# Mannai Corporation Q.P.S.C.

## Consolidated financial statements
## 31 December 2022

**Mannai Corporation Q.P.S.C.**
**Consolidated financial statements**
**As at and for the year ended 31 December 2022**

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*"Overall, 2022 was an exceptional year for Mannai.*

*Following the sale of Inetum SA, our French subsidiary, in July, Mannai distributed an interim dividend of QR 1.4 Billion to its shareholders, and at the same time reduced its Group borrowings by QR 3.2 Billion."*

## BOARD OF DIRECTORS' REPORT

The impact of Covid on our businesses began to abate in 2022 and Group revenues increased by 10 percent to QR 5.34 Billion, on a like for like basis, compared with the previous year.

However, during 2022 the global increase in interest rates was gradually taking hold, significantly affecting the cost of borrowing.

The Gross Profit was QR 867 Million, an increase of 8 percent, and underlying earnings before interest (EBIT), excluding a one-off impairment provision were QR 675 Million. The resulting Net Profit for the year was QR 202 Million, after an increase in borrowing costs of QR 35 Million.

In retail, auto sales in Qatar remained strong, and healthy growth was restored to our travel businesses as people started to fly abroad again. Our GCC jewellery business Damas experienced 6 percent growth in sales.

In our business to business segment (B2B), Qatar ICT revenues grew by 14.5 percent to QR 2.8 Billion. Heavy equipment sales of buses and other heavy equipment recovered and increased by 28 percent.

Overall Group revenues, excluding the discontinued Inetum business, grew by 10 percent compared with the previous year.

## PERFORMANCE OVERALL

| | |
|---|---|
| Group revenue | QR 5.3 Billion |
| Revenue growth | 10 percent |
| EBITDA | QR 643 Million |
| EBIT | QR 475 Million |
| Net Profit | QR 202 Million |
| Earnings per share | QR 0.44 |

Earnings per share of QR 0.44 is in addition to the QR 3.15 per share distributed as an Interim Dividend in September 2022.

Overall, 2022 was an exceptional year for Mannai. Following the sale of Inetum SA, our French subsidiary, in July, Mannai distributed an interim dividend of QR 1.4 Billion to its shareholders, and at the same time reduced its Group borrowings by QR 3.2 Billion.

Our Qatar businesses experienced a strong fourth quarter in 2022, a trend which gives encouragement for the year ahead.

Keith Higley
Director

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Mannai Corporation Q.P.S.C.

# Independent auditor's report to the shareholders of Mannai Corporation Q.P.S.C.

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### *Our opinion*

In our opinion, the consolidated financial statements of Mannai Corporation Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with IESBA Code and the ethical requirements in the State of Qatar.

### *Our audit approach*

Overview

**Key audit matters**

- Carrying value of goodwill and other intangible assets with indefinite useful life and investment in associate;
- Existence of gold and jewelry inventories and accounting of gold loans;
- Disposal of a major subsidiary.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

*Key audit matter*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| ***Key audit matter*** | ***How our audit addressed the Key audit matter*** |
|---|---|
| ***Carrying value of goodwill and other intangible assets with indefinite useful life and investment in associate.*** | |
| The Group's assets include goodwill and other intangible assets with indefinite useful life resulting from the previous acquisition of one of the Group's subsidiaries amounting to QR 930 million representing 13 % of the Group's total assets. IAS 36 "Impairment of assets" requires that Goodwill and other intangible assets with indefinite life acquired in a business combination to be tested at least annually.<br><br>In addition, the Group has an investment in associate accounted for using the equity method with a carrying value of QR 574 million, representing 8% of total Group assets (refer to note 6 and 12). As required by IAS 28 "Investments in associates and joint ventures", the Group assesses at each reporting date whether there is any objective evidence that an investment accounted for using the equity method is impaired. The reduced profitability of the investment in associate, amongst other factors, are considered to be possible indicators that an impairment may exist.<br><br>The annual impairment testing for the goodwill, intangible assets with an indefinite life and investment in associate has been completed based on the discounted cash flows models which requires the use of significant assumptions and judgements about the growth in future sales, long-term growth rates, and discount rates to determine the value in use (VIU) of the respective cash generating units (CGU).<br><br>An impairment on investment in associate amounting to QR 200 million was recognised during the year ended 31 December 2022.<br><br>We considered this area to a key audit matter due to the significant judgments and assumptions made by management in performing the impairment assessment.<br><br>Refer to the following disclosures for further details:<br><br>• Note 6: Critical judgments and key sources of estimation uncertainty;<br>• Note 12: Investment in associate companies; and<br>• Note 13: Intangible assets. | **Our audit procedures included, amongst others, the following:**<br><br>• We obtained an understanding of the business process for the impairment assessment, identifying the relevant internal controls and testing their design, implementation, and operating effectiveness;<br><br>• We reviewed the Group's assessment if any impairment indicators existed at the reporting date for its assets to confirm whether the impairment assessment is carried out when required under IFRS;<br><br>• We obtained the Group's impairment models and discussed the critical assumptions used with management, those charged with governance and management of the underlying associate and subsidiary;<br><br>• The discussion focused on the revenue growth rate used to estimate future cash flows, the discount rates applied and the terminal growth rates;<br><br>• Our internal valuation experts reviewed the appropriateness of the valuation methodology used by management and independently recalculated the discount rates applied to the future cash flows;<br><br>• We tested the reasonability of the key assumptions in the calculation of the value-in-use and performed sensitivity analysis in order to assess the potential impact of a range of possible outcomes; and<br><br>• We assessed the adequacy of the related disclosures provided in the notes to the consolidated financial statements. |

**Existence of gold and jewelry inventories and accounting of gold loans**

The Group consolidated financial statements include inventory of gold and jewelry held by one of the Group's subsidiaries of QR 1,528 million as at 31 December 2022 (2021: QR 1,413 million). This represents 21% of the Group's total assets.

Gold and jewelry inventories are considered high value desirable items which are susceptible to misappropriation.

Moreover, during the year management reassessed the accounting treatment of gold loans arrangements considering the requirements of IAS 2 "Inventories", IFRS 15 "Revenue from contracts with customers" and concluded that the inventory of QR 470 million should have been recognised and the corresponding obligations in the prior year consolidated financial statements as a correction of error in accordance with IAS 8 "Accounting policies, change in accounting estimates and errors". Hence, management has restated prior year comparatives.

We focused on this area given the materiality of the gold and jewelry inventory, its risk profile and the restatement of prior year amounts.

Refer to notes 9 and 36.a to the consolidated financial statements for further details.

**Our audit procedures included, amongst other following:**

- We obtained an understanding of the inventory business process, identifying the relevant internal controls and testing their design, implementation, and operating effectiveness;
- We assessed the appropriateness of the accounting policy in relation to the existence of inventory and other anti-fraud related polices.
- We observed the inventory counts performed by management for locations selected on sample basis;
- We included an element of unpredictability in our testing by performing certain additional surprise inventory counts;
- Verified the specifications of the gold inventory items by matching them to authenticity certificates provided by a third party on a sample basis; and
- We assessed whether the accounting treatment of the restatement and its related disclosures were in accordance with the requirement of IAS 8.

**Disposal of a major subsidiary**

On 21 July 2022, the Group disposed of one of its major subsidiaries "Inetum" and recorded a profit from discontinued operations amounting to QR 477 million.

We focused on this area given the materiality of the amounts involved and significant impact on disclosures arising from the discontinued operations classification.

Refer to note 35 for details of the disposal gain.

**Our audit procedures included, among others, the following:**

- We recalculated the gain on disposal arising and agreed the transaction terms to the Sale and Purchase Agreement and the cash proceeds received to bank statement;
- We obtained reporting from Inetum's auditors to obtain comfort on the profit for the period from discontinued operations as well as the net assets of the business at the disposal date;
- We reviewed the predecessor auditor working papers to assess the audit work performed over the Inetum balance sheet as at 31 December 2021;
- We obtained legal confirmations from lawyers and tested the reasonableness of the warranty provisions resulting from the disposal of Inetum;
- We involved our tax experts to assess the appropriateness of the methodology and calculation of the French capital gains tax incurred on disposal; and
- We checked the appropriateness of the disclosures related to the disposal and the classification of the business as a discontinued operation.

