman

Mr. Salem Bin Butti Al-Nuaimi
Deputy Chairman

Sheikh Abdulla Bin Ahmed Bin Abdulla Al-Thani
Member

Sheikh Rashid Bin Abdul Rahman Bin Jab Al-Thani
Member

Mr. Mohammed Abdulla Ahmed Al-Hashimi
Member

Mr. Hamad Hassan Al-jamali

Chief Executive Officer

WE GRATEFULLY ACKNOWLEDGE

Alijarah Holding progressing thanks, appreciation and gratitude to both:

Our Bankers

Masraf Al Rayan.

Qatar International Islamic Bank.

Qatar Islamic Bank.

Our External Auditors

RPME Limited

About us

National Leasing Holding Company was established as a Qatari public shareholding company in accordance with Law No. (35) for 2003 issued on 21st April by the Ministry of Economy and Commerce. The Company is registered under the commercial registration No. 26487 and subject to Qatari Commercial Companies Law No. (11) for 2015. (as amended by law No. 8 of 2021) The company's shares are listed on the Qatar Stock Exchange.

Its issued and fully paid capital is of 494,802,000 Qatari riyals comprising of 494,802,000 fully paid shares.

Vision

Alijarah Holding Company to become the leading company in Qatar in the field of leasing and investment in accordance with the principles of Islamic Sharia, by building a portfolio of diversified investments with low risks and lucrative returns in corporate, real estate investment, and securities sectors.

Mission

To apply a business model based on selecting promising opportunities that are compatible with the provisions of Islamic Sharia which generate returns that exceed the cost of the capital invested with the lowest expected risks, in line with local and global market conditions, and ensure shareholder benefit is maximized.

Principles

- Commitment: Commitment to the principles of Islamic Sharia, laws and provisions of the regulatory authorities, and the maximization of shareholder benefit.
- Client satisfaction: Providing best practices in the field of customer service to ensure the greatest satisfaction of customers.
- Quality: Quality in selecting investments and serving our dear clients through our subsidiaries.
- Transparency: Demonstrate maximum transparency in its dealings with related parties.
- Teamwork: Encouraging employees to practice teamwork skills serving clients.
- Continuous development: continuously evaluating investment portfolios and other activities to add up value.

Main activities

Corporate sector **Real estate sector** **Investment sector**

Alijarah Holding

We aspire to be a leading company in the field of leasing services, whether in the State of Qatar or regionally. We look forward to consolidating our position as a leading company and a key player in the field of material transportation, property development and limousine services.

Financial performance

To be among the best companies listed on Qatar Stock Exchange in terms of earnings per share and annual growth rate in assets and profits.

Clients

To be the preferred partner for clients with full focus on providing outstanding services.

Social responsibility

To be the preferred company to work for. To be the distinguished national company that adheres to its social role keening on credibility and contributes effectively to the development of the society in which it operates. To be a partner in nation-building.

Fair competition

To be described as a company that anticipates possible future changes in customer requirements and the labor market and to always work on developing its business methods.

OUR GOVERNING POLICY

Our Code of Business Conduct

The code of Business Conduct, approved by the Board of Directors, outlines expected behaviors for all employees. We shall conduct our business fairly, impartially, in an ethical and proper manner and in full compliance with all applicable Qatari Laws and Regulations. In conducting our business, integrity must underlie all Alijarah Holding relationships, including those with customers, suppliers, communities and among employees.

The highest standards of ethical business conduct are required of our employees in the performance of their Alijarah Holding responsibilities. Employees shall not engage in conduct or activity that may raise questions as to the Alijarah Holding's honesty.

Our Code of Ethics

1. Employees of Alijarah Holding are expected to know and comply with company policies and procedures.
2. Management and Employees of the company shall foster a culture that only legal, proper and ethical behavior takes place. Employees are required to conduct the highest standards of ethical business in their performance of their duties.
3. Employees are encouraged to address questions or concerns with ethics with their superiors and management. Retaliation against any employee who reports unethical behavior or conduct by other employees shall not be tolerated and may result in termination of employment.
4. New employees recruited in the company shall receive an ethics orientation. Ethics and business conduct guidelines shall be available to all employees and the general public.
5. Senior Management shall review investigations in a timely manner. Where necessary they shall communicate investigation results and corrective action to all employees and to the employee who reported concerns.
6. Managers and Supervisors shall create a work environment that encourages open communication and disclosure regarding ethics, business conduct and other concerns. They shall take timely corrective action for any violation of this policy.
7. Intemal Audit shall provide appropriate auditing and evaluation of business systems and procedures. They shall report any non-compliance or occurrence of violation of business ethics in their audit reports to the Management.

Where necessary, Senior Management may request Internal Audit to perform independent investigations on non-compliance or violations.

Our Conflict of Interest Policy

Our conflict of interest policy was established to enhance outsider's confidence on the integrity of Alijarah Holding and its subsidiaries by establishing clear miles of conduct with respect to Conflict of Interest applicable to all employees minimizing the possibility of Conflict of Interest arising between the private interests and official duties of employees and providing for the objective and fair resolution of such conflicts should they arise.

A conflict of interest may exist when an employee is involved in an activity or has a personal interest that might interfere with the employee's objectivity in performing Alijarah Holding's duties and responsibilities.

Any such personal interests or activities are prohibited unless formally approved. Personal interests may include working relationships and/or financial interests with immediate family members or relatives. This policy applies to all employees and they shall comply.

OUR SUBSIDIARIES

Alijarah Property commenced its business in late 2008. It was in the worst of times that it saw opportunities for the future. Alijarah Property successfully launched in early 2009. The sale of Lusail plots in the north and west waterfront areas to the citizens of Qatar. The public lottery in allotting plots in March 2009 was a success. Alijarah Property pursued our aggressive sales of Lusail plots through the entire year of 2010 and all plots have been sold out. Subsequently, Alijarah Property embarked in one of the largest infrastructure development project for developing the LUSAIL plot areas.

Our Vision

Alijarah Property shall excel in the development of infrastructure and property development projects through execution of its project before planned time, under cost and in good quality. Alijarah Property shall continue to build a strong asset base through a bank of projects that shall be completed for generating consistent revenues for the company.

Alijarah Driving Academy was established in October 2018 as a subsidiary of the National Leasing Company. It seeks to qualify and train new trainees on the skills and principles of driving modern vehicles aiming at traffic safety. The company is characterized by providing the latest training methods that raise the efficiency of drivers in order to achieve the principle of security and traffic safety on the road in cooperation with General Traffic Department.

Alijarah Driving Academy also achieved a distinguished operational performance during the year 2022. 2022 was the first year for the company to run its business away from the specter of shutdowns caused by Covid-19 pandemic. The management of the Academy, in cooperation with the executive management, sought to attract a number of competencies in the field and to develop models and action plans to the advantage of customers.

Alijarah Driving Academy provides numerous training programs including how to drive the following:

1- Light vehicles

2- Medium-sized trucks

3- Motorcycles

4- Forklifts

OUR QATARISATION EFFORTS

1. HR direct recruitment:

By advertising the vacancies available in newspapers, competent websites and our portal. Or by accepting candidates, CVs and maintaining them in a database that assures the selection of the best and most appropriate for the vacant post as soon as they get advertised.

2. Coordination with the Department of National Manpower Development, Ministry of Labour:

In a non-stop manner we receive lists of candidates, interview them, then select the most fit to the positions available at our company.

3. A partnership with Social Development Center to sponsor a portfolio for social development:

Alijarah undertakes to cover all financial needs of programs aimed to provide development and training for Qataris.

We also support self-initiatives and small pioneer enterprisers and encourage them to transform their ideas and initiates into productive projects, consolidating their success chances. This shall participate in creating high quality job opportunities for the Qatari community of all ages in the private sector.

Chairman’s Speech

Dear Shareholders,

Peace, mercy and blessings of Allah be upon you all,

First of all, on behalf of myself, and on behalf of the esteemed members of the Board of Directors, and to all the employees of Alijarah Holding Company, we extend our highest congratulations and blessings to His Highness the Emir of the State of Qatar Sheikh/ Tamim bin Hamad Al Thani, the son, and His Highness Emir Sheikh/ Hamad bin Khalifa Al Thani, the father, His Highness the Deputy Emir Sheikh/ Abdullah bin Hamad Al Thani, the Qatari people, all residents and all Arab brothers for the successful hosting of the 2022 World Cup, wishing a long-life prosperity and progress for our beloved country, Qatar.

I am also pleased, on behalf of the members of the Board of Directors of the Alijarah Holding Company, to present their report and audited financial statements for the fiscal year ended on 31st December 2022.

Financial performance

2022 was special for Alijarah Holding Company, as despite all the challenges that the global economy faced including high levels of inflation, high interest rates and the decline of most economies and financial markets around the world, the company generated a net profit of up to 19,107,202 with a growth rate of more than 228% while the earnings per share reached 0.039.

Strategic transformation

2022 has witnessed our internal restructuring and recruiting new competencies to pump new blood and add up value. The company’s strategic vision for the next five years has been also launched based on the latest developments imposed by the economic environment around the world. The company aims to attract new investments that would maximize shareholder benefits in the sectors identified in the strategic plan in order to take advantage of the significant growth witnessed by the Qatari economy.

Company solvency

Despite all the pressures experienced over past years, Alijarah Holding Company still has a good financial solvency commensurate with its future aspirations.

Dividend

In continuation of our commitment to the valued investors who have placed their trust in the company, and due to its positive performance during 2022, the Board of Directors assign to the general assembly a cash dividend of 3% of the nominal value of the share that is equivalent to 0.03 Qatari riyals per share.

Conclusion

In conclusion, we cannot do but express our deep gratitude and thanks for the unlimited support provided by the wise leadership of the state without it the group would not have attained all such achievements without his endless support, His Highness Sheikh/ Tamim bin Hamad Al Thani - Emir of the state - may Allah protect him, and the wise government. We also express our thanks and appreciation to the honorable members of the Sharia Supervisory Board for their efforts and precise guidance. We thank all the employees of Alijarah Company, shareholders and valued customers.

Falah bin Jassim bin Jabr Al Thani

Chairman

CEO's Speech

Dear Shareholders,

Peace, mercy and blessings of Allah may be upon you all,

The Executive Management has set its sights on the directives and strategic plan set by the esteemed Board of Directors for the next five years. The work program has been prepared to implement the objectives and aims of the plan and the strategic vision of the company. The company, during the second half of 2022, was gradually shifting into an investment nature as to seize opportunities available in different markets in line with the company's vision and objectives.

Strategic transformation

Based on the directives of the esteemed Board of Directors, a work plan was prepared commensurate with the company's aspirations for the coming period in view of the changes taking place in the world, which were imposed by the conditions of the Covid-19 pandemic and its consequences in terms of inflation, rise in interest rates and fluctuations in financial markets. The company has been internally restructured including the following sectors:

1- Corporate sector: including Alijarah Driving Academy in addition to the companies that the company intends to take over in the coming period.

2- Real estate sector: including the Real Estate Group owned by the company in addition to the real estate to be taken over by the company in the coming period.

3- Investment sector: aiming to seize the available opportunities in the stock and sukuk (instruments) markets.

Operational environment developments

2022 was full of challenges, as it was the first year when the business sector operated away from a ghost of shutdowns caused by the covid-19 pandemic. 2022 has also witnessed an increase in deposit and lending interest rates so the company has worked during this year to take advantage of higher interest rates and occupancy rates at Alijarah Driving Academy.

Financial performance

During 2022, the company achieved profits of 19.1 million Qatari riyals with a growth rate of 228%. Thanks to revenue growth of 135%. Return on assets reached 2.49%, return on shareholders' equity reached 2.83% while earnings per share were of 0.039.

Internal environment

The executive management, based on the directives of the Board of Directors, sought to attract a number of new competencies who would help the company to achieve its future aspirations. The internal administrative structure has been rearranged. The company is also currently working on developing its internal systems, governance system, and many other things that benefit our company and its valued shareholders.

Conclusion

Our success in the current year and in the future would not have been possible, apart from the guidance of Allah the Almighty, without the combined efforts of our employees. Accordingly, I would like to extend my sincere thanks and gratitude to them for their support and efforts during the year. I also would like to thank our respected clients and shareholders. I also extend my sincere thanks to the esteemed Board of Directors for their trust and support during the year.

We ask Allah the Almighty to guide us to what is good...

Hamad Hassan Al-Jamali

Chief Executive Officer

In the name of God the merciful

Report of the Islamic legislation censorship,

As per the financial period: 1/1/2022 - 31/12/2022

Thank God and may peace, blessings fall upon our Master, the Messenger of God, Mohammad, his family and companions, and those following his guidance.

Most respectful shareholders:

Alijarah Holding

Al Doha – Qatar

Peace, Mercy and Blessing of God,

The supervisory board is pleased to offer you a legitimate report on the activities and work flow of the company during the financial year ended 31/12/2022.

The board had monitored the works and activities carried out by the company throughout the above referred to duration.

In fact, it is the administration's responsibility to assure that the company's flow of work accurately complies with the Islamic legislations, noting that the board is solely responsible for delivering a righteous independent opinion based upon Shari'a principles.

And to attain all information, data, and interpretations found compulsory to provide the board with all adequate proofs that the company has not performed any act that violates the Islamic legislations, the board has segregated its work flow as follows:

Conclusion:

A. The contracts and activities performed by the company during the financial year 2022, as well as the mechanisms and principles operated in plan implantation do not violate any Shari'a principles.

B. The distribution of the share holders profits has been fulfilled in accordance with the Shari'a principles.

C. The percentage of Zakat forced upon shareholders is 0.017 QR per share.

In conclusion, the board takes this opportunity to bestow deepest thanks to the company's administration in general, and to the Chief Executive Officer in specific, for fortifying the board's role in performing an internal auditing of the company as per the Islamic legislation.

Dr. Abd A-Daim Ahmed Abu Al-Ma`ali	Dr. Sultan Al-Hashimi	Abdulaziz Bin Saleh Al-Khulaifi
Member	**Member**	**Chairman**
عبدالدايم		
Doha - Qatar	**Date: 11 / 07 / 1444 H**	**02 / 02 / 2023**

Consolidated Financial Statements
For the Year Ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
ALIJARAH HOLDING Q.P.S.C.
DOHA, STATE OF QATAR

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 December 31, 2022, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, 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 Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 the context.

Key audit matters (Continued)

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section in our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of risk of material misstatement of the consolidated financial statements. The results of our audit procedures, including the 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 matters
Valuation of investment properties	
The Group has investment properties (warehouse and labor accommodation) located in the State of Qatar. The Group measures its investment properties using fair value model in accordance with IAS40. The fair value of Group's investment properties as at December 31, 2022 amounting to QR 111,194,082 (2021: 116,591,644) which is approximately 16% (2021:16%) of the Group's total assets at the reporting date. The Group recorded fair value loss of QR 5,397,562 for the year ended December 31, 2022 (2021: QR 8,050,607) as disclosed in Note 11 to the consolidated financial statements. Valuation of investment properties was considered a key audit matter due to the significant judgments and estimates applied in assessing the fair values.	Our audit procedures included the following key areas, among others: · We performed walkthrough procedure and obtained an understanding of the controls relating to the valuation of investment properties including valuation methods, assumptions and estimates used in the valuation of investment properties. · With the assistance of our internal valuation specialist, we assessed - Whether the valuation approach and methodology used by the management are in accordance with generally accepted valuation standarded practices; and - Appropriateness of the assumptions and data used in the valuation such as projected cash flows, operating costs, terminal value, growth rate, weighted average cost of capital and market comparable prices where applicable. · We assessed the adequacy of the related disclosures in the consolidated financial statements including the disclosure of key assumption and judgement.
Balances with financial institutions and cash	
The Group has balances with financial institutions and cash amounted to 330,635,159 as of December 31, 2022 and it represents approximately 46% of total assets The above balance of QR 330,635,159 included term deposits of QR 56,000,000 and QR 252,000,000 maturing in 8 months and 3 years respectively. Refer to the following note to the consolidated financial statements for more details relating to this matter Note 3 – Balances with financial institutions and cash	• We assessed the design and implementation of controls over the balances with financial institutions and cash. • Obtained a list of all bank and cash balances and agreed to total amount of cash and cash equivalent presented in the cash flow statement of the consolidated financial statements. • Obtained the copies of the bank reconciliation, cast and agree the balances to the cash book and bank statement. • Obtained direct confirmations from banks and agreed the balances with bank reconciliation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2021 were audited by another auditor who expressed an unqualified audit opinion on those consolidated financial statements dated on January 27, 2022.

Other Information included in the Group's Annual Report 2022

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or 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 of our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, article of association and applicable provisions of Qatar Commercial Companies' Law, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Furthermore, as required by the Qatar Commercial Companies' Law, we are of the opinion that; proper books of account were maintained by the Company, and an inventory physical count was conducted in accordance with established principles. We have obtained all the information and explanations which we requested for the purposes of our audit. To the best of our knowledge and belief and according to the information given to us, we are not aware of any violations of the provisions of the Qatar Commercial Companies' Law No. 11 of 2015 (as amended by Law No.

INDEPENDENT AUDITOR'S REPORT

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

Report on Other Legal and Regulatory Requirements (Continued)

08 of 2021) or the terms of the Company's Articles of Association and the amendments thereto, if any, which were committed during the year and might have had a material effect on the Group's performance or its consolidated financial position as at and for the year ended December 31, 2022.

Doha - Qatar
January 18, 2023

RPME Limited - Qatar Branch
Certified Public Accountants
Hikmat Mukhaimer (FCCA, UK)
License No. 297

ALIJARAH HOLDING (Q.P.S.C.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	2022	2021
		QR	QR
ASSETS			
Balances with financial institutions and cash	3	330,635,159	298,947,790
Installments and dues from customers	4	7,478,230	11,544,098
Investment securities	5	170,422,860	213,745,629
Inventories	6	357,070	400,641
Prepayments and other receivables	7	5,854,983	3,491,512
Assets held for sale	8	-	1,223,000
Property and equipment	9	79,054,298	83,696,858
Right-of-use asset	10	485,875	542,482
Investment properties	11	111,194,082	116,591,644
Intangible assets	12	8,094,948	8,258,880
TOTAL ASSETS		**713,577,505**	**738,442,534**
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable, accruals and other payables	13	48,579,956	37,138,824
Islamic financing under wakalah arrangements	14	-	19,229,782
Contract liabilities	15	12,096,435	11,491,823
Lease liability	10	647,973	711,152
TOTAL LIABILITIES		**61,324,364**	**68,571,581**
EQUITY			
Share capital	16	494,802,000	494,802,000
Legal reserve	17	350,158,059	350,158,059
Fair value reserve	18	(40,236,482)	(4,043,070)
Revaluation surplus	11	102,788	102,788
Accumulated losses		(152,573,224)	(171,148,824)
NET EQUITY		**652,253,141**	**669,870,953**
TOTAL LIABILITIES AND EQUITY		**713,577,505**	**738,442,534**

THE ACCOMPANYING NOTES FROM 1 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ALIJARAH HOLDING (Q.P.S.C.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

These consolidated financial statements were approved by the Board of Directors on 18th January 2023 and signed on their behalf by:

Sheikh Falah Bin Jassim Bin Jabr Al-Thani
Chairman

Hamad Hassan Aljamali
Chief Executive Officer

THE ACCOMPANYING NOTES FROM 1 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ALIJARAH HOLDING (Q.P.S.C.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	2022	2021
		QR	QR
CONTINUING OPERATIONS			
Revenues			
Revenues from core business	20	32,980,773	29,263,113
Income from investments	21	8,275,079	1,403,522
Other income	22	31,609,747	2,299,704
TOTAL REVENUES AND INCOME		**72,865,599**	**32,966,339**
Expenses			
Operating expenses	23	(16,775,589)	(20,443,018)
General and administration expenses	24	(38,215,558)	(27,800,981)
Loss on valuation of investment properties	11	(5,397,562)	(8,050,607)
TOTAL EXPENSES		**(60,388,709)**	**(56,294,606)**
NET OPERATING INCOME (LOSS)		**12,476,890**	**(23,328,267)**
Finance income from deposits with Islamic banks		7,231,565	4,440,129
Finance cost – Islamic Financing under Wakalah Arrangements		(244,131)	(817,746)
NET FINANCE INCOME		6,987,434	3,622,383
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**19,464,324**	**(19,705,884)**
Income tax expense	25	(121,640)	(45,304)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**19,342,684**	**(19,751,188)**
DISCONTINUED OPERATIONS			
(LOSS) PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	8	**(235,482)**	**4,858,945**
PROFIT (LOSS) FOR THE YEAR		**19,107,202**	**(14,892,243)**
Basic and diluted earnings (loss) per share	26	**0.039**	**(0.030)**
Basic and diluted earnings (loss) per share from continuing operations	26	**0.039**	**(0.040)**

THE ACCOMPANYING NOTES FROM 1 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ALIJARAH HOLDING (Q.P.S.C.)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		QR	QR
Profit (Loss) for the year		**19,107,202**	**(14,892,243)**
Other comprehensive loss for the year			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value on equity instruments designated at fair value through other comprehensive income	18	(36,247,334)	(2,205,889)
Revaluation surplus on investment properties	11	-	102,788
Net other comprehensive loss for the year		**(36,247,334)**	**(2,103,101)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(17,140,132)**	**(16,995,344)**

THE ACCOMPANYING NOTES FROM 1 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ALIJARAH HOLDING (Q.P.S.C.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Legal reserve	Fair Value reserve	Revaluation Surplus	Accumulated losses	Total
	QR	QR	QR	QR	QR	QR
Balance at 1 January 2021	**494,802,000**	**362,528,109**	**(1,823,931)**	**-**	**(156,269,831)**	**699,236,347**
Loss for the year	-	-	-	-	(14,892,243)	(14,892,243)
Other comprehensive (loss) income for the year	-	-	(2,205,889)	102,788	-	(2,103,101)
Total comprehensive (loss) income for the year	**-**	**-**	**(2,205,889)**	**102,788**	**(14,892,243)**	**(16,995,344)**
Transfer from fair value reserve to accumulated losses upon derecognition (Note 18)	-	-	(13,250)	-	13,250	-
Dividends paid (Note 19)	-	(12,370,050)	-	-	-	(12,370,050)
Balance at 31 December 2021	**494,802,000**	**350,158,059**	**(4,043,070)**	**102,788**	**(171,148,824)**	**669,870,953**
Balance at 1 January 2022	**494,802,000**	**350,158,059**	**(4,043,070)**	**102,788**	**(171,148,824)**	**669,870,953**
Profit for the year	-	-	-	-	19,107,202	19,107,202
Other comprehensive (loss) income for the year	-	-	(36,247,334)	-	-	(36,247,334)
Total comprehensive (loss) for the year	**-**	**-**	**(36,247,334)**	**-**	**19,107,202**	**(17,140,132)**
Transfer from fair value reserve to accumulated losses upon derecognition (Note 18)	-	-	53,922	-	(53,922)	-
Social and sports fund appropriation (Note 13)	-	-	-	-	(477,680)	(477,680)
Balance at 31 December 2022	**494,802,000**	**350,158,059**	**(40,236,482)**	**102,788**	**(152,573,224)**	**652,253,141**

ALIJARAH HOLDING (Q.P.S.C.)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		QR	QR
Cash flows from operating activities			
Profit (loss) before tax from continuing operations		19,464,324	(19,705,884)
(Loss) Profit before tax from discontinued operations		(235,482)	4,858,945
Profit (loss) before tax		**19,228,842**	**(14,846,939)**
Adjustments for:			
Depreciation and amortization	24.a	5,221,069	7,071,492
Valuation loss on investment properties		5,397,562	8,050,607
Loss on investment securities measured at fair value through profit or loss	21	1,377,858	7,016,135
Net allowance for expected credit losses on financial assets	22/24	(30,977,506)	(1,211,732)
Provision for expected expenses	24.a	12,500,000	--
Dividend income	21	(9,543,154)	(8,395,252)
Loss on disposal of property and equipment		-	44,143
Reversal for slow moving inventories	6	-	(379,960)
Loss (gain) on sale of assets held for sale		86,900	(786,387)
Finance income		(7,235,930)	(4,532,329)
Loss on impairment of assets held for sale		46,700	277,000
Write-off property and equipment		--	652,792
Finance cost		244,131	817,746
Provision for employees' end of service benefits	13(a)	1,506,895	697,946
Net operating loss for the year before working capital changes		**(2,146,633)**	**(5,524,738)**
Working capital changes			
Installments and dues from customers		35,146,983	8,406,834
Prepayments and other receivables		1,265,391	1,649,236

Continued….

ALIJARAH HOLDING (Q.P.S.C.)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		QR	QR
Inventories		43,571	529,662
Accounts payable, accruals and other payables		453,741	(27,303,485)
Deferred revenue		604,612	(4,751,620)
Finance cost paid		(207,310)	(761,634)
Employees' end of service benefits paid	13(a)	(3,426,823)	(383,538)
Net cash generated from (used in) operating activities		**31,733,532**	**(28,139,283)**
Cash flows from investing activities			
Finance income received		3,607,068	5,330,730
Dividends received		9,543,154	8,395,252
Purchase of property and equipment	9	(549,971)	(1,722,839)
Net movement in bank term deposit		(258,000,000)	-
Purchase of investment securities		(109,022,838)	(33,159,805)
Proceeds from disposal of investment securities		114,720,415	36,524,500
Proceeds from disposal of property and equipment		-	10,000
Proceeds from disposal of assets held for sale		1,089,400	8,986,387
Net cash (used in) generated from investing activities		**(238,612,772)**	**24,364,225**
Cash flow from financing activities			
Dividends paid		-	(12,370,050)
Repayment of financing under wakalah arrangements	14	(19,229,782)	(22,660,054)
Repayment of lease liabilities	10	(100,000)	(100,000)
Net cash used in financing activities		**(19,329,782)**	**(35,130,104)**
Net decrease in cash and cash equivalents		**(226,209,022)**	**(38,905,162)**
Cash and cash equivalents at the beginning of the year		**249,149,518**	**288,054,680**
Cash and cash equivalents at the end of the year	3.2	**22,940,496**	**249,149,518**

THE ACCOMPANYING NOTES FROM 1 TO 36 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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 (as amended by Law No. 8 of 2021). 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 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 authorized for issue by the Board of Directors on 18 January 2023.

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 the following material items on the consolidated statement of financial position, which are measured at fair value:

- Investment Properties;
- Investments measured at fair value through profit or loss ('FVTPL')
- Investment measured at fair value through other comprehensive income ('FVTOCI').

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 29.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2022. 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.

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 profit or loss 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	Operating status
Alijarah Leasing Company	State of Qatar	Islamic leasing (Ijarah)	Continuing
Alijarah Equipment Company	State of Qatar	Transportation	Continuing
Alijarah Limousine Company	State of Qatar	Taxi & Limousine services	Discontinuing
Alijarah Property Development Company	State of Qatar	Property Development	Continuing
Alijarah Driving Academy	State of Qatar	Driving School	Continuing

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

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.

Property lease classification – Group as lessor

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

Assets held for sale

On 31 December 2020, the Board of Directors announced its decision to discontinue the taxi and limousine operations and committed to a plan to sell all the vehicles. As a result, taxi and limousine vehicles classified as assets held for sale. The Board considered the vehicles to meet the criteria to be classified as held for sale at that date for the following reasons:

- Taxi and limousine vehicles are available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.
- Potential buyers have been identified, and auctions has been announced in the public newspapers as at the reporting date
- The Board of directors approved the plan to sell the vehicles.

For more details on the discontinued operation, refer to Note 8.

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

2.3 Significant accounting judgements estimates and assumptions (continued)

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.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the intangibles assets with indefinite life are disclosed and further explained in Note 12.

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 properties (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

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):

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.

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 - 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

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.3 Significant accounting judgements estimates and assumptions (continued)

Leases - Estimating the incremental borrowing rate (continued)

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.

Going concern

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

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section.

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

Level 1:	Quoted market price (unadjusted) in an active market for an identical instrument.
Level 2:	Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3:	Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments of the Group measured at fair value were using level 1 as at the reporting date.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.3 Significant accounting judgements estimates and assumptions (continued)

Revaluation of investment properties

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 2022 for the investment properties. 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 properties.

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. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 11.

2.4 Applications of new, amendments and improvements to standards

Amendments and improvements to standards that are effective for the current year:

The Group has consistently applied the accounting policies as applied in the annual financial statements for the year ended December 31, 2021.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2021.

The following amendments to existing standards have been applied by the Group in preparation of these financial statements. The adoption of the below did not result in changes to previously reported net profit (loss) or equity of the Company.

Effective date	Description
January 1, 2022	• COVID 19 – related rent concessions beyond June 30, 2021 (Amendments to IFRS 16) • Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) • Annual Improvements to IFRS Standards 2018–2020 (IFRS 1, IFRS 9, IFRS 16 and IAS 41) • Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) • Reference to the Conceptual Framework (Amendments to IFRS 3)

Standards, amendments and improvements issued but not yet effective:

The standards, amendments and interpretations issued but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

The Group is currently evaluating the impact of these new standards, amendments and interpretations.

The Group intend to adopt these standards, amendments and interpretations on these effective dates.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.4 Applications of new, amendments and improvements to standards (continued)

Standards, amendments and improvements issued but not yet effective (continued):

Effective date	Description
January 1, 2023	• IFRS 17 'Insurance Contracts' including amendments to IFRS 17. • Classification of Liabilities as Current or Non-current (Amendments to IAS 1) • Extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4) • Disclosure of accounting policies (Amendments to IAS 1 and IFRS practice statement 2) • Definition of accounting estimates (Amendments to IAS 8) • Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
Deferred indefinitely	• Sale or Contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

2.5 Summary of significant accounting policies

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 profit or loss. 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.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.5 Summary of significant accounting policies (continued)

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:

(1) 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) Fair value through other comprehensive income (FVTOCI) – 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.

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)

(3) Fair value through profit or loss (FVTPL) – All financial assets not classified as measured at amortised cost or FVTOCI as described above.

On initial recognition, the Group may irrevocable designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI, 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 determine to or select appropriate 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 or application of new 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) and fair value through other comprehensive income (FVTOCI).

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;
- 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.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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- Subsequent measurement and gains and losses (continued)

- 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 (FVTOCI) – 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 (FVTOCI) – 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.

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.

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

2.5 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Derecognition (continued)

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 general 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.

Based on the above process, the Group classified its installment and dues from customers into Stage 1, Stage 2 and Stage 3, as described below:

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)

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

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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)

The calculation of ECLs (continued)

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.

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.

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 assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably three listed equity investments under this category.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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 at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as in income from investments in the statement of profit or loss when the right of payment has been established.

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

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

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.

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 Properties

Investment properties are properties 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.

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

2.5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Investment Properties (continued)

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

Any gain or loss on disposal of any investment properties (calculated as a difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

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

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.

(1) Right-of-use asset

The Group recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset 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 asset 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 asset are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Rental period
Land	25

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

2.5 Summary of significant accounting policies (continued)

Leasing (continued)

Group as a lessee (continued)

(1) Right-of-use asset (continued)

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.

Lease liability

At the commencement date of the lease, the Group recognises lease liability 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 liability 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 (USD 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.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.5 Summary of significant accounting policies (continued)

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 properties 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 properties 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 properties, 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.

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.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.5 Summary of significant accounting policies (continued)

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 profit or loss 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 its 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:

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.5 Summary of significant accounting policies (continued)

Property and equipment (continued)

	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.

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 profit or loss 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.

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

2.5 Summary of significant accounting policies (continued)

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 profit or loss. 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.

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.

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

2.5 Summary of significant accounting policies (continued)

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 (Ijarah) income

Income from Islamic Financing and investment contracts under Islamic Sharia'a principles are recognized in the consolidated statement of profit or loss using a method that is analogous to the effective 'yield' rate.

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.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

2.5 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Driving school services revenue (continued)

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

3. BALANCES WITH FINANCIAL INSTITUTIONS AND CASH

	2022	2021
	QR	QR
Cash on hand	175,045	144,652
Current accounts with islamic banks	19,840,959	18,013,401
Current accounts with a conventional bank	2,409,764	3,606,916
Term deposits with Islamic banks	308,000,000	270,000,000
Deposits with financial institutions	514,728	7,384,549
	330,940,496	299,149,518
Allowance for expected credit losses (Note 3.1)	(305,337)	(201,728)
Balances with financial institutions and cash	**330,635,159**	**298,947,790**

Bank term deposits carry profit at commercial market rates. The Group has pledged QR 350,000 of the term deposit to fulfill collateral requirements of guarantees.

3. BALANCES WITH FINANCIAL INSTITUTIONS AND CASH (CONTINUED)

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

	2022	2021
	QR	QR
At 1 January	201,728	149,177
Addition of allowance during the year (Note 24)	103,609	52,551
Balance at 31 December	**305,337**	**201,728**

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

	2022	2021
	QR	QR
Balances with financial institutions and cash prior to the expected credit losses	330,940,496	299,149,518
Term deposits with original maturity of more than 3 months	(308,000,000)	(50,000,000)
Cash and cash equivalents	22,940,496	249,149,518

4. INSTALLMENTS AND DUES FROM CUSTOMERS

			2022	2021
			QR	QR
Gross installments dues from leasing			25,408,853	61,424,658
	2022	2021		
Morabaha	23,013,807	58,904,413		
Ijarah	2,395,046	2,520,245		
Less: Deferred profits of future installments			(750,371)	(1,350,943)
	2022	2021		
Morabaha	(677,007)	(1,199,932)		
Ijarah	(73,364)	(151,011)		
Installments dues from leasing			**24,658,482**	**60,073,715**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

4. INSTALLMENTS AND DUES FROM CUSTOMERS (CONTINUED)

	2022	2021
	QR	QR
Other trade receivables	718,092	449,842
Gross installments and dues from customers	**25,376,574**	**60,523,557**
Allowance for expected credit losses for installments dues from leasing and other trade receivables	(17,898,344)	(48,979,459)
Installments and dues from customers	**7,478,230**	**11,544,098**
Maturity profile of installments and dues from customers (net of deferred profits)		
Not later than 1 year	1,001,830	1,253,098
Later than 1 year and not later than 5 years	6,476,400	10,291,000
	7,478,230	**11,544,098**

Movement in allowance of expected credit losses	2022	2021
	QR	QR
Balance at 1 January	48,979,459	50,243,741
Provided during the year (Note 24)	206,397	813,579
Reversals during the year for Installments Dues from Customers (Note 22)	(31,287,512)	(2,077,861)
Balance at 31 December	**17,898,344**	**48,979,459**

5. INVESTMENT SECURITIES

	2022	2021
	QR	QR
Financial assets measured at fair value through profit or loss	16,654,152	191,345,526
Financial assets measured at fair value through OCI	153,768,708	22,400,103
Balance at 31 December	**170,422,860**	**213,745,629**

All investment securities are quoted equity investments that have been valued using Level 1 measurement techniques as per IFRS 13.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

6. INVENTORIES

	2022	2021
	QR	**QR**
Spare parts and consumables	4,199,208	4,242,779
Provision for slow moving inventories (Note 6.1)	(3,842,138)	(3,842,138)
	357,070	**400,641**

6.1 Movement in provision for slow moving inventories

	2022	2021
	QR	**QR**
Balance at 1 January	3,842,138	4,332,226
Reversal during the year	-	(490,088)
Balance at 31 December	**3,842,138**	**3,842,138**

7. PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	QR	**QR**
Advance payments to suppliers	1,235,363	1,869,792
Prepayments and other receivables	999,363	1,465,125
Profits accrued on bank deposits	3,838,777	209,915
Security deposit	51,480	216,680
	6,124,983	**3,761,512**
Allowance for expected credit losses on other receivables	(270,000)	(270,000)
	5,854,983	**3,491,512**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

8. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Taxi Segment

In December 2020, The Group committed to a plan to sell all taxi and limousine vehicles and initiated selling process through local auctions for third parties. Accordingly, vehicles of taxi and limousine operations has been classified as assets held for sale and written down to its fair value less costs to sell, based on estimated fair value of the same vehicles on the current market.

The sale of the vehicles is completed as of 31 December 2022 resulting in a loss of QR 86,900.: The movement of the assets held for sale is as follows:

	2022	2021
	QR	QR
Beginning balance	1,223,000	9,700,000
Disposed during the year	(1,176,300)	(8,200,000)
Impairment loss on the remeasurement to fair value less costs to sell	(46,700)	(277,000)
Assets held for sale	**-**	**1,223,000**

This decision was taken in line with the Group's strategy to restructure Group's operations and focus on profit generating segments.

As a result, revenues and expenses, and gains and losses relating to the discontinuation of this operation have been removed from the results of continuing operations and are shown as a single line item on the face of the statement of profit or loss and comparative information has been reclassified to be consistent with this presentation.

Below is the summarized financial information of Taxi and limousine operations:

	2022	2021
	QR	QR
Other income (i)	950	6,434,339
General and administrative expenses (Note ii)	(194,097)	(1,390,592)
Impairment loss on the remeasurement to fair value less costs to sell	(46,700)	(277,000)
NET OPERATING (LOSS) PROFIT	**(239,847)**	**4,766,747**
Finance income	4,365	92,198

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

8. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

	2022	2021
	QR	**QR**
(Loss) profit from discontinued operations	**(235,482)**	**4,858,945**
Basic and diluted income (loss) per share from discontinuing operations	**-**	**0.010**

(Note i)

Included in the other income for the year ended 2021, the reversal of accrual made in prior year amounting to QR 5,520,000 relating to its taxi franchise.

(Note ii)

Summary of general and administration expenses is summarized as below:

	2022	2021
	QR	**QR**
Repairs & maintenance expenses	10,110	442,402
Security expenses	-	178,232
Professional and legal fees	200	111,755
Loss on sale/retirement of property and equipment	86,900	87,162
Insurance	-	66,536
Bank charges & commissions	3,375	45,277
Staff costs	80,399	37,052
Advertising expenses	-	30,076
Licensing & listing	12,240	14,695
General meeting, telephone and consumable expenses	-	12,391
Travel expenses	-	32
Miscellaneous expenses	873	364,982
	194,097	**1,390,592**

8. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

(Note ii) (continued)

The net cash flows of the taxi and limousine segment are as follows;

	2022	2021
	QR	**QR**
Operating	(106,247)	(4,222,126)
Investing	1,093,765	9,141,196
Net cash inflows	**987,518**	**4,919,070**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

9. PROPERTY AND EQUIPMENT

	Land	Building	Office equipment	Furniture and fixtures	Vehicles	Work-in-progress	Total
	QR	QR	QR	QR	QR	QR	QR
Cost:							
At 1 January 2021	**29,991,000**	**113,425,117**	**9,787,714**	**9,558,590**	**8,218,568**	**192,001**	**171,172,990**
Additions	-	-	48,337	-	1,643,000	31,500	1,722,837
Disposal	-	-	(143,600)	-	-	-	(143,600)
Write-off	-	(2,094,819)	(2,632,262)	(2,759,003)	(1,727,440)	-	(9,213,524)
Transfer to investment properties (Note 11)	-	(29,383,606)	-	-	-	-	(29,383,606)
At 31 December 2021	**29,991,000**	**81,946,692**	**7,060,189**	**6,799,587**	**8,134,128**	**223,501**	**134,155,097**
Additions	-	-	45,851	-	501,320	2,800	549,971
Written off	-	-	-	-	-	(192,001)	(192,001)
At 31 December 2022	**29,991,000**	**81,946,692**	**7,106,040**	**6,799,587**	**8,635,448**	**34,300**	**134,513,067**
Accumulated Depreciation:							
At 1 January 2021	**-**	**34,803,047**	**7,917,164**	**9,139,577**	**4,314,541**	**-**	**56,174,329**
Charge for the year	-	4,439,638	769,231	148,352	1,468,664	-	6,825,885
Disposal		-	(89,457)	-		-	(89,457)

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

9. PROPERTY AND EQUIPMENT (CONTINUED)

	Land	Building	Office equipment	Furniture and fixtures	Vehicles	Work-in-progress	Total
	QR	QR	QR	QR	QR	QR	QR
Write-Off	-	(1,529,190)	(2,611,251)	(2,756,415)	(1,663,878)	-	(8,560,734)
Transfer to investment properties (Note 11)	-	(3,891,784)	-	-	-	-	(3,891,784)
At 31 December 2021	**-**	**33,821,711**	**5,985,687**	**6,531,514**	**4,119,327**	**-**	**50,458,239**
Charge for the year	-	2,450,805	736,703	141,092	1,671,930	-	5,000,530
At 31 December 2022	**-**	**36,272,516**	**6,722,390**	**6,672,606**	**5,791,257**	**-**	**55,458,769**
31 December 2022	**29,991,000**	**45,674,176**	**383,650**	**126,981**	**2,844,191**	**34,300**	**79,054,298**
31 December 2021	**29,991,000**	**48,124,981**	**1,074,502**	**268,073**	**4,014,801**	**223,501**	**83,696,858**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

9. PROPERTY AND EQUIPMENT (CONTINUED)

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

	2022	2021
	QR	QR
Depreciation attributable to general and administration (Note 24)	1,275,682	2,116,425
Direct costs forming part of operating expenses (Note 23)	3,724,848	4,709,460
	5,000,530	**6,825,885**

10. LEASES

(a) Group as a lessee

The Group has a lease contract for land used in its operations. Leases of land generally have lease terms of 25 years till 23 August 2031.

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

Right-of-use asset

	2022	2021
At 1 January	542,482	599,089
Amortization (Note 24)	(56,607)	(56,607)
	485,875	**542,482**

Lease liability

	2022	2021
	QR	QR
At 1 January	711,152	771,036
Finance costs for the year	36,821	40,116
Payment during the year	(100,000)	(100,000)
	647,973	**711,152**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

10. LEASES (CONTINUED)

(b) Group as a lessor

The Group has entered into operating leases on its investment properties. These leases have remaining terms between 2 -4 years.

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

	2022	2021
	QR	QR
Less than one year	7,425,700	8,304,050
Between one and four years	5,308,000	5,834,500
	12,733,700	**14,138,550**

11. INVESTMENT PROPERTIES

(a) Reconciliation of carrying value

The Group's investment properties consist of warehouses and labor accommodation which are constructed on a land leased from the State of Qatar. These investment properties are leased out to third parties.

	2022	2021
	QR	QR
At 1 January	116,591,644	99,047,641
Fair value of property transferred from Property and equipment (Note 9)	-	25,594,610
Valuation loss	(5,397,562)	(8,050,607)
Balance at 31 December	**111,194,082**	**116,591,644**

During the year 2021, the Group transferred its labor accommodation from property and equipment to Investment properties due to the change of use. Included in the amounts transferred from property and equipment is the fair valuation adjustment at the date of transfer amounting to QR 102,788 which was recognised in the other comprehensive income.

(b) Measurement of fair values

The fair value of the Group's investment properties at 31 December 2022 and 31 December 2021 has been arrived using a discounted cash flow (DCF) method.

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

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

11. INVESTMENT PROPERTIES (CONTINUED)

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			2022	2021
Warehouse	(DCF Method)	Rent growth rate	**2.45%**	3.29%
		Long term vacancy rate	**5%**	5%
		Discount rate	**8.50%**	8.74%
Labor accommodation	(DCF Method)	Rent growth rate	**-**	- %
		Long term vacancy rate	**5%**	5%
		Discount rate	**8.50%**	8.74%

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate. Change in discount rate assumption is shown below:

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

11. INVESTMENT PROPERTIES (CONTINUED)

	2022		2021	
	Movement in fair value		Movement in fair value	
	QR	QR	QR	QR
Discount rate	0.5%	0.5%	0.5%	0.5%
	increase	decrease	increase	decrease
Investment properties	(13,382,689)	3,958,216	(8,731,192)	10,400,101

The following amounts in relation to the investment properties have been recognised in consolidated statement of profit or loss:

	2022	2021
	QR	QR
Rental income (Note 20)	**11,773,568**	9,932,332
Direct operating expenses that generate rental income	**3,001,655**	2,828,419
Direct operating expenses that did not generate rental income	**-**	483,930

12. INTANGIBLE ASSETS

	Driving school license	Software	Total
	QR	QR	QR
Cost:			
At 1 January 2022	**8,000,000**	**5,460,185**	**13,460,185**
At 31 December 2022	**8,000,000**	**5,460,185**	**13,460,185**
At 1 January 2021	**8,000,000**	**5,460,185**	**13,460,185**
At 31 December 2021	**8,000,000**	**5,460,185**	**13,460,185**
Amortization:			
At 1 January 2022	**-**	**5,201,305**	**5,201,305**
Charge for the year	-	163,932	163,932
At 31 December 2022	**-**	**5,365,237**	**5,365,237**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

12. INTANGIBLE ASSETS (CONTINUED)

	Driving school license	Software	Total
	QR	QR	QR
At 1 January 2021	-	5,012,305	5,012,305
Charge for the year	-	189,000	189,000
At 31 December 2021	**-**	**5,201,305**	**5,201,305**
Net carrying amounts:			
31 December 2022	**8,000,000**	**94,948**	**8,094,948**
31 December 2021	8,000,000	258,880	8,258,880

	2022	2021
	QR	QR
Amortization attributable to general and administration expenses (Note 24)	163,932	189,000
	163,932	189,000

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.

The Group performed its annual impairment test of this license in 31 December 2022 and 31 December 2021. The recoverable amount of the driving academy as at 31 December 2022 and 31 December 2021 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period forecast and the terminal value. The projected cash flows have been updated to reflect the decreased demand impacted by COVID-19. The government of the State of Qatar did not offer new license in last period that led to increase of demand on the existing driving schools in Qatar.

As per this analysis, the recoverable amount is higher than the carrying amount of the license. Therefore, management has not recognised any impairment to its driving school license.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

13. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	2022	2021
	QR	QR
Accounts payable and advances from customers	21,161,779	19,726,444
Unclaimed dividends	7,161,442	7,054,610
Provision for employees' end of service benefits (a)	2,938,989	4,858,917
Provision for social contribution (b)	477,680	-
Provision for expected claims and expenses (Note 24(a))	12,500,000	-
Accrued expenses	4,340,066	5,498,853
	48,579,956	**37,138,824**

Notes:

(a) Provision for employees' end of service benefits

	2022	2021
	QR	QR
At 1 January	4,858,917	4,544,509
Charge for the year	1,506,895	697,946
Payments during the year	(3,426,823)	(383,538)
	2,938,989	**4,858,917**

(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 QR 477,680 for the year 2022 to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the year ended 31 December 2022. During the year 2021, no appropriation was made as the Group incurred net loss.

14. 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. During previous year, the Group combined its existing facilities to one facility repayable on 24 equal installments ending 2022. The facility is secured by term deposits and carries financing charges at 2.5%.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

14. ISLAMIC FINANCING UNDER WAKALAH ARRANGEMENTS (CONTINUED)

	2022	2021
	QR	QR
At 1 January	19,229,782	41,889,836
Paid	(19,229,782)	(22,660,054)
	-	**19,229,782**

15. CONTRACT LIABILITIES

	2022	2021
	QR	QR
Contract Liability from property development (Note (i))	1,514,098	3,788,523
Contracts Liability related to driving academy	10,300,680	7,637,060
Contract Liability from property rental	281,657	66,240
	12,096,435	**11,491,823**

(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 profit or loss based on the percentage of completion of the infrastructure development.

16. SHARE CAPITAL

	2022	2021
	QR	QR
Authorized, Issued and Fully paid-up		
494,802,000 ordinary shares of QR 1 each	**494,802,000**	**494,802,000**

17. LEGAL RESERVE

In accordance with the Qatar Commercial Companies' Law No.11 of 2015 (as amended by Law No. 8 of 2021) and the Company's Articles of Association, 10% of the profit for the year should be transferred to statutory legal reserve until the reserve equals 50% of the Company's capital. 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.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

18. FAIR VALUE RESERVE

This reserve comprises the fair value changes recognised on financial assets measured at FVTOCI.

	2022	2021
	QR	QR
At 1 January	(4,043,070)	(1,823,931)
Net change in fair value of equity measured at FVTOCI	(36,247,334)	(2,205,889)
Transfer from fair value reserve to accumulated losses upon derecognition	53,922	(13,250)
At 31 December	**(40,236,482)**	**(4,043,070)**

19. DIVIDENDS

At the Annual General Assembly meeting held on 20 February 2022, the shareholders approved not to distribute dividend for the year ended 31 December 2021 (for the year ended 31 December 2020: cash dividend distribution equivalent to 2.5% of the paid-up capital amounting to QR 12,370,000).

20. REVENUES FROM CORE BUSINESS

	2022	2021
	QR	QR
Revenue from contracts with customers (Note 20.1)	20,606,633	18,502,636
Revenue from leasing operations (Note 20.2) (Note i)	600,572	828,145
Revenue from operating lease (Rental income)	11,773,568	9,932,332
	32,980,773	**29,263,113**

20.1 Revenue from contracts with customers

	2022	2021
	QR	QR
Revenue from real estate property development	2,274,426	7,624,650
Revenue from driving academy operations	17,663,305	10,286,317
Revenue from workshop operations	668,902	591,669
	20,606,633	**18,502,636**

20. REVENUES FROM CORE BUSINESS (CONTINUED)

	2022	2021
	QR	QR
Timing of revenue recognition		
Products and services transferred over time	19,937,731	17,910,967
Products and services transferred at a point in time	668,902	591,669
	20,606,633	**18,502,636**

All revenue sources are earned inside the State of Qatar.

20.2 Revenue from leasing operations

	2022	2021
	QR	QR
- Morabaha	593,957	356,724
- Ijarah	6,615	471,421
	600,572	**828,145**

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 still 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.

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

	2022	2021
	QR	QR
Within one year	**12,096,435**	**11,491,823**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

21. INCOME FROM INVESTMENTS

	2022	2021
	QR	QR
(Loss) gain on fair value of investment securities at fair value through profit or loss	(1,377,858)	(7,016,135)
Dividend income	9,543,154	8,395,252
Other income from financial assets	109,783	24,405
	8,275,079	**1,403,522**

22. OTHER INCOME

	2022	2021
	QR	QR
Reversal of expected credit loss (Note 4)	31,287,512	2,077,861
Miscellaneous income	322,235	221,843
	31,609,747	2,299,704

23. OPERATING EXPENSES

	2022	2021
	QR	QR
Cost of driving academy operations	7,015,360	4,587,303
Depreciation of property and equipment (Note 9)	3,724,848	4,709,460
Property expenses arising from investment properties that generate rental income.	3,001,655	2,828,419
Cost of workshop operations	1,627,473	1,335,256
Property development cost	1,406,253	6,498,650
Property expenses arising from investment properties that did not generate rental income	-	483,930
	16,775,589	**20,443,018**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

24. GENERAL AND ADMINISTRATION EXPENSES

	2022	2021
	QR	QR
Staff costs	14,739,773	14,633,041
Provision for expected expenses (Notes 24(a))	12,500,000	--
Professional and legal fees	3,037,384	2,661,046
Depreciation and amortization (Notes 9, 10, 12)	1,496,221	2,362,032
General meeting, telephone and consumable expenses	1,209,373	1,134,083
Software & licenses	1,077,702	1,440,537
Repairs & maintenance expenses	1,033,401	1,615,616
Licensing & listing	567,418	637,847
Security expenses	514,044	480,452
Insurance	404,684	301,771
Advertising expenses	270,613	290,500
Bank charges & commissions	238,190	218,835
Provision for expected credit losses (Notes 3 & 4)	310,006	866,130
Receivable written off	126,481	-
Donation and charity	218,153	4,000
Short-term rent expenses	85,976	7,387
Postage printing and stationery	82,108	69,782
Loss on Sale/Retirement of Property and Equipment	-	609,774
Business promotion	-	426,000
Miscellaneous expenses	304,031	42,148
	38,215,558	**27,800,981**

24.(a) PROVISION FOR EXPECTED EXPENSES

The Group has provided an amount of QR. 12,500,000 to meet expected claims and expenses related to the Lusail development project which is under maintenance period.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

24. GENERAL AND ADMINISTRATION EXPENSES (CONTINUED)

24.(b) EXPENSES BY NATURE

	2022	2021
	QR	QR
Operating expenses (Note 23)	16,775,589	20,443,018
General and administrative expenses	38,215,558	27,800,981
	54,991,147	**48,243,999**

	2022	2021
	QR	QR
Staff costs	20,902,571	18,723,033
Provision for expected expenses (Notes 24(a))	12,500,000	-
Depreciation & amortization (Notes 8,9 and 11)	5,221,069	7,071,492
General meeting, telephone and consumable expenses	3,860,328	2,931,193
Professional and legal fees	3,037,384	2,661,046
Cost of infrastructure	1,404,383	6,281,965
Fuel	1,291,210	821,019
Repairs & maintenance expenses	1,102,691	2,428,625
Software & licenses	1,077,702	1,440,537
Security expenses	801,044	480,452
Vehicle repairs & maintenance	700,725	948,373
Insurance expenses	658,245	742,246
Licensing & listing	567,418	637,847
Advertising expenses	270,613	290,500
Bank charges & commissions	255,690	445,635
Provision for expected credit losses (Notes 3 & 4)	310,006	866,130
Receivable written off	126,481	-
Donation and charity	218,153	4,000
Vehicle licenses	176,112	165,109

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

24. GENERAL AND ADMINISTRATION EXPENSES (CONTINUED)

24.(b) EXPENSES BY NATURE (CONTINUED)

	2022	2021
	QR	QR
Rent & accommodation expenses	115,262	51,497
Postage printing and stationery	82,109	69,782
Other operating expenses	7,920	485,556
Loss on sale/retirement of property and equipment	-	609,774
Business promotion	-	426,000
Reversal of provision for slow moving inventories	-	(379,960)
Miscellaneous expenses	304,031	42,148
	54,991,147	**48,243,999**

25. INCOME TAX

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022	2021
	QR	QR
Current income tax charge	75,227	22,276
Adjustments in respect of current income tax of previous year	46,413	23,028
Income tax expense reported in the consolidated statement of profit or loss	**121,640**	**45,304**

26. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

	2022	2021
	QR	QR
Profit (Loss) for the year (QR)	19,107,202	(14,892,243)
Weighted average number of shares	494,802,000	494,802,000
Basic and Diluted earnings (loss) per share (QR)	**0.039**	**(0.030)**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

26. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE (CONTINUED)

Basic and diluted (loss) earnings per share from continuing operations has calculated as below:

	2022	2021
	QR	QR
Profit (Loss) for the year from continuing operations (QR)	19,342,684	(19,751,188)
Weighted average number of shares	494,802,000	494,802,000
Basic and Diluted earnings (loss) per share (QR)	**0.039**	**(0.040)**

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

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

	2022	2021
	QR	QR
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**

27. 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

	2022	2021
	QR	QR
Key management personnel remuneration	**7,399,835**	**3,826,683**

Key management personnel remuneration for the year 2022 included end of services paid amounting to QR. 3,183,886.

28. SEGMENT REPORTING

Based on the nature of core activities of the business, the Group is segmented into four major operating segments. In 2021, the Group discontinued Taxi Services (including Limousine). The major operating segments are given below with their respective revenue and analysis of assets and liabilities:

- Financial Leasing (Ijarah)
- Transportation
- Property Development
- Driving School

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

28. SEGMENT REPORTING (CONTINUED)

The following table presents segment revenues and profits of the Group's operating segments as at 31 December 2022 and 31 December 2021:

2022	Financial leasing	Transportation	Property development	Driving school	Holding	Taxi services	Elimination	Total
	QR	**QR**	**QR**	**QR**	**QR**	**QR**	**QR**	**QR**
Revenues and gains:								
External parties	829,641	687,697	14,033,116	17,752,454	8,275,179	-		40,578,087
Reversal of expected credit loss	31,287,512	--	--	--	-	-	--	31,287,512
Internal parties	-	568,674	2,014,350	-	-	-	(2,583,024)	-
Total revenues and gains	**32,117,153**	**1,256,371**	**16,047,466**	**17,752,454**	**8,275,179**	**-**	**(2,583,024)**	**72,865,599**
Loss from discontinued operations						**(235,482)**		**(235,482)**
Profit (loss) for the year	**17,554,518**	**(1,711,550)**	**1,701,655**	**539,699**	**1,258,362**	**(235,482)**	**-**	**19,107,202**
Finance income	24,037	33,854	22,687	17,332	7,133,655	-	-	7,231,565
Finance cost	-	-	(244,131)	-	-	-	-	(244,131)
Depreciation and amortization	1,474	165,943	3,014,300	1,873,583	165,769	-	-	5,221,069

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

28. SEGMENT REPORTING (CONTINUED)

2021	Financial leasing	Transportation	Property development	Driving school	Holding	Taxi services	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Revenues and gains:								
External parties	853,057	654,146	17,619,085	10,345,867	1,416,323	-	-	30,888,478
Reversal of expected credit loss	2,077,861	--	--	--	--			2,077,861
Internal parties	-	434,707	1,783,950	-	-	-	(2,218,657)	-
Total revenues and gains	**2,930,918**	**1,088,853**	**19,403,035**	**10,345,867**	**1,416,323**		**(2,218,657)**	**32,966,339**
Profit from discontinued operations	-	-	-	-	-	4,858,945	-	4,858,945
Profit (loss) for the year	**930,414**	**(2,324,394)**	**(5,558,817)**	**(3,687,833)**	**(9,110,558)**	**4,858,945**	**-**	**(14,892,243)**
Finance income	23,550	6,822	224,759	18,950	4,166,048	-	-	4,440,129
Finance cost	-	-	(817,746)	-	-	-	-	(817,746)
Depreciation and amortization	1,474	382,508	4,806,758	1,706,449	174,303	-	-	7,071,492

28. SEGMENT REPORTING (CONTINUED)

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2022 and 31 December 2021:

As of 31 December 2022	Financial leasing	Transportation	Property development	Driving school	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Current asset	351,117,139	15,187,855	126,811,388	6,015,520	1,200,152	132,210,097	(524,235,925)	108,306,226
Non-current assets	626,932	184,526	187,635,562	10,937,565	6,300	405,880,394		605,271,279
Total assets	**351,744,071**	**15,372,381**	**314,446,950**	**16,953,085**	**1,206,452**	**538,090,491**	**(524,235,925)**	**713,577,505**
Current liabilities	(25,345,965)	(101,548)	(3,148,683)	(25,875,613)	(282,758,911)	(195,765,202)	478,035,925	(54,959,997)
Non-current liabilities	(115,137)	(120,805)	(3,449,917)	(736,585)	-	(1,941,923)		(6,364,367)
Total liabilities	**(25,461,102)**	**(222,353)**	**(6,598,600)**	**(26,612,198)**	**(282,758,911)**	**(197,707,125)**	**478,035,925**	**(61,324,364)**

As of 31 December 2021	Financial leasing	Transportation	Property development	Driving school	Taxi services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Current asset	316,261,392	16,837,111	141,793,753	5,349,860	2,693,880	526,180,790	(503,633,995)	505,482,791
Non-current assets	1,259,614	338,149	196,231,823	12,294,549	6,300	22,829,308	-	232,959,743
Total assets	**317,521,006**	**17,175,260**	**338,025,576**	**17,644,409**	**2,700,180**	**549,010,098**	**(503,633,995)**	**738,442,534**
Current liabilities	(8,742,697)	(210,746)	(8,677,572)	(27,390,767)	(284,017,156)	(168,932,070)	457,433,995	(40,537,013)
Non-current liabilities	(62,358)	(102,937)	(23,188,810)	(452,455)	-	(4,228,008)	-	(28,034,568)
Total liabilities	**(8,805,055)**	**(313,683)**	**(31,866,382)**	**(27,843,222)**	**(284,017,156)**	**(173,160,078)**	**457,433,995**	**(68,571,581)**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

29. CONTINGENT LIABILITIES & COMMITMENTS

	2022	2021
	QR	QR
Letters of guarantee from Islamic banks	**350,000**	**150,000**
Project commitments	**1,150,251**	**2,878,120**

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

2022	Non-current	Current	Total
	QR	QR	QR
ASSETS			
Balances with financial institutions and cash	252,000,000	78,635,159	330,635,159
Installments and dues from customers	621,888	6,856,342	7,478,230
Investment securities	153,768,708	16,654,152	170,422,860
Inventories	-	357,070	357,070
Prepayments and other receivables	51,480	5,803,503	5,854,983
Property and equipment	8,094,948	-	8,094,948
Investment properties	111,194,082	-	111,194,082
Intangible assets	79,054,298	-	79,054,298
Right-of-use asset	485,875	-	485,875
Total assets	**605,271,279**	**108,306,226**	**713,577,505**
LIABILITIES			
Accounts payable, accruals and other payables	5,792,673	42,787,283	48,579,956
Contract liabilities	-	12,096,435	12,096,435
Lease liability	571,694	76,279	647,973
Total liabilities	**6,364,367**	**54,959,997**	**61,324,364**

30. CURRENT AND NON-CURRENT ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

2021	Non-current	Current	Total
	QR	QR	QR
ASSETS			
Balances with financial institutions and cash	-	298,947,790	298,947,790
Installments and dues from customers	1,253,096	10,291,002	11,544,098
Investment securities	22,400,103	191,345,526	213,745,629
Inventories	-	400,641	400,641
Prepayments and other receivables	216,680	3,274,832	3,491,512
Property and equipment	83,696,858	-	83,696,858
Investment properties	116,591,644	-	116,591,644
Intangible assets	8,258,880	-	8,258,880
Right-of-use asset	542,482	-	542,482
Assets held for sale	-	1,223,000	1,223,000
Total assets	**232,959,743**	**505,482,791**	**738,442,534**
LIABILITIES			
Accounts payable, accruals and other payables	10,065,993	27,072,831	37,138,824
Islamic financing under wakalah arrangements	17,325,794	1,903,988	19,229,782
Contract liabilities	-	11,491,823	11,491,823
Lease liability	642,781	68,371	711,152
Total liabilities	**28,034,568**	**40,537,013**	**68,571,581**

31. 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.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

Concentrations of credit risk arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic region.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals of customers in specific locations or businesses.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of both off and on balance sheet items:

	2022	2021
	QR	QR
Balances with financial institutions	330,765,451	299,004,866
Installments and dues from customers	7,478,230	11,544,098
Security deposit	51,480	216,680
	338,295,161	**310,765,644**

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal credit risk grading system, external risk ratings,

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Significant increase in credit risk (continued)

where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience. The Bank may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

In determining whether credit risk has increased significantly since initial recognition following criteria's are considered:

(i) All accounts classified as special mention

(ii) Clients with a credit risk rating with C and D.

(vi) The credit limits that have expired/ matured and have not been renewed or its renewal date have not been differed/postponed.

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Bank has exposures.

Renegotiated financial assets

The contractual terms of a facility may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing facility whose terms have been modified may be derecognised and the renegotiated facility recognised as a new facility at fair value. Where possible, the Group seeks to restructure facilities rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new facility conditions. Management continuously reviews renegotiated facilities to ensure that all criteria are met and that future payments are likely to occur.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

Definition of default

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

- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the customer is past due more than 90 days on any material credit obligation to the Group; or
- the customer is rated C or D.

In assessing whether a customer is in default, the Group also considers indicators that are:

- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Expected credit loss

The following tables show reconciliations from the opening to the closing balance of the loss allowance for installment and dues from customers and other receivables:

	As at 31 December 2022			
	Gross carrying amount	Expected credit losses	Net carrying amount	Loss rate
	QR	QR	QR	
Current – 30 days past due	187,271	(224)	187,047	0.12%
31 – 60 days past due	91,068	(11,987)	79,081	13.16%
61 – 90 days past due	186,661	(24,569)	162,092	13.16%
91 – 180 days past due	304,545	(53,533)	251,012	17.58%
181 – 360 days past due	753,288	(183,423)	569,865	24.35%
More than 360 days past due	23,853,741	(17,624,608)	6,229,133	73.89%
Total	**25,376,574**	**(17,898,344)**	**7,478,230**	**70.53%**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

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	2022	2021
		QR	QR
Qatar Exchange	**+/-10%**	**17,042,286**	**21,374,563**

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.

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 2022	Less than 1 year	1-5 years	Total
	QR	QR	QR
Accounts payable and accruals	42,787,282	5,792,674	48,579,956
Lease liability	100,000	583,925	683,925
	42,887,282	**6,376,599**	**49,263,881**

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

Liquidity risk (continued)

Financial liabilities At 31 December 2021	Less than 1 year	1-5 years	Total
	QR	QR	QR
Accounts payable and accruals	27,072,831	10,065,993	37,138,824
Islamic financing under wakalah arrangements	136,822	-	20,249,472
Lease liability	42,887,282	966,543	1,103,365
	47,459,125	**11,032,536**	**58,491,661**

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 2022 and 31 December 2021. Capital comprises share capital and accumulated losses of QR 494.8 Million and QR 171 Million, respectively (2021: QR 494.8 Million and QR 156 Million, respectively).

32. 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 fair value through profit or loss and Fair value through OCI 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.

ALIJARAH HOLDING (Q.P.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

33. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets at amortised cost

	2021	2021
	QR	QR
Installments and due from customers	7,478,230	11,544,098
Balances with financial institutions	330,765,451	299,004,866
Security deposit	51,480	216,680
	338,295,161	**310,765,644**

Other financial liabilities at amortized cost

	2022	2021
	QR	QR
Trade and other payables	21,161,779	19,726,444
Islamic financing under wakalah arrangements	-	19,229,782
Unclaimed dividend	7,161,442	7,054,610
	28,323,221	**46,010,836**

Financial Assets

	2022	2021
	QR	QR
Investment securities at fair value through profit or loss (FVTPL)	16,654,152	191,345,526
Investment securities at fair value through other comprehensive income (FVTOCI)	153,768,708	22,400,103
	170,422,860	213,745,629

34. IMPACT OF COVID-19

The outbreak of Novel Coronavirus (COVID-19) continues to progress and evolve. More countries have imposed travel bans on millions of people, and more people in more locations are placed with quarantine measures. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Businesses are dealing with lost revenue and disrupted supply chains. The Group engages in Leasing, Real Estate, Property Development, Transportation, Taxi Services and Driving Academy.

34. IMPACT OF COVID-19 (CONTINUED)

Further, the Group operations are concentrated in Qatar that relatively depend on the oil and gas income. The outbreak of COVID-19 has had an impact on demand for oil and petroleum products. Recent global developments have caused further volatility in commodity markets.

The Group is carefully monitoring the evolving situation around the spreading of the COVID-19 and the volatility in the oil prices and its impact on the business.

The inputs and assumptions used for the expected credit loss calculation ("ECL") as at 31 December 2022 were updated by the Group to reflect the economic uncertainties resulted due to the COVID-19 and volatility in oil prices. The Group has adjusted the forward-looking macro-economic factors and probability weights assigned to economic scenarios for ECL determination to reflect the economic uncertainties. Given the level of uncertainty and the sensitivity of judgments and estimates, the assumptions will be reassessed if adverse conditions continue.

Furthermore, on 24 March 2021 the Ministry of interior have announced a temporary cease of operation of certain sectors as parts of the measures taken by the government to suppress the spread of COVID 19 in Qatar. Al Ijarah Driving Academy was one of the affected sectors. The temporary cease of operations had negative impact on the revenues of this segment of the Group.

The Group has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and liabilities as of 31 December 2022, these are considered to represent management's best estimate based on the available or observable information. However, marker remain volatile and the recorded amounts remain sensitive to market fluctuations.

35. COMPARATIVE FIGURES

The comparative figures for the prior year have been reclassified, where necessary, in order to confirm the current year's presentation. Such reclassifications do not affect the previously reported equity or net assets of the Group.

36. SUBSEQUENT EVENTS

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