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 Commerce and Industry. 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 Stock Exchange.

The Company and its fully owned subsidiaries (together the "Group") are engaged in Real Estate, Property Development, Transportation 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 24 January 2024.

2. 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 31.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023. 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

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 Property Development Company	State of Qatar	Property Development	Continuing
Alijarah Driving Academy	State of Qatar	Driving School	Continuing
Alijarah Limousine Company	State of Qatar	Taxi & Limousine services	Discontinuing

2.3 Summary of 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.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

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 recognized when the Group becomes a party to the contractual provisions of the instrument.

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

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified at:

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

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

ii) 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 profit (SPPI) on the principal amount outstanding.

iii) Fair value through profit or loss (FVTPL) – All financial assets not classified as measured at amortized 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 amortized 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 amortized cost. The Group classified its investment portfolio as fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets- Business model assessment

The Group assesses 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.

Financial assets- Assessment whether contractual cash flows are Solely Payments of Principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'profit' 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 profit, 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 profit criterion if the prepayment amount substantially represents unpaid amounts of principal and profit 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 profit (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 amortized cost – These assets are subsequently measured at amortized cost using the effective profit method. The amortized cost is reduced by impairment losses. Profit income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Financial assets at fair value through profit or loss (FVTPL) – These assets are subsequently measured at fair value. Net gains and losses, including any profit or dividend income, are recognized in profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets- Subsequent measurement and gains and losses (continued)

- Sukuk at fair value through other comprehensive Income (FVTOCI) – These assets are subsequently measured at fair value. profit income calculated using the effective profit 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 derecognized 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 derecognized (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 the risks and rewards of the asset, nor transferred control of the asset, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

Non-derivative financial assets (continued)

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:

- **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 profit 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 derecognized 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 profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit 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.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

The calculation of ECLs (continued)

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 recognized 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.

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 recognized 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 recognized 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 recognized 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 amortized cost (loans and borrowings)

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

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

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

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

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

Financial liabilities are derecognized when they are extinguished that is, when the obligation is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized 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.

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 labor, 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use asset
The Group recognizes 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 recognized, 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

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 recognizes 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 recognized 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 profit 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 profit 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.

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 recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

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 property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

Offsetting financial instruments

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

Intangible assets

Driving school license

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

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

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

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

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

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 recognized when payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

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

Employees' end of service benefits
The Group makes provision for end of service benefits payable to its expatriate employees based on 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

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.

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 recognized over time based on the percentage of completion method. The related costs are recognized 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 recognized 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of accounting policies (continued)

Revenue recognition (continued)

Driving school services revenue

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

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

Income from deposits

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

Dividend income

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

2.4 Applications of new, amendments and improvements to standards

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

The following amendments to existing standards have been applied by the Group in preparation of these consolidated financial statements. The adoption of these new standards does not have significant impact on the consolidated financial statements.

Effective date	Description
January 1, 2023	• IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts • Definition of Accounting Estimate (Amendments to IAS 8) • Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statement 2) • Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12) • International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

Standards, amendments and improvements issued but not yet effective:

The forthcoming requirements of new Standard and amendments to existing Standards are applicable for future reporting periods. The Group will adopt these on annual periods beginning on or after the effective date

Effective date	Description
January 1, 2024	• Amendments to IFRS 16: Lease Liability in a Sale and Leaseback • Amendments to IAS 1: Classification of Liabilities as Current or Non-current • Supplier Finance Arrangements - Amendments to IAS 7 and IFRS **7**

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 recognized 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.

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 recognized 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 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Revenue from contracts with customers (continued)

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

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

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

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 profit 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 profit that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market profit 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 assessed 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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.

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 2023 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.

4. BALANCES WITH FINANCIAL INSTITUTIONS AND CASH

	2023	**2022**
	QR	**QR**
Cash on hand	137,336	175,045
Current accounts with Islamic banks	20,756,788	19,840,959
Current accounts with a conventional bank	3,776,353	2,409,764
Term deposits with Islamic banks	308,960,889	308,000,000
Deposits with financial institutions	1,195,590	514,728
	334,826,956	330,940,496
Allowance for expected credit losses (Note 4.1)	(282,070)	(305,337)
Balances with financial institutions and cash	**334,544,886**	**330,635,159**

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.

4. BALANCES WITH FINANCIAL INSTITUTIONS AND CASH (CONTINUED)

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

	2023	2022
	QR	QR
At 1 January	**305,337**	201,728
Addition of allowance during the year (Note 24)	-	103,609
Reversal of allowance during the year (Note 22)	(23,267)	-
Balance at 31 December	**282,070**	**305,337**

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

	2023	2022
	QR	QR
Balances with financial institutions and cash prior to the expected credit losses	334,826,956	330,940,496
Term deposits with original maturity of more than 3 months	(298,960,889)	(308,000,000)
Cash and cash equivalents	**35,866,067**	**22,940,496**

5. INSTALLMENTS AND DUES FROM CUSTOMERS

			2023	2022
			QR	QR
Gross installments dues from leasing			23,173,995	25,408,853
	2023	**2022**		
Morabaha	*20,892,990*	*23,013,807*		
Ijarah	*2,281,005*	*2,395,046*		
Less: Deferred profits of future installments			(674,013)	(750,371)
	2023	**2022**		
Morabaha	*(156,924)*	*(233,282)*		
Ijarah	*(517,089)*	*(517,089)*		
Installments dues from leasing			**22,499,982**	**24,658,482**
Other trade receivables			845,076	718,092
Gross installments and dues from customers			**23,345,058**	**25,376,574**
Allowance for expected credit losses for installments dues from leasing and other trade receivables			(15,586,314)	(17,898,344)
Installments and dues from customers			**7,758,744**	**7,478,230**
Maturity profile of installments and dues from customers (net of deferred profits)				
Not later than 1 year			22,081,547	23,418,589
Later than 1 year and not later than 5 years			418,435	1,239,893
			22,499,982	**24,658,482**

5. INSTALLMENTS AND DUES FROM CUSTOMERS (CONTINUED)

Movement in allowance of expected credit losses	2023	2022
	QR	QR
Balance at 1 January	**17,898,344**	48,979,459
Provided during the year (Note 24)	-	206,397
Reversals during the year for Installments Dues from Customers (Note 22)	(2,312,030)	(31,287,512)
Balance at 31 December	**15,586,314**	**17,898,344**

6. INVESTMENT SECURITIES

	2023	2022
	QR	QR
Financial assets measured at fair value through profit or loss	15,317,374	16,654,152
Financial assets measured at fair value through OCI	136,333,920	153,768,708
Sukuk at fair value through profit or loss	16,928,700	-
Balance at 31 December	**168,579,994**	**170,422,860**

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

7. INVENTORIES

	2023	2022
	QR	QR
Spare parts and consumables	273,158	4,199,208
Provision for slow moving inventories (Note 7.1)	-	(3,842,138)
	273,158	**357,070**

7.1 Movement in provision for slow moving inventories

	2023	2022
	QR	QR
Balance at 1 January	3,842,138	3,842,138
Reversal during the year	(3,842,138)	-
Balance at 31 December	**-**	**3,842,138**

8. PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	QR	QR
Advance payments to suppliers	2,707,658	1,235,363
Prepayments and other receivables	846,451	999,363
Profits accrued on sukuk	332,403	
Profits accrued on bank deposits	16,960	3,838,777
Security deposit	51,480	51,480
	3,954,952	**6,124,983**
Allowance for expected credit losses on other receivables	(270,000)	(270,000)
	3,684,952	**5,854,983**

9. PROPERTY AND EQUIPMENT

	Land QR	Building QR	Office equipment QR	Furniture and fixtures QR	Vehicles QR	Work-in-progress QR	Total QR
Cost:							
At 1 January 2022	**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
Write-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**
Additions			65,949	173,860	1,032,691	2,947,039	4,219,539
At 31 December 2023	**29,991,000**	**81,946,692**	**7,171,989**	**6,973,447**	**9,668,139**	**2,981,339**	**138,732,606**
Accumulated Depreciation:							
At 1 January 2022	**-**	**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**
Charge for the year	-	2,442,139	188,027	143,664	1,753,503	-	4,527,333
At 31 December 2023	**-**	**38,714,655**	**6,910,417**	**6,816,270**	**7,544,760**	-	**59,986,102**
31 December 2023	**29,991,000**	**43,232,037**	**261,572**	**157,177**	**2,123,379**	**2,981,339**	**78,746,504**
31 December 2022	**29,991,000**	**45,674,176**	**383,650**	**126,981**	**2,844,191**	**34,300**	**79,054,298**

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:

	2023	2022
	QR	QR
Depreciation attributable to general and administration (Note 24)	526,646	1,275,682
Direct costs forming part of operating expenses (Note 23)	4,000,687	3,724,848
	4,527,333	**5,000,530**

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

	2023	2022
	QR	QR
At 1 January	**485,875**	542,482
Amortization (Note 24)	(56,607)	(56,607)
	429,268	**485,875**

Lease liability

	2023	2022
	QR	QR
At 1 January	**647,973**	711,152
Finance costs for the year	33,347	36,821
Payment during the year	(100,000)	(100,000)
	581,320	**647,973**

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:

	2023	2022
	QR	QR
Less than one year	6,520,500	7,425,700
Between one and four years	3,339,000	5,308,000
	9,859,500	**12,733,700**

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.

	2023	2022
	QR	QR
At 1 January	111,194,082	116,591,644
Valuation loss	-	(5,397,562)
Balance at 31 December	**111,194,082**	**111,194,082**

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 recognized in the other comprehensive income.

b) Measurement of fair values

The fair value of the Group's investment properties at 31 December 2023 and 31 December 2022 has been arrived using a discounted cash flow (DCF) method.

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

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

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			2023	2022
Warehouse	(DCF Method)	Rent growth rate	**3.0%**	**2.45%**
		Long term vacancy rate	**5%**	**5%**
		Discount rate	**9%**	**8.50%**
Labor accommodation	(DCF Method)	Rent growth rate	**3%**	**-**
		Long term vacancy rate	**5%**	**5%**
		Discount rate	**9%**	**8.50%**

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.

11. INVESTMENT PROPERTIES (CONTINUED)

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:

	2023		2022	
	Movement in fair value		Movement in fair value	
	QR	**QR**	QR	QR
Discount rate	**0.5% increase**	**0.5% increase**	0.5% increase	0.5% decrease
Investment properties	(13,382,689)	10,400,101	(13,382,689)	3,958,216

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

	2023	**2022**
	QR	**QR**
Rental income (Note 20)	**11,493,719**	**11,773,568**
Direct operating expenses that generate rental income	**2,883,595**	**3,001,655**

12. INTANGIBLE ASSETS

	Driving school license	Software	Total
	QR	QR	QR
Cost:			
At 1 January 2023	**8,000,000**	**5,460,185**	**13,460,185**
Additions	-	493,261	493,261
At 31 December 2023	**8,000,000**	**5,953,446**	**13,953,446**
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**
Amortization:			
At 1 January 2023	**-**	**5,365,237**	**5,365,237**
Charge for the year	-	187,794	187,794
At 31 December 2023	**-**	**5,553,031**	**5,553,031**
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**
Net carrying amounts:			
31 December 2023	**8,000,000**	**400,415**	8,400,415
31 December 2022	**8,000,000**	**94,948**	**8,094,948**

	2023	2022
	QR	QR
Amortization attributable to general and administration expenses (Note 24)	187,794	163,932
	187,794	**163,932**

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 2023 and 31 December 2022. The recoverable amount of the driving academy as at 31 December 2023 and 31 December 2022 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 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 recognized any impairment to its driving school license.

13. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	2023	2022
	QR	QR
Accounts payable and advances from customers	17,931,262	21,161,779
Unclaimed dividends	7,161,291	7,161,442
Provision for employees' end of service benefits (a)	3,511,777	2,938,989
Provision for social contribution (b)	389,370	477,680
Provision for expected claims and expenses (Note 24(a))	12,000,000	12,500,000
Accrued expenses	6,344,249	4,340,066
	47,337,949	**48,579,956**

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

	2023	2022
	QR	QR
At 1 January	2,938,989	4,858,917
Charge for the year	839,945	1,506,895
Payments during the year	(267,157)	(3,426,823)
	3,511,777	**2,938,989**

(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 384,892 for the year 2023 (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 2023.

14. ISLAMIC FINANCING UNDER WAKALAH ARRANGEMENTS

During 2016, the Group has obtained Islamic financing facility under Wakalah arrangement to fund construction and development of additional warehouses. During the year 2021, 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%. The facility was repaid in 2022.
During 2023, the Group has obtained new Islamic financing facility under Wakalah arrangement to fund construction and development of additional warehouses. the facility repayable after 36 months. The facility is secured by term deposits and carries financing charges at 4.5%.

	2023	2022
	QR	QR
At 1 January	-	19,229,782
Additions	18,500,000	-
Paid	-	(19,229,782)
	18,500,000	**-**

15. CONTRACT LIABILITIES

	2023	2022
	QR	QR
Contract Liability from property development (i)	-	1,514,098
Contracts Liability related to driving academy	10,287,755	10,300,680
Contract Liability from property rental	60,180	281,657
	10,347,935	**12,096,435**

(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 Waterfront of Lusail area. This amount is recognized in the consolidated statement of profit or loss based on the percentage of completion of the infrastructure development that was fully completed during 2023.

16. SHARE CAPITAL

	2023	2022
	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 2022) 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.

18. FAIR VALUE RESERVE

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

	2023	2022
	QR	QR
At 1 January	**(40,236,482)**	(4,043,070)
Net change in fair value of equity measured at FVTOCI	(15,575,051)	(36,247,334)
Transfer from fair value reserve to accumulated losses upon derecognition	2,967,840	53,922
At 31 December	**(52,843,693)**	**(40,236,482)**

19. DIVIDENDS

At the Annual General Assembly meeting held on 27 February 2023, the shareholders approved to distribute dividend of QR 0.03 per share amounting to QR 14,844,060 in respect of 31 December 2022 results (for the year ended 31 December 2021: no dividend were distributed).

20. REVENUES FROM CORE BUSINESS

	2023	2022
	QR	QR
Revenue from contracts with customers *(Note 20.1)*	27,362,300	20,606,633
Revenue from leasing operations *(Note 20.2) (Note i)*	83,316	600,572
Revenue from operating lease (Rental income)	11,493,719	11,773,568
	38,939,335	**32,980,773**

20.1 Revenue from contracts with customers

	2023	2022
	QR	QR
Revenue from real estate property development	1,514,097	2,274,426
Revenue from driving academy operations	25,255,055	17,663,305
Revenue from workshop operations	593,148	668,902
	27,362,300	**20,606,633**

	2023	2022
	QR	QR
Timing of revenue recognition		
Products and services transferred over time	26,769,152	19,937,731
Products and services transferred at a point in time	593,148	668,902
	27,362,300	**20,606,633**

All revenue sources are earned inside the State of Qatar.

20.2 Revenue from leasing operations

	2023	2022
	QR	QR
- Morabaha	83,316	593,957
- Ijarah	-	6,615
	83,316	**600,572**

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 must fully comply with Qatar Central Bank law and the Regulation of Financial Institutions no. 13 of 2012. and accordingly, the operation of leasing and Islamic finance was temporarily ceased until the matter is regularized with the Qatar Central Bank.

21. INCOME FROM INVESTMENTS

	2023	2022
	QR	QR
Loss on fair value of investment securities at fair value through profit or loss	(2,690,902)	(1,377,858)
Dividend income	4,306,109	9,543,154
Profit from sukuk	333,604	-
Other income from financial assets	56,514	109,783
	2,005,325	**8,275,079**

22. OTHER INCOME

	2023	2022
	QR	QR
Reversal of expected credit loss (Note 4 and 5)	2,335,297	31,287,512
Miscellaneous income	2,437,750	322,235
	4,773,047	**31,609,747**

23. OPERATING EXPENSES

	2023	2022
	QR	QR
Cost of driving academy operations	11,169,498	7,015,360
Depreciation of property and equipment (Note 10)	4,000,687	3,724,848
Property expenses arising from investment properties that generate rental income.	2,883,595	3,001,655
Cost of workshop operations	-	1,627,473
Property development cost	1,370,279	1,406,253
	19,424,059	**16,775,589**

24. GENERAL AND ADMINISTRATION EXPENSES

	2023	2022
	QR	QR
Staff costs	15,006,167	14,739,773
Repairs & maintenance expenses	2,252,274	1,033,401
Professional and legal fees	1,614,945	3,037,384
General meeting, telephone and consumable expenses	893,647	1,209,373
Depreciation and amortization (Notes 9, 10, 12)	771,047	1,496,221
Software & licenses	630,549	1,077,702
Licensing & listing	565,992	567,418
Security expenses	538,867	514,044
Insurance	496,630	404,684
Advertising expenses	414,169	270,613
Bank charges & commissions	411,076	238,190
Donation and charity	348,972	218,153
Postage printing and stationery	82,609	82,108
Receivable written off	57,102	126,481
Short-term rent expenses	126	85,976
Provision for expected expenses	-	12,500,000
Provision for expected credit losses (Notes 4 & 5)	-	310,006
Miscellaneous expenses	1,245,816	304,031
	25,329,988	**38,215,558**

24.(a) EXPENSES BY NATURE

	2023	2022
	QR	QR
Operating expenses (Note 23)	**19,424,059**	16,775,589
General and administrative expenses	**25,329,988**	38,215,558
	44,754,047	**54,991,147**

24.(B) EXPENSES BY NATURE (CONTINUED)

	2023	2022
	QR	QR
Staff costs	23,382,071	20,902,571
Depreciation & amortization (Notes 9,10 and 12)	4,771,735	5,221,069
General meeting, telephone and consumable expenses	3,567,242	3,860,328
Repairs & maintenance expenses	2,265,507	1,102,691
Fuel	1,727,500	1,291,210
Professional and legal fees	1,614,945	3,037,384
Cost of infrastructure	1,367,559	1,404,383
Vehicle repairs & maintenance	763,528	700,725
Security expenses	748,867	801,044
Software & licenses	630,549	1,077,702
Insurance expenses	603,040	658,245
Licensing & listing	565,992	567,418
Advertising expenses	414,169	270,613
Bank charges & commissions	411,076	255,690
Donation and charity	348,972	218,153
Vehicle licenses	167,585	176,112
Postage printing and stationery	82,609	82,109
Receivable written off	57,102	126,481
Provision for expected credit losses (Notes 4 & 5)	-	310,006
Rent & accommodation expenses	-	115,262
Other operating expenses	-	7,920
Provision for expected expenses	-	12,500,000
Miscellaneous expenses	1,263,999	304,031
	44,754,047	**54,991,147**

25. 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.:

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.

25. DISCONTINUED OPERATIONS (CONTINUED)

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

	2023	2022
	QR	QR
Other income	-	950
General and administrative expenses (Note i)	-	(194,097)
Impairment loss on the remeasurement to fair value less costs to sell	-	(46,700)
	-	
NET OPERATING LOSS	**-**	**(239,847)**
Finance income	-	4,365
Loss from discontinued operations	**-**	**(235,482)**

(Note i)
Summary of general and administration expenses is summarized as below:

	2023	2022
	QR	QR
Repairs & maintenance expenses	-	10,110
Professional and legal fees	-	200
Loss on sale/retirement of property and equipment	-	86,900
Bank charges & commissions	-	3,375
Staff costs	-	80,399
Licensing & listing	-	12,240
Miscellaneous expenses	-	873
	-	**194,097**

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

	2023	2022
	QR	QR
Operating	-	(106,247)
Investing	-	1,093,765
Net cash inflows	**-**	**987,518**

26. INCOME TAX

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	2023	2022
	QR	QR
Current income tax charge	242,451	75,227
Adjustments in respect of current income tax of previous year	(55,416)	46,413
Income tax expense reported in the consolidated statement of profit or loss	**187,035**	**121,640**

27. BASIC AND DILUTED EARNINGS PER SHARE

	2023	2022
Profit for the year (QR)	15,395,661	19,107,202
Weighted average number of shares	494,802,000	494,802,000
Basic and Diluted earnings per share (QR)	**0.031**	**0.039**

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

	2023	2022
Profit for the year from continuing operations (QR)	15,395,661	19,342,684
Weighted average number of shares	494,802,000	494,802,000
Basic and Diluted earnings per share (QR)	**0.031**	**0.039**

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:

	2023	2022
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**

28. 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

	2023	2022
	QR	QR
Key management personnel remuneration	**3,624,270**	**7,399,835**

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

29. SEGMENT REPORTING

Based on the nature of core activities of the business, the Group is segmented into four major operating segments. 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.

29. SEGMENT REPORTING (CONTINUED)

The following table presents segment revenues and profits of the Group's operating segments as at 31 December 2023 and 31 December 2022:

2023	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	60,049	-	13,694,192	26,510,828	3,117,341	-	-	43,382,410
Reversal of expected credit loss	2,335,297	-	-	-	-	-	-	2,335,297
Finance Income	11,339	-	21,523	41,476	15,021,274	-	-	15,095,612
Internal parties	-	-	1,668,750	664,774	-	-	(2,333,524)	-
Total revenues and gains	**2,406,685**	**-**	**15,384,465**	**27,217,078**	**18,138,615**	**-**	**(2,333,524)**	**60,813,319**
Profit for the year	**1,509,558**	**-**	**5,473,425**	**4,831,985**	**3,580,693**	**-**	**-**	**15,395,661**
Finance cost	**-**	**-**	**(33,347)**	**-**	**(443,229)**	**-**	**-**	**(476,576)**
Depreciation and amortization	**1,472**	**-**	**2,712,874**	**1,894,042**	**163,347**	**-**	**-**	**4,771,735**

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	-	-	41,578,087
Reversal of expected credit loss	31,287,512	-	-	-	-	-	-	31,287,512
Finance Income	24,037	33,854	22,687	17,332	7,133,655	-	-	7,231,565
Internal parties	-	568,674	2,014,350	-	-	-	(2,583,024)	-
Total revenues and gains	**32,141,190**	**1,290,225**	**16,070,153**	**17,769,786**	**15,408,834**	**-**	**(2,583,024)**	**80,097,164**
Loss from discontinued operations	-	-	-	-	-	**(235,482)**	-	**(235,482)**
Profit for the year	**17,554,518**	**(1,711,550)**	**1,701,655**	**539,699**	**1,258,362**	**(235,482)**	**-**	**19,107,202**
Finance cost	**-**	**-**	**(244,131)**	**-**	**-**	**-**	**-**	**(244,131)**
Depreciation and amortization	**1,474**	**165,943**	**3,014,300**	**1,873,583**	**165,769**	**-**	**-**	**5,221,069**

29. SEGMENT REPORTING (CONTINUED)

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2023 and 31 December 2022:

As of 31 December, 2023	Financial leasing	Transportation	Property development	Driving school	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Current asset	352,606,756	15,214,931	129,249,351	8,184,916	738,582	150,977,245	(531,137,336)	125,834,445
Non-current assets	625,460	-	187,886,126	10,477,001	6,300	388,782,671		587,777,558
Total assets	**353,232,216**	**15,214,931**	**317,135,477**	**18,661,917**	**744,882**	**539,759,916**	**(531,137,336)**	**713,612,003**
Current liabilities	(12,952,189)	(64,903)	(15,169,731)	(22,548,571)	(282,297,339)	(224,028,559)	484,937,336	(72,123,956)
Non-current liabilities	-	-	(1,131,471)	(940,476)	-	(2,571,301)		(4,643,248)
Total liabilities	**(12,952,189)**	**(64,903)**	**(16,301,202)**	**(23,489,047)**	**(282,297,339)**	**(226,599,860)**	**484,937,336**	**(76,767,204)**

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)**

30. CONTINGENT LIABILITIES & COMMITMENTS

	2023	2022
	QR	QR
Letters of guarantee from Islamic banks	**350,000**	**350,000**
Project commitments	**-**	**1,150,251**

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

2023	Non-current	Current	Total
	QR	QR	QR
ASSETS			
Balances with financial institutions and cash	252,000,000	82,544,886	334,544,886
Installments and dues from customers	621,889	7,136,855	7,758,744
Investment securities	136,333,920	32,246,074	168,579,994
Inventories	-	273,158	273,158
Prepayments and other receivables	51,480	3,633,472	3,684,952
Property and equipment	78,746,504	-	78,746,504
Investment properties	111,194,082	-	111,194,082
Intangible assets	8,400,415	-	8,400,415
Right-of-use asset	429,268	-	429,268
Total assets	**587,777,558**	**125,834,445**	**713,612,003**
LIABILITIES			
Accounts payable, accruals and other payables	4,136,714	43,201,235	47,337,949
Islamic financing under wakalah arrangements	-	18,500,000	18,500,000
Contract liabilities	-	10,347,935	10,347,935
Lease liability	506,534	74,786	581,320
Total liabilities	**4,643,248**	**72,123,956**	**76,767,204**

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**

32. FINANCIAL RISK MANAGEMENT

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is limited to the carrying amount of its financial assets which consist primarily of bank balances and financing facilities to customers. Credit risk on bank balance is limited to as deposits are placed with banks with high credit ratings assigned by international credit-rating agencies. Credit risk due from customers is limited by obtaining collaterals and mortgage on leasing facilities.

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:

	2023	**2022**
	QR	**QR**
Balances with financial institutions	334,689,622	330,765,451
Installments and dues from customers	7,758,744	7,478,230
Security deposit	51,480	51,480
	342,499,846	**338,295,161**

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, 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 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.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

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 analyze 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 several 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 derecognized and the renegotiated facility recognized 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.

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 realizing 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 2023			
	Gross carrying amount	Expected credit losses	Net carrying amount	
	QR	QR	QR	Loss rate
Current – 30 days past due	1,328,351	850,063	478,288	63.99%
31 – 60 days past due	76,833	45,931	30,902	59.78%
61 – 90 days past due	76,833	45,931	30,902	59.78%
91 – 180 days past due	224,041	137,081	86,960	61.19%
181 – 360 days past due	286,658	188,429	98,229	65.73%
More than 360 days past due	21,181,280	14,142,300	7,038,980	66.77%
Total	**23,173,996**	**15,409,735**	**7,764,261**	**66.50%**

32. 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	2023	2022
		QR	QR
Qatar Stock Exchange	+/-10%	**1,531,737**	**1,665,415**

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 2023	Less than 1 year	1-5 years	Total
	QR	QR	QR
Accounts payable and accruals	43,201,236	4,136,715	**47,337,951**
Islamic financing under wakalah arrangements	1,242,583	20,307,091	**21,549,674**
Lease liability	100,000	579,477	**679,477**
	44,543,819	**25,023,283**	**69,567,102**

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	677,072	**777,072**
	42,887,282	**6,469,746**	**49,357,028**

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.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2023 and 31 December 2022. Capital comprises share capital and accumulated losses of QR 494.8 Million and QR 140 Million, respectively (2022: QR 494.8 Million and QR 152 Million, respectively).

33. 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.

34. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets at amortized cost

	2023	2022
	QR	QR
Installments and due from customers	7,758,744	7,478,230
Balances with financial institutions	333,494,032	330,765,451
Security deposit	51,480	51,480
	341,304,256	**338,295,161**

Other financial liabilities at amortized cost

	2023	2022
	QR	QR
Trade and other payables	17,931,264	21,161,779
Islamic financing under wakalah arrangements	18,500,000	-
Unclaimed dividend	7,161,291	7,161,442
	43,592,555	**28,323,221**

Financial Assets

	2023	2022
	QR	QR
Investment securities at fair value through profit or loss (FVTPL)	32,246,074	16,654,152
Investment securities at fair value through other comprehensive income (FVTOCI)	136,333,920	153,768,708
	168,579,994	**170,422,860**

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.