## *Other information*

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

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

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

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

When we read the complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## *Responsibilities of management and those charged with governance for the consolidated financial statements*

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## *REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS*

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit;

- The Company has carried out a physical verification of inventories at the year-end in accordance with observed principles;

- The Company has maintained proper books of account and the consolidated financial statements are in agreement therewith;

- The financial information included in the Board of Directors' report is in agreement with the books and records of the Company; and

- Nothing has come to our attention, which causes us to believe that the Company has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, or of its Articles of Association, which would materially affect the reported results of its operations or its consolidated financial position as at 31 December 2022.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

**Mark Menton**
**Auditor's registration number 364**
Doha, State of Qatar
26 February 2023

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# Mannai Corporation Q.P.S.C.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As at 31 December 2022**

| | Notes | **31 December 2022 QR'000** | 31 December 2021 QR'000 *(Restated)** | 1 January 2021 QR'000 *(Restated)** |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 7 | **85,916** | 1,039,061 | 1,150,315 |
| Due from related parties | 31 | **6,335** | 33,813 | 40,169 |
| Trade receivables and others | 8 | **2,397,455** | 4,954,683 | 4,415,893 |
| Inventories | 9 | **2,196,288** | 1,939,536 | 2,259,581 |
| **Total current assets** | | **4,685,994** | 7,967,093 | 7,865,958 |
| | | | | |
| **Non-current assets** | | | | |
| Trade receivables and others | 8 | **90,708** | 374,465 | 304,298 |
| Due from related parties | 31 | **53,025** | 48,602 | 46,534 |
| Financial assets - equity instruments | 10 | **8,337** | 11,810 | 15,069 |
| Investment in joint venture companies | 11 | **25,874** | 27,150 | 19,956 |
| Investment in associate companies | 12 | **671,962** | 953,035 | 970,506 |
| Investment properties | 15 | **38,139** | 893 | 9,940 |
| Right-of-use assets | 17 | **180,941** | 520,812 | 623,599 |
| Intangible assets | 13 | **936,115** | 5,819,319 | 6,032,986 |
| Property, plant and equipment | 14 | **678,238** | 911,649 | 917,885 |
| Deferred tax assets | | **-** | 56,816 | 108,948 |
| **Total non-current assets** | | **2,683,339** | 8,724,551 | 9,049,721 |
| | | | | |
| **Total assets** | | **7,369,333** | 16,691,644 | 16,915,679 |
| | | | | |
| **LIABILITIES AND EQUITY** | | | | |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Bank overdrafts | | **298,383** | 313,096 | 280,613 |
| Accounts payable and accruals | 18 | **1,877,911** | 5,279,462 | 5,148,779 |
| Provisions | 19 | **126,819** | 63,819 | - |
| Amounts due to related parties | 31 | **584** | 4,543 | 2,945 |
| Lease liabilities | 17 | **74,356** | 191,515 | 192,929 |
| Borrowings | 16 | **3,198,668** | 3,213,385 | 2,591,132 |
| **Total current liabilities** | | **5,576,721** | 9,065,820 | 8,216,398 |
| | | | | |
| **Non-current liabilities** | | | | |
| Accounts payable and accruals | 18 | **102,048** | 86,695 | 24,190 |
| Lease liabilities | 17 | **112,049** | 352,931 | 445,289 |
| Employees' end of service benefits | 20 | **141,038** | 420,028 | 429,552 |
| Deferred tax liabilities | | **-** | 24,377 | 42,631 |
| Borrowings | 16 | **451,552** | 4,541,932 | 5,706,770 |
| **Total non-current liabilities** | | **806,687** | 5,425,963 | 6,648,432 |
| **Total liabilities** | | **6,383,408** | 14,491,783 | 14,864,830 |

**The consolidated statement of financial position continues on next page.**

**Refer to note 36*



Report on the audit of consolidated financial statements is set out in pages 1 to 5.
The accompanying notes from 1 to 36 are an integral part of these consolidated financial statements.

## Mannai Corporation Q.P.S.C.
### CONSOLIDATED STATEMENT OF FINANCIAL POSITION
**As at 31 December 2022**

| | Notes | 31 December 2022 QR'000 | 31 December 2021 QR'000 *(Restated)** | 1 January 2021 QR'000 *(Restated)** |
|---|---|---|---|---|
| **Equity** | | | | |
| Share capital | 21 | **456,192** | 456,192 | 456,192 |
| Legal reserve | 22 | **1,083,456** | 1,083,456 | 1,083,456 |
| Acquisition reserve | 22 | **(588,058)** | (999,488) | (999,488) |
| Other reserve | 22 | **4,630** | (66,379) | (64,782) |
| Foreign currency translation reserve | 22 | **(47,758)** | (156,450) | (39,952) |
| Fair value reserve | | **(32,990)** | (32,990) | (32,990) |
| Retained earnings | | **110,453** | 1,911,669 | 1,647,057 |
| **Equity attributable to shareholders of the Company** | | **985,925** | 2,196,010 | 2,049,493 |
| Non-controlling interests | | **-** | 3,851 | 1,356 |
| **Total equity** | | **985,925** | 2,199,861 | 2,050,849 |
| **Total liabilities and equity** | | **7,369,333** | 16,691,644 | 16,915,679 |

These consolidated financial statements were approved by the Board of Directors and authorised for issue on their behalf by the following on 26 February 2023.

| | |
|---|---|
| ............................................... | ............................................... |
| **Sheikh Suhaim Bin Abdulla Al-Thani** | **Keith Higley** |
| Vice Chairman | Director |

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**Refer to note 36*

Report on the audit of consolidated financial statements is set out in pages 1 to 5.
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| | Notes | 2022 *QR'000* | 2021 *QR'000 Represented** |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 24 | **5,343,143** | 4,863,123 |
| Direct costs | 26 | **(4,476,323)** | (4,063,138) |
| **Gross profit** | | **866,820** | 799,985 |
| Other income | 27 | **56,266** | 38,726 |
| General and administrative expenses | 28 | **(478,259)** | (456,332) |
| Selling and distribution expenses | 29 | **(198,482)** | (181,188) |
| Impairment of financial and contract assets - net | 8 | **(44,797)** | (2,084) |
| **Operating profit** | | **201,548** | 199,107 |
| Finance costs | | **(271,054)** | (236,149) |
| Share of results from joint ventures and associate companies | 11,12 | **(2,716)** | 26,546 |
| Impairment losses from joint ventures and associate companies | 12 | **(200,000)** | (3,244) |
| **Loss before income tax** | | **(272,222)** | (13,740) |
| Income tax expense | | **(1,997)** | (3,819) |
| **Loss from continuing operations** | | **(274,219)** | (17,559) |
| Profit from discontinued operation (attributable to shareholders of the company) | 35 | **476,679** | 293,186 |
| **Profit for the year** | | **202,460** | **275,627** |
| **Attributable to:** | | | |
| Shareholders of the Company | | **202,460** | 276,076 |
| Non-controlling interests | | **-** | (449) |
| | | **202,460** | 275,627 |
| *Earnings per share:* | | | |
| Basic and diluted earnings per share from continuing operations attributable to shareholders of the Company (QR) | 30 | **-0.601** | -0.038 |
| Basic and diluted earnings per share for profit attributable to shareholders of the Company (QR) | 30 | **0.444** | 0.605 |

*Refer to note 35



Report on the audit of consolidated financial statements is set out in pages 1 to 5.
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# Mannai Corporation Q.P.S.C.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | Notes | 2022<br>*QR'000* | 2021<br>*QR'000*<br>*Represented** |
|---|---|---|---|
| **Profit for the year** | | **202,460** | 275,627 |
| **Other comprehensive income** | | | |
| ***Items that will not be reclassified to profit or loss:*** | | | |
| Changes in actuarial differences – net of related taxes | | **35,683** | 1,870 |
| ***Items that are or may be reclassified subsequently to profit or loss:*** | | | |
| Change in fair value of derivative financial liabilities | | **-** | 6,997 |
| Valuation of share-based payments | | **17,929** | 11,715 |
| Foreign currency translation adjustments on translation of continuing operations | | **(7,993)** | (13,496) |
| Foreign currency translation adjustments on translation of discontinued operation | 35 | **(136,988)** | (103,009) |
| Recycling of foreign currency translation due to disposal of a subsidiary | | **253,899** | - |
| **Total other comprehensive income / (loss) for the year** | | **162,530** | (95,923) |
| **Total comprehensive income for the year** | | **364,990** | 179,704 |
| **Attributable to:** | | | |
| Shareholders of the Company | | **364,990** | 180,160 |
| Non-controlling interests | | **-** | (456) |
| | | **364,990** | 179,704 |
| **Total comprehensive income for the year attributable to shareholders of the company arises from** | | | |
| Continuing operations | | **(282,212)** | (31,055) |
| Discontinued operation | 35 | **647,202** | 211,215 |
| | | **364,990** | 180,160 |



**Refer to note 35*

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# Mannai Corporation Q.P.S.C.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December 2022**

| | *Share capital* | *Legal reserve* | *Acquisition reserve* | *Other reserve* | *Foreign currency translation reserve* | *Proposed dividends* | *Fair value reserve* | *Retained earnings* | *Equity attributable to Shareholders of the Company* | *Equity attributable to Non-controlling interests* | *Total* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | *QR'000* | *QR'000* | *QR'000* | *QR'000* | *QR'000* | *QR'000* | *QR'000* | *QR'000* | *QR'000* | *QR'000* | *QR'000* |
| Balance as at 1 January 2021 | 456,192 | 1,083,456 | (999,488) | (64,782) | (39,952) | 4,562 | (32,990) | 1,642,495 | 2,049,493 | 1,356 | 2,050,849 |
| Restatement* | | | | | | (4,562) | | 4,562 | | | |
| Balance as at 1 January 2021 (restated) | 456,192 | 1,083,456 | (999,488) | (64,782) | (39,952) | - | (32,990) | 1,647,057 | 2,049,493 | 1,356 | 2,050,849 |
| Profit for the year | - | - | - | - | - | - | - | 276,076 | 276,076 | (449) | 275,627 |
| Other comprehensive income for the year | - | - | - | 20,582 | (116,498) | - | - | - | (95,916) | (7) | (95,923) |
| Total comprehensive income for the year | - | - | - | 20,582 | (116,498) | - | - | 276,076 | 180,160 | (456) | 179,704 |
| Dividends paid (note 23) | - | - | - | - | - | - | - | (4,562) | (4,562) | - | (4,562) |
| Social and sports contribution for 2021 | - | - | - | - | - | - | - | (6,902) | (6,902) | - | (6,902) |
| Other adjustments | - | - | - | (22,179) | - | - | - | - | (22,179) | 2,951 | (19,228) |
| At 31 December 2021 (restated)* | 456,192 | 1,083,456 | (999,488) | (66,379) | (156,450) | - | (32,990) | 1,911,669 | 2,196,010 | 3,851 | 2,199,861 |
| Profit for the year | - | - | - | - | - | - | - | **202,460** | **202,460** | - | **202,460** |
| Other comprehensive income for the year | - | - | - | **53,612** | **108,918** | - | - | - | **162,530** | - | **162,530** |
| Total comprehensive income for the year | - | - | - | **53,612** | **108,918** | - | - | **202,460** | **364,990** | - | **364,990** |
| Dividends paid (note 23) | - | - | - | - | - | - | - | **(1,573,863)** | **(1,573,863)** | - | **(1,573,863)** |
| Transfers to retained earnings related to disposal of a subsidiary (note 35) | - | - | **411,430** | **17,397** | - | - | - | **(424,750)** | **4,077** | **(4,077)** | - |
| Social and sports contribution for 2022 | - | - | - | - | - | - | - | **(5,063)** | **(5,063)** | - | **(5,063)** |
| Foreign exchange on non-controlling interests | - | - | - | - | **(226)** | - | - | - | **(226)** | **226** | - |
| **At 31 December 2022** | **456,192** | **1,083,456** | **(588,058)** | **4,630** | **(47,758)** | **-** | **(32,990)** | **110,453** | **985,925** | **-** | **985,925** |

**Refer to note 36*

Report on the audit of consolidated financial statements is set out in pages 1 to 5.
The accompanying notes from 1 to 36 are an integral part of these consolidated financial statements.

# Mannai Corporation Q.P.S.C.

## CONSOLIDATED STATEMENT OF CASH FLOWS

**For the year ended 31 December 2022**

| | Notes | 2022<br>*QR'000* | 2021<br>*QR'000*<br>*Restated** |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss) / Profit before tax from: | | | |
| Continuing operations | | **(272,222)** | (13,740) |
| Discontinued operation | | **476,679** | 414,035 |
| Profit before income tax including discontinued operation | | **204,457** | 400,295 |
| | | | |
| ***Adjustments for:*** | | | |
| Impairment loss on financial and contract assets -net | | **48,931** | 7,265 |
| Provision for slow moving inventories, net of write-back | | **8,803** | 12,854 |
| Share of results from joint ventures and associate companies | 11,12 | **2,716** | (26,546) |
| Impairment losses from joint ventures and associate companies | 12 | **200,000** | 3,244 |
| Depreciation and amortisation | 26,28 | **322,226** | 496,819 |
| Lease concessions related to Covid-19 | 17 | **-** | (877) |
| Provision for employees' end of service benefits | 20 | **35,001** | 44,299 |
| Gain on sale of property, plant and equipment | | **(1,671)** | (2,013) |
| Gain on sale of investment properties | 27 | **-** | (14,878) |
| Fair value gain on investment properties | | **(25,567)** | - |
| Gain on disposal of a subsidiary, net of tax | | **(345,628)** | - |
| Profit on sale of associates | | **(1,111)** | - |
| Write-off and impairment of property, plant and equipment | | **18** | 160 |
| Gain on derecognition / modification of right of use assets and lease liabilities | | **927** | (7,480) |
| Finance income | | **(3,866)** | (4,247) |
| Finance costs | | **313,577** | 345,091 |
| Operating profit before working capital changes | | **758,813** | 1,253,986 |
| | | | |
| ***Changes in:*** | | | |
| Accounts receivables and prepayments | | **(936,753)** | (563,308) |
| Inventories | | **(387,527)** | 307,191 |
| Amounts due from / to related parties (net) | | **14,885** | 10,133 |
| Accounts payable and accruals | | **621,202** | 248,586 |
| Cash flows from operating activities | | **70,620** | 1,256,588 |
| | | | |
| Finance costs paid | | **(295,892)** | (323,458) |
| Employees' end of service benefits paid | 20 | **(25,471)** | (39,443) |
| Social and sports contribution paid | | **(6,902)** | (358) |
| **Net cash (used in) / generated from operating activities** | | **(257,645)** | 893,329 |

**The consolidated statement of cash flows continues on next page.**



** Refer to note 36*

Report on the audit of consolidated financial statements is set out in pages 1 to 5.
The accompanying notes from 1 to 36 are an integral part of these consolidated financial statements.

# Mannai Corporation Q.P.S.C.
## CONSOLIDATED STATEMENT OF CASH FLOWS
**For the year ended 31 December 2022**

| | *Notes* | **2022** **QR'000** | 2021 *QR'000* *Restated** |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Disposal of financial assets - equity investments | | **-** | 2,847 |
| Dividend received from associates and joint venture companies | 11,12 | **34,109** | 33,753 |
| Additions to intangible assets | | **(62,467)** | (132,055) |
| Additions to property, plant and equipment | | **(110,236)** | (144,300) |
| Proceeds from sale of property, plant and equipment | | **15,334** | 14,771 |
| Proceeds from sale of investment properties | | **-** | 23,793 |
| Proceeds from sale of disposal of equity-accounted investments | | **46,183** | - |
| Proceeds from sale of subsidiary, net of cash in the business** | | **3,520,641** | - |
| Capital gains tax paid | 35 | **(433,655)** | - |
| Interest received | | **3,866** | - |
| Acquisition of a subsidiary, net of cash acquired | | **(193,533)** | (73,542) |
| **Net cash flows generated from /(used in) investing activities** | | **2,820,065** | (274,733) |
| | | | |
| **Cash flows from financing activities** | | | |
| Net movements in interest-bearing loans and borrowings | | **(1,782,661)** | (542,585) |
| Payment of lease liabilities | | **(155,330)** | (196,456) |
| Payment of interest on leases | | **(10,227)** | (19,010) |
| Net movement in bank overdraft facilities | | **61,020** | 32,483 |
| Dividends paid | | **(1,573,863)** | (4,562) |
| **Cash flows (used in) financing activities** | | **(3,461,061)** | (730,130) |
| | | | |
| **Net change in cash and cash equivalents** | | **(898,467)** | (111,534) |
| Cash and cash equivalents at the beginning of the year | | **1,037,926** | 1,147,717 |
| Effect of movements in exchange rates on cash held | | **(54,425)** | 1,743 |
| **Cash and cash equivalents at the end of the year** | | **85,037** | 1,037,926 |

*** Investing Activities – disposal of subsidiary:*

| | **2022** ***QR'000*** |
|---|---|
| Cash proceeds (note 35) | **3,904,116** |
| Less: cash in the business on disposal | **(383,475)** |
| Proceeds from sale of subsidiary, net of cash in the business | **3,520,641** |



**Refer to note 36*

Report on the audit of consolidated financial statements is set out in pages 1 to 5.
The accompanying notes from 1 to 36 are an integral part of these consolidated financial statements.

## 1. REPORTING ENTITY

Mannai Corporation Q.P.S.C. (the "Company") is registered as a Qatari Shareholding Company in the State of Qatar with the Ministry of Economy and Commerce under Commercial Registration Number 12. The registered office of the Company is situated in Doha, State of Qatar. The Company is listed on the Qatar Stock Exchange.

The Company's parent and ultimate parent is Qatar Investment & Projects Development Holding Company WLL.

The core activities of the Company and its subsidiaries (together referred to as the "Group") include information and communication technology, automotive and heavy equipment distribution and service, geotechnical, geological, environmental and material testing services, engineering services to the oil and gas sector, logistics and warehousing, office systems, medical equipment, building materials, travel and cargo services, home appliances and electronics, trading and representation, facilities maintenance and management services and trading in gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones on wholesale and retail basis.

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries. Set out below is a list of local, and foreign material subsidiaries of the Group.

| | Principal activities | Country of incorporation | Group's effective shareholding percentage 2022 | 2021 |
|---|---|---|---|---|
| **Name of subsidiaries** | | | | |
| Mannai Trading Company W.L.L. | Trading and services | Qatar | 100 | 100 |
| Manweir L.L.C. | Engineering | Qatar | 100 | 100 |
| Gulf Laboratories Company W.L.L. | Geotechnical services | Qatar | 100 | 100 |
| Space Travel W.L.L. | Travel | Qatar | 100 | 100 |
| Space Cargo L.L.C. | Travel | Qatar | 100 | 100 |
| Qatar Logistics W.L.L. | Logistics | Qatar | 100 | 100 |
| Technical Services Company W.L.L. | Representations | Qatar | 100 | 100 |
| Mansoft Qatar W.L.L. | Information Technology | Qatar | 100 | 100 |
| Mannai Security Services W.L.L. | Security services | Qatar | 100 | 100 |
| Mannai Auto Rent W.L.L. | Car rental services | Qatar | 100 | 100 |
| Best Holidays Online W.L.L. | Travel | Qatar | 100 | 100 |
| Mannai Air Travel W.L.L. | Travel | Qatar | 100 | 100 |
| Mannai Holidays and Inbound Tourism W.L.L. | Travel | Qatar | 100 | 100 |
| MGS Technology Private Limited (Formerly known as GFI Infomatique India Private Limited) | Information Technology | India | 100 | 100 |
| Damas L.L.C. | Jewellery Trading | UAE | 100 | 100 |
| Damas Jewellery L.L.C | Jewellery Trading | UAE | 100 | 100 |
| Damas Jewellery D.M.C.C. | Jewellery Trading | UAE | 100 | 100 |
| Premium Investments International L.L.C. | Jewellery Trading | UAE | 100 | 100 |
| Damas SPV Jewellery L.L.C. | Jewellery Trading | UAE | 100 | 100 |
| Damas Jewellery Oman L.L.C. | Jewellery Trading | Oman | 100 | 100 |
| Damas Company W.L.L. | Jewellery Trading | Bahrain | 100 | 100 |
| Damas Jewellery Kuwait Company W.L.L. | Jewellery Trading | Kuwait | 100 | 100 |
| Damas Saudi Arabia Company Limited | Jewellery Trading | KSA | 100 | 100 |
| Damas Doha Company W.L.L. | Jewellery Trading | Qatar | 100 | 100 |

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the applicable provisions of Qatar Commercial Companies' Law No 11 of 2015 as amended by Law No. 8 of 2021.

### b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial assets – equity instruments that are measured at fair value. Details of the Group's accounting policies are included in Note 5.

## 3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Qatari Riyals, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand or million as appropriate, unless otherwise indicated.

## 4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

### 4.1 New standards, amendments and interpretations effective from 1 January 2022

During the current year, the below amendments to IFRS Standards became effective for annual reporting period beginning on or after 1 January 2022:

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*
- *Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37*
- *Annual Improvements to IFRS Standards 2018-2020, and*
- *Reference to the Conceptual Framework – Amendments to IFRS 3.*
- *Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021) – Amendments to IFRS 16*

The adoption of the above amendments to IFRS or standards listed do not have any or material effect on the Group's consolidated financial statements

### 4.2 New standards, amendments and interpretations issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. The Group is in the process of assessing the impact of these standards on the consolidated financial statements.

## 5. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of Mannai Corporation Q.P.S.C. and its subsidiaries (together referred to as the "Group"). The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements, and have been applied consistently by the Group entities, where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by the Group.

### A. Basis of consolidation

#### *i. Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### A. Basis of consolidation (continued)

#### *i. Business combinations (continued)*

Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the statement of income.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (12 months after the acquisition) to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

#### *ii. Subsidiaries*

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

#### *iii. Non-controlling interests ("NCI")*

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### *iv. Loss of control*

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

#### *v. Interests in associate and joint venture companies*

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### A. Basis of consolidation (continued)

***vi. Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### B. Foreign currency

***i. Foreign currency transactions***

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

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

However, foreign currency differences arising from the translation of financial assets – equity instruments held at fair value through OCI are recognised in OCI.

***ii. Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyals at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes off part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes off only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### C. Revenue

Revenue is recognised upon the transfer of promised products or services to customers in an amount that reflects the consideration that the Group expects to receive in exchange for those products or services. The amount of revenue recognised is adjusted for any rebates. For allocating the transaction prices, the Group has measured the revenue in respect of each performance obligation of a contract at its standalone selling price. The price that is regularly charged for an item is the best evidence of its standalone selling price.

***i. Information and Communication Technology (ICT Projects or ICT)***

*Sale of ICT equipment*

The customers take control of the items at the time of delivery of goods. Invoices are generated and revenue is recognised at that point in time. Payment of the transaction price is due immediately when the customer purchases and takes control of the product.

### 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Revenue

*Sale of software and software support*

Revenue is recognised when such sales of software and software support provide the customer with a right to use the software and the relevant support, and control is transferred to the customer at a point in time which is (a) upon installation when the Group is required to install the software or the software support or (b) upon software or software support license authorisation when installation service is not required. Payment of the transaction price is due immediately when the customer purchases and takes control of the product.

For software development and related services, where the license and implementation is required to be substantially customised as part of implementation service, the entire arrangement fee for the license and implementation is considered to be a single performance obligation, the performance obligation is satisfied over time as and when the services are rendered since the customer generally obtains control of the work as it progresses and the revenue is recognised using the percentage of completion method as the implementation is completed.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. The Group presents a single contract asset or liability representing the net position of the contract as a whole.

The billing schedules agreed with customers include periodic performance-based payments and/or milestone-based progress payments. Invoices are payable within contractually agreed credit period.

*Networking ICT projects and related services*

Revenue is recognised over time using percentage-of-completion method (POC method) of accounting with contract cost incurred determining the degree of completion of the performance obligation. Transfer of control of the service is assessed based on the service performed.

Revenue from fixed price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration is recognised by reference to the stages of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contact outcome cannot be measure reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Revenue from contracts on time and material basis is recognised as services are performed. Product maintenance revenue is recognised over the period of the contract.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. The Group presents a single contract asset or liability representing the net position of the contract as a whole.

The billing schedules agreed with customers include periodic performance-based payments and/or milestone-based progress payments. Invoices are payable within the contractually agreed credit period.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Revenue (continued)

#### *i. Information and Communication Technology (ICT Projects or ICT) (continued)*

*Networking ICT projects and related services (continued)*

In accordance with IAS 37, the Group recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contracts in conjunction with the original contract, on the basis of which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event the transaction price is revised for the existing obligation, a cumulative adjustment is accounted for.

#### *ii. Sale of goods*

Customers obtain control of the products sold, which include jewellery and precious stones, automotive and heavy equipment, when the goods are delivered to and have been accepted by the customers. Invoices are generated and revenue is recognised at that point in time. Payment of the transaction price is due immediately when the customer purchases and takes control of the product.

#### *iii. Rendering of services (other than those that forms part of ICT projects and services)*

Revenue is recognised over time as those services are provided since the customer consumes the benefits as and when services are rendered by the Group. Invoices are usually issued upon completion of the job. Revenue from these services is recognised over time based on the stage of completion of the projects which is determined based on the input method. The related costs are recognised in profit or loss when they are incurred.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. The Group presents a single contract asset or liability representing the net position of the contract as a whole.

#### *iv. Commission income from agency services*

The Group earns commission income from airline tickets and hotel booking services. Customers obtain benefit when the services are rendered to and have been accepted by the customers. Invoices are generated and revenue is recognised on a net basis at that point in time.

### D. Employee benefits

#### *i. Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### D. Employee benefits (continued)

***ii. Pension plan***

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

***iii. End of service gratuity plans***

The Group provides end of service benefits to its eligible employees in accordance with employment contracts and Qatar Law No. 14 of 2004, the Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Management does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The provision is reassessed by management at the end of each year, and any change to the provision for employees' end of service benefits is adjusted in the profit or loss.

### E. Finance income and finance costs

Interest income or expense is recognised using the effective interest method. Interest received under instalment credit sale agreements and bank deposits is accounted for on a time proportion basis taking into account the principal outstanding and interest rate applicable.

### F. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

***i. Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any, and is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

In relation to the entities incorporated in the UAE, on 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance).

However, there are a number of significant decisions that are yet to be finalised by way of a Cabinet Decision, including the threshold mentioned above, that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Group has determined that the Law was not practically operational as at 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – Income Taxes. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12 – Income Taxes.

The Group is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### F. Income tax (continued)

#### *ii. Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are not discounted to their present value and are therefore reported at the nominal value.

### G. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition as follows:

| | |
|---|---|
| Merchandises, spare and tools, and industrial supplies | - purchase cost on a weighted average cost basis |
| Vehicles | - purchase cost on specific identification basis |
| Work-in-progress | - cost of direct materials, labour and other direct costs |
| Diamond jewellery, pearl jewellery, watches and precious stones* | - purchase cost on specific identification basis |
| Gold and gold jewellery* | - purchase cost on a weighted average cost basis |
| Others | - purchase cost on a weighted average cost basis |

*Making charges related to inventory of own and unfixed gold jewellery is included in inventories.

Net realisable value represents the estimated selling price less all cost expected to be incurred for completion, sale and/or disposal.

As a result of the restatement disclosed in note 36, the Group has changed its accounting policy relating to inventory and gold loans as disclosed below.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### G. Inventories (continued)

The Group recognises the gold inventory at the date of transfer of control over inventory to the Group. Gold inventory is recognised as inventory on delivery with a corresponding liability based on the forward commodity price for the expected date of settlement on date of delivery.

Any subsequent changes in the gold prices are adjusted with the cost of the inventory on the basis that such changes are part of the purchase and other costs incurred in bringing the inventory to its present location and condition.

### H. Property, plant and equipment

#### *i. Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2005 (the Group's date of transition to IFRS) was determined with reference to its fair value at that date.

Capital work-in-progress is stated at cost. When the asset is ready for intended use, it is transferred from capital work-in-progress to the appropriate category under property, plant and equipment and depreciated in accordance with the Group's policies.

#### *ii. Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts and are recognised net within profit or loss.

An item of property, plant and equipment is transferred to inventories at net book values when its value is expected to recover through sale.

#### *iii. Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

#### *iv. Depreciation*

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and capital work-in-progress are not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

| | |
|---|---|
| Buildings | 10-50 years |
| Plant, machinery and equipment | 3-20 years |
| Furniture and equipment | 1-6 years |
| Motor vehicles | 3-5 years |
| Assets on hire | 1-5 years |

Maintenance, repairs and minor improvements are charged to the statement of income as and when incurred. Major improvements and replacements are capitalised.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### I. Intangible assets and goodwill

#### *i. Recognition and measurement*

| | |
|---|---|
| Goodwill | Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. |
| Other intangible Assets | Other intangible assets, including customer relationships, brands, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. |

#### *ii. Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses, on the same basis as intangible assets that are acquired separately.

#### *iii. Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The useful lives of goodwill, brand and trade name are for indefinite period whilst the estimated useful lives of other intangible assets for current and comparative periods are as follows:

| | |
|---|---|
| Customer relationship | 2-21 years |
| Order backlog | 3 years |
| Other intangible assets | 4 years |

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.

### J. Investment property

Investment property comprises property held for capital appreciation, rental yields or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is carried at cost less accumulated depreciation and impairment losses, if any. Land held for undetermined use is classified as investment property and is not depreciated.

When the development of investment property commences, it is transferred to capital work-in-progress until development is complete, at which time it is transferred to the respective category, and depreciated on the straight-line method, at the rate calculated to reduce the cost of the asset to its estimated residual value over its expected useful life, as follows:

| | |
|---|---|
| Building | 20 years |

Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### K. Financial instruments

***Recognition and initial measurement***

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

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

On initial recognition, a financial asset is classified at:

- *Amortised cost:* if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- *Fair Value Through Other Comprehensive Income (FVOCI)*: if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- *Fair Value Through Profit or Loss (FVTPL)*: All financial assets not classified as measured at amortised cost or FVOCI as described above.

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

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

The Group has classified on initial recognition its accounts and other receivables, due from related parties and its cash at bank at amortised cost.

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual cash flows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated;

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.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### K. Financial instruments (continued)

***Recognition and initial measurement (continued)***

*Financial assets – Assessment whether contractual cash flows are Solely Payments of Principal and Interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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

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

*Financial assets - Subsequent measurement and gains and losses*

- *Financial assets at amortised cost* - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- *Financial assets at Fair Value Through Profit or Loss (FVTPL)* -These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group does not hold such assets.
- *Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI)* - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- *Equity investments at Fair Value Through Other Comprehensive Income (FVOCI)* - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

### L. Impairment

***Non-derivative financial assets***

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

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

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### L. Impairment (continued)

***Non-derivative financial assets (continued)***

The Group considers a financial asset to be in default when:
- customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The Group has considered historical information over a period of 2 years and judged that there is no correlation between financial assets in default and financial assets on which payments are 90 days past due. The historical evidence identifies such correlation when payments are more than 180 days past due. As a result, the Group uses a lagging past due indicator and financial instruments are considered to be in default when they are more than 180 days past due.

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

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

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

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument. The Group uses a provision matrix to calculate Expected Credit Loss (ECLs) for its financial and contract assets (excluding equity investments). The provision rates for accounts receivable and contract assets are based on days past due for the Group's various customer segments that have similar loss pattern. 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, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the customer or issuer; or
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

*Presentation of allowance for ECL in the statement of financial position*

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

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### L. Impairment (continued)

*Write-off*

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

***Non-financial assets***

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

### M. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

*Onerous contracts*

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### N. Leases

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

*Group as a lessee*
At commencement or on modification of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of its relative standalone prices. The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of lease liability adjusted for any lease payment made at or before the commencement date, plus any initial incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use reflects that the Group will exercise a purchase option. In that case, the right of use will be depreciated over the useful life of the underlying asset which is determined on the same basis as that of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group 's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various financing sources and makes certain adjustments to reflect the terms of the lease and the asset leased.

Lease payments included in the measurement of lease liability comprise the following:
- fixed payments, including in-substance fixed payments:
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of right of use asset has been reduced to zero.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### N. Leases (continued)

*Short term leases and leases of low-value assets*
The Group has elected not to recognise right of use assets or lease liabilities for leases of low-value assets (QR 18 thousand) and short-term leases (12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*COVID-19-related rent concessions*
The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

## 6. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 5, management is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which has the most significant effect on the amounts recognised in the consolidated financial statements:

*Going concern*

These consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that the Group's total current liabilities exceeded total current assets by QR 891 million (2021: QR 1,100 million) as of reporting date. The Group's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows from its future operations and availability of sufficient bank facilities. As of the reporting date, the Group had significant unutilised facilities relating to working capital and short-term loans, which are expected to be made available for the foreseeable future. Following the disposal of Inetum management is working to utilise more longer term financing facilities to complement the short term working capital facilities, as a result subsequent to year-end, on 26 February 2023, the Group agreed a new five-year-term loan facility of QR 1 billion that will be used to refinance short term borrowings and directly address the net current liability position noted above.

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Also, the management has forecasted that it will meet all key covenants. Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and therefore, the consolidated financial statements continue to be prepared on a going concern basis.

**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 described 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 beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

## 6. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

**Estimates and assumptions (continued)**

*Revenue from contracts with customers*

For revenue recognised over time using the input method, accurate estimates of future revenues and costs over the full term of the contracts are required. These significant estimates form the basis for the amount of revenue to be recognised and include the latest updated total revenue, cost adjusted by the typical estimated revisions for similar types of contract.

These estimates may materially change due to the stage of completion of the contract, changes in the contract scope, costs estimates and customer's plans and other factors. Such judgements are based on the outcome of regular contract reviews by project management, operations and finance staff. Management is of the opinion that at the end of the reporting period, no single contract was of sufficient size or uncertainty, for any outcome different from management estimates, to have a material effect on Group's results for the year.

*Revenue from contracts with customers*

The Group is required to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth in earnings before financing income/costs, tax, depreciation and amortisation, calculated as adjusted operating profit before depreciation and amortisation.
- long term growth rates range during discrete period and terminal period; and
- the selection of discount rates to reflect the risks involved.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

In the case of goodwill and intangible assets with indefinite lives, at a minimum, such assets are subject to an annual impairment test and more frequently whenever there is an indication that such asset may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those. Refer to notes 12 and 13 for further details.

*Provision for expected credit losses of financial and contract assets excluding equity investments*

The "expected credit loss" (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of financial assets measured at amortised cost (loans receivable, Trade receivables and others, receivables from related parties, and cash at bank). Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The magnitude of the loss in case there is a default is also an estimate of the loss arising on default; it is based on the difference between the contractual cash flows due and those that the Group would expect to receive. Refer to note 8.

*Provision and contingent liabilities*

The Group's management determines provision on best estimate of the expenditure required to settle the present obligation as a result of the past event at the reporting date.

The Group's management measures contingent liabilities as a possible obligation depending on whether some uncertain future event occurs or a present obligation, but payment is not probable, or the amount cannot be measured reliably. Refer to note 32 for further details on contingent liabilities.

## 7. CASH AND CASH EQUIVALENTS

| | **2022** *QR'000* | 2021 *QR'000* *Restated** |
|---|---|---|
| Cash and cash equivalent | **85,916** | 1,039,061 |
| Less: Fixed and margin deposits under lien (refer to note 16 (b)) | **(879)** | (1,135) |
| **Cash and cash equivalents in the statement of cash flows** | **85,037** | 1,037,926 |

The cash and cash equivalent amounting to QR 41.8 million (2021: QR 962.9 million) arises from the Group's foreign subsidiaries.

* Refer to note 36.

## 8. TRADE RECEIVABLES AND OTHERS

| | **2022** *QR'000* | 2021 *QR'000* |
|---|---|---|
| Trade accounts receivable | **1,310,000** | 2,243,362 |
| Receivables transferred to factoring companies | **-** | 432,064 |
| Advances to suppliers | **56,814** | 59,416 |
| Prepayments | **48,325** | 136,666 |
| Deposits | **18,083** | 19,726 |
| Contract assets | **1,108,594** | 2,148,318 |
| Tax and social security receivables | **3,708** | 375,175 |
| Others | **32,431** | 144,257 |
| | **2,577,955** | 5,558,984 |
| Less: Allowance for impairment of trade receivables and others and contract assets | **(89,792)** | (229,836) |
| | **2,488,163** | 5,329,148 |

The decrease in the gross amount for trade receivables and others is due to the disposal of Inetum (refer to note 35). As at 31 December 2021, QR 1.5 billion of trade accounts receivable, QR 922.4 million of contract assets, and QR 371.7 million of tax and social security receivables relate to Inetum. An allowance for impairment of trade receivables and others and contract assets of QR 179.5 million was assigned to Inetum as at 31 December 2021.

Presented in the consolidated statement of financial position as follows:

| | **2022** *QR'000* | 2021 *QR'000* |
|---|---|---|
| Current | **2,397,455** | 4,954,683 |
| Non-current | **90,708** | 374,465 |
| | **2,488,163** | 5,329,148 |

The movement in allowance for impairment of trade receivables and others and contract assets is as follows:

| | **Trade receivables and others** *QR'000* | **Contract assets** *QR'000* | **Total** *QR'000* |
|---|---|---|---|
| At 1 January 2022 | **229,836** | **-** | **229,836** |
| Provision during the year | **42,930** | **1,867** | **44,797** |
| Written off during the year | **(6,690)** | **-** | **(6,690)** |
| Related to disposal of a subsidiary (note 35) | **(179,460)** | **-** | **(179,460)** |
| Transfer | **-** | **1,347** | **1,347** |
| Exchange difference on translation of foreign currency | **(38)** | **-** | **(38)** |
| **At 31 December 2022** | **86,578** | **3,214** | **89,792** |

## 8. TRADE RECEIVABLES AND OTHERS (CONTINUED)

| | Trade receivables and others *QR'000* | Contract assets *QR'000* | Total *QR'000* |
|---|---|---|---|
| At 1 January 2021 | 235,838 | - | 235,838 |
| Provision during the year | 7,265 | - | 7,265 |
| Written off during the year | (1,486) | - | (1,486) |
| Exchange difference on translation of foreign currency | (11,781) | - | (11,781) |
| At 31 December 2021 | 229,836 | - | 229,836 |

## 9. INVENTORIES

| | **2022** ***QR'000*** | 2021 *QR'000* *(Restated)** |
|---|---|---|
| Gold and other jewellery* | **1,528,905** | 1,413,924 |
| Work-in-progress | **44,931** | 133,680 |
| Merchandises, spares and tools | **558,649** | 395,334 |
| Vehicles and heavy equipment | **179,645** | 127,335 |
| Industrial supplies | **10,968** | 10,742 |
| Others | **6,704** | 4,868 |
| | **2,329,802** | 2,085,883 |
| Less: Provision for obsolete and slow-moving inventories | **(133,514)** | (146,347) |
| | **2,196,288** | 1,939,536 |

** Inventories amounting to QR 566.2 million (2021: QR 470.4 million) are pledged as collateral against the borrowings of the same amount (note 16). Refer note 36 for further details on Damas gold and jewellery accounting.*

Movements in the provision for obsolete and slow-moving inventories are as follows:

| | **2022** **QR'000** | 2021 *QR'000* |
|---|---|---|
| At 1 January | **146,347** | 137,399 |
| Provision during the year | **9,051** | 12,854 |
| Write back during the year | **(248)** | - |
| Write off during the year | **(4,161)** | (3,601) |
| Reclassification | **(8,050)** | - |
| Related to disposal of a subsidiary (note 35) | **(9,266)** | - |
| Exchange difference on translation of foreign currency | **(159)** | (305) |
| At 31 December | **133,514** | 146,347 |

Provision for obsolete and slow-moving inventories is mainly comprised of provision against gold, gold jewellery and precious stones (QR 78.3 million), auto parts (QR 13 million) and heavy equipment (QR 9.8 million).

## 10. FINANCIAL ASSETS – EQUITY INSTRUMENTS

| | 2022 QR'000 | 2021 QR'000 |
|---|---|---|
| Financial assets at fair value through other comprehensive income (a) | **8,337** | 8,366 |
| Financial assets at fair value through profit or loss (b) | **-** | 3,444 |
| | **8,337** | 11,810 |

### a. *Financial assets at fair value through other comprehensive income*

| | 2022 QR'000 | 2021 QR'000 |
|---|---|---|
| At 1 January | **8,366** | 8,392 |
| Exchange difference on translation of foreign currency | **(29)** | (26) |
| At 31 December | **8,337** | 8,366 |

### b. *Financial assets at fair value through profit or loss*

| | 2022 QR'000 | 2021 QR'000 |
|---|---|---|
| At 1 January | **3,444** | 6,677 |
| Related to disposals | **(3,444)** | (2,847) |
| Exchange difference on translation of foreign currency | **-** | (386) |
| At 31 December | **-** | 3,444 |

## 11. INVESTMENT IN JOINT VENTURE COMPANIES

The Group has investments in the following joint venture companies:

| | | *Ownership interest* | | *Carrying amount* | |
|---|---|---|---|---|---|
| *Name* | *Country of incorporation* | **2022** | 2021 | ***2022 QR,000*** | *2021 QR'000* |
| Engie Cofely Mannai Facility Management | Qatar | **51%** | 51% | **15,947** | 14,545 |
| Saint-Gobain PAM and Mannai L.L.C. (ii) | Qatar | **51%** | 51% | **2,593** | 2,593 |
| Roberto Coin Middle East L.L.C. (iii) | UAE | **51%** | 51% | **7,334** | 10,012 |
| Deepu Jewellery DMCC* | UAE | **51%** | 51% | **-** | - |
| | | | | **25,874** | 27,150 |

Principal activities of the Group's joint ventures are as follows:

(i) Engie Cofely Mannai Facility Management W.L.L. (previously known as Cofely Besix Mannai Facility Management W.L.L.) is engaged in facilities and asset management business.

(ii) Saint-Gobain PAM and Mannai L.L.C. is engaged in distribution of ductile iron pipes, fittings and valves.

(iii) Roberto Coin Middle East L.L.C. is engaged in trading in gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones

** Dormant entity and under liquidation*

## 11. INVESTMENT IN JOINT VENTURE COMPANIES (CONTINUED)

Although the Group holds 51% equity in all of the above entities, decisions need unanimous consent of both parties and as such the investments are classified as joint ventures. Reconciliation of carrying amounts during the current year and comparative year are as follows:

| | 2022 *QR'000* | 2021 *QR'000* |
|---|---|---|
| At 1 January | **27,150** | 19,956 |
| Share of results from joint ventures | **9,784** | 7,228 |
| Dividends | **(11,015)** | - |
| Exchange difference on translation of foreign currency | **(45)** | (34) |
| At 31 December | **25,874** | 27,150 |

## 12. INVESTMENT IN ASSOCIATE COMPANIES

The Group holds investments in the following associate companies:

| | | *Ownership interest* | | *Carrying amount* | |
|---|---|---|---|---|---|
| *Name* | *Country of incorporation* | **2022** | 2021 | **2022** ***QR'000*** | *2021 QR'000* |
| LTC International Qatar L.L.C. | Qatar | **50%** | 50% | **20,289** | 17,371 |
| Al Mana Jewellery Co. - Damas W.L.L. | Qatar | **-** | 49% | **-** | 730 |
| Axiom Limited (a) | UAE | **35%** | 35% | **574,156** | 807,946 |
| Daiso (Japan) Value Stores L.L.C. | UAE | **51%** | 51% | **1,667** | 3,721 |
| TCO Damas Associates L.L.C. | UAE | **-** | 51% | **-** | 46,270 |
| LTC International General Trading Co. | Kuwait | **50%** | 50% | **15,613** | 15,065 |
| Metamorph Real Estate W.L.L.* | Kuwait | **30%** | 30% | **79** | 79 |
| Daiso Trading W.L.L. | Bahrain | **35%** | 35% | **881** | 1,216 |
| Retail World Trading Co. LLC | KSA | **50%** | 50% | **58,631** | 60,017 |
| Creative Brands Enterprise SPC | Oman | **23.75%** | 23.75% | **646** | 620 |
| | | | | **671,962** | 953,035 |

**Dormant entity and under liquidation*

The reconciliations of carrying amount during the current and comparative year are as follows:

| | 2022 *QR'000* | 2021 *QR'000* |
|---|---|---|
| At 1 January | **953,035** | 970,506 |
| Addition during the year | **-** | 681 |
| Disposed during the year | **(45,072)** | - |
| Dividends | **(23,094)** | (33,753) |
| Share of results from associate companies | **(12,500)** | 19,318 |
| Impairment loss | **(200,000)** | (3,244) |
| Exchange difference on translation of foreign currency | **(407)** | (473) |
| At 31 December | **671,962** | 953,035 |

## 12. INVESTMENT IN ASSOCIATE COMPANIES (CONTINUED)

### a) Axiom Limited

Axiom Limited is engaged in import, retail and wholesale of various brands of mobile phones and related accessories and provision of related services.

The Group holds 35% equity in Axiom Limited which is engaged in import, retail and wholesale of various brands of mobile phones and related accessories and provision of related services, mainly in UAE and KSA markets.

Below is Axiom Limited's summarised financial information:

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Current assets | **673,479** | 944,873 |
| Non-current assets | **397,530** | 302,161 |
| Current liabilities | **(837,258)** | (1,078,310) |
| Non-current liabilities | **(213,212)** | (80,566) |
| Net assets | **20,539** | 88,158 |
| Proportion of Group's interest in associate's net assets | **7,189** | 30,855 |

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Revenue | **4,069,280** | 3,861,085 |
| Loss for the year | **(96,543)** | (49,585) |
| Total comprehensive income for the year | **(96,543)** | (49,585) |
| The Group's share of loss | **(33,790)** | (17,355) |
| The Group's share of total comprehensive income | **(33,790)** | (17,355) |

Reconciliation of the above summarised financial information to the carrying amount of the interest in Axiom Limited recognised in the consolidated financial statements:

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Net assets of the associate | **20,539** | 88,158 |
| Proportion of the Group's ownership interest | **35%** | 35% |
| Share of net assets before goodwill | **7,189** | 30,855 |
| Goodwill | **741,496** | 741,496 |
| Less: impairment | **(200,000)** | - |
| Goodwill, net of impairment | **541,496** | 741,496 |
| Other adjustments | **25,471** | 35,595 |
| Carrying amount of the Group's interest | **574,156** | 807,946 |

The carrying value of Axiom Limited of QR 574 million as at 31 December 2022 (2021: QR 808 million) is tested for impairment. The recoverable amount of this associate is determined based on a value in use calculation which uses discounted cash flow projections based on business plan and various scenarios of forecasts approved by the management covering a five-year period after which a terminal growth rate (TGR) into perpetuity of 2% from 2027 (2021: 3% from 2026) is considered. The present value of future cashflows are discounted using a weighted average cost of capital (WACC) of 13% per annum (2021: 12% per annum).

## 12. INVESTMENT IN ASSOCIATE COMPANIES (CONTINUED)

### a) Axiom Limited (continued)

The associate's management has prepared Axiom's business plan based on the most recent forecast. The average revenue growth rate is assumed to be 13.4% (2021: 17.4%) over the forecast period. The growth rate is based on Axiom's new strategy to shift from traditional bricks and mortar business to business trading to utilise a new digital distribution platform Hyke, launched in 2021 that connects suppliers with retailers and provides the technology in the supply chain to maximise growth and market share within key GCC markets.

Management has determined the values assigned to each of the above key assumptions as follows:

| Assumption | Approach used to determine values |
|---|---|
| Average revenue growth rate | The average annual revenue growth rate over the forecasted period based on management's expectation of market development and product performance, based on anticipated new customers being added to the e-commerce platform. |
| Terminal Growth Rate | This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with industry. |
| Pre-tax discount rate | Weighted Average Cost of Capital |

Any change in key assumptions on which the recoverable amount is based may cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

| Assumptions | Change required for carrying amount to exceed recoverable amount | Additional impairment charge |
|---|---|---|
| Average revenue growth rate | 50 basis points | QR81million |
| Terminal growth rate | 50 basis points | QR 21 million |
| Pre-tax discount rate | 50 basis points | QR50 million |

It would require the average revenue growth rate to decease to 9% for the investment in Axiom to be fully impaired.

### b) Other associates

Although, the Group holds 50% or more equity in Daiso (Japan) Value Stores L.L.C., LTC International Qatar L.L.C. and TCO Damas Associates L.L.C., the Group does not have the power to govern the financial and operating activities of these investees and thus, does not have control or joint control in these entities. All other associates are engaged in trading of gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones.

## 13. INTANGIBLE ASSETS

| | Goodwill | Trade name | Distribution rights | Other intangible assets * | Total |
|---|---|---|---|---|---|
| | *QR'000* | *QR'000* | *QR'000* | *QR'000* | *QR'000* |
| **Cost** | | | | | |
| At 1 January 2021, as previously reported | 4,874,074 | 670,000 | 24,339 | 1,822,876 | 7,391,289 |
| Arising from business combination | 81,742 | - | - | 39,402 | 121,144 |
| Additions | - | - | - | 132,055 | 132,055 |
| Adjustments | - | - | - | 159,994 | 159,994 |
| Disposal | - | - | - | (118,537) | (118,537) |
| Exchange difference on translation of foreign currency | (250,190) | - | | (127,150) | (377,340) |
| At 31 December 2021 | 4,705,626 | 670,000 | 24,339 | 1,908,640 | 7,308,605 |
| Additions | **-** | **-** | **-** | **1,914** | **1,914** |
| Relating to disposal of a subsidiary (note 35) | **(4,175,243)** | **-** | **-** | **(1,889,124)** | **(6,064,367)** |
| Exchange difference on translation of foreign currency | **(25)** | **-** | **(9)** | **(151)** | **(185)** |
| **At 31 December 2022** | **530,358** | **670,000** | **24,330** | **21,279** | **1,245,967** |
| **Impairment/ amortisation** | | | | | |
| At 1 January 2021 (restated) | 371,373 | - | 24,339 | 962,591 | 1,358,303 |
| Arising from business combination | - | - | - | 21,185 | 21,185 |
| Amortisation charge | - | - | - | 151,751 | 151,751 |
| Adjustment | - | - | - | 159,994 | 159,994 |
| Disposal | - | - | - | (114,116) | (114,116) |
| Exchange difference on translation of foreign currency | (6,141) | - | - | (81,690) | (87,831) |
| At 31 December 2021 | **365,232** | **-** | **24,339** | **1,099,715** | **1,489,286** |
| Amortisation charge | **-** | **-** | **-** | **1,029** | **1,029** |
| Relating to disposal of a subsidiary (note 35) | **(94,660)** | **-** | **-** | **(1,085,649)** | **(1,180,309)** |
| Exchange difference on translation of foreign currency | **-** | **-** | **(9)** | **(145)** | **(154)** |
| **At 31 December 2022** | **270,572** | **-** | **24,330** | **14,950** | **309,852** |
| **Net carrying amounts** | | | | | |
| **At 31 December 2022** | **259,786** | **670,000** | **-** | **6,329** | **936,115** |
| At 31 December 2021 | 4,340,394 | 670,000 | - | 808,925 | 5,819,319 |

* Other intangible assets include customer relationships, brands, patents and trademarks, that are acquired by the Group and have finite useful lives.

The trade name is deemed to be an indefinite intangible asset which relates to the Group's subsidiary Damas that operates in the jewellery segment. Management views the asset to have an indefinite life as use of the trade name is not restricted in anyway or over any time period, is not reliant on any other finite life asset in the business and is not directly impacted by competitor activity.

## 13. INTANGIBLE ASSETS (CONTINUED)

### a) Impairment testing of goodwill and trade name

| **2022** | **Goodwill** *QR'000* | **Trade name** *QR'000* |
|---|---|---|
| *Cash-generating unit* | | |
| Damas | **259,786** | **670,000** |

**Key assumptions used in value in use calculations**

The group tests whether goodwill and trade name has suffered any impairment on an annual basis. The trade name is used to support the sale of products and does not generate revenues independently. Therefore, management has allocated both goodwill and trade name to the relevant CGUs and tested for impairment together.

The recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and take into account anticipated efficiency improvements over the forecasted period.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

| Assumption | Value for 2022 | Value for 2021 | Approach used to determine values |
|---|---|---|---|
| Terminal growth rate | 2% | 2.5% | This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with industry and historical rates. |
| Pre-tax discount rate | 10.7% | 8.5% | Weighted Average Cost of Capital |

**Sensitivity testing and goodwill impairment losses for each CGUs**

Using the above assumptions, the carrying amount exceeded the recoverable amount by QR 600 million.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. For the carrying amount to equal the recoverable amount, the TGR would be 1.5% and the discount rate would be 14%.

## 14. PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings *QR'000* | Plant and machinery *QR'000* | Furniture and equipment *QR'000* | Motor vehicles *QR'000* | Assets on hire *QR'000* | Capital work-in-progress *QR'000* | Total *QR'000* |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 January 2022 | **849,978** | **320,411** | **790,087** | **48,559** | **65,874** | **10,683** | **2,085,592** |
| Additions | **4,769** | **6,786** | **34,390** | **9,532** | **18,511** | **5,295** | **79,283** |
| Disposals | **(4,977)** | **(2,204)** | **(24,955)** | **(7,524)** | **(13,858)** | **-** | **(53,518)** |
| Related to disposal of a subsidiary (note 35) | **(132,101)** | **(153,313)** | **(481,970)** | **-** | **-** | **(422)** | **(767,806)** |
| Reclassification from capital work-in-progress | **107** | | **7,570** | | | **(7,677)** | **-** |
| Write-offs | **-** | **-** | **(16,415)** | **-** | **-** | **-** | **(16,415)** |
| Reclassification to investment properties | **(43,847)** | **-** | **-** | **-** | **-** | **-** | **(43,847)** |
| Exchange difference on translation of foreign currency | **-** | **(3,623)** | **(826)** | **(60)** | **-** | **(9)** | **(4,518)** |
| **At 31 December 2022** | **673,929** | **168,057** | **307,881** | **50,507** | **70,527** | **7,870** | **1,278,771** |
| **Accumulated depreciation** | | | | | | | |
| At 1 January 2022 | **269,945** | **245,163** | **599,672** | **28,375** | **30,788** | **-** | **1,173,943** |
| Depreciation charge for the year | **22,109** | **7,384** | **28,388** | **6,127** | **12,467** | **-** | **76,475** |
| Disposals | **(4,977)** | **(2,204)** | **(25,650)** | **(5,302)** | **(11,062)** | **-** | **(49,195)** |
| Related to disposal of a subsidiary (note 35) | **(60,301)** | **(117,145)** | **(369,850)** | **-** | **-** | **-** | **(547,296)** |
| Write-offs | **-** | **10** | **(17,155)** | **-** | **-** | **-** | **(17,145)** |
| Reclassification to investment properties | **(31,985)** | **-** | **-** | **-** | **-** | **-** | **(31,985)** |
| Internal transfer | **-** | **192** | **-** | **-** | **(192)** | **-** | **-** |
| Exchange difference on translation of foreign currency | **(1)** | **(3,620)** | **(610)** | **(34)** | **1** | **-** | **(4,264)** |
| **At 31 December 2022** | **194,790** | **129,780** | **214,795** | **29,166** | **32,002** | **-** | **600,533** |
| **Net carrying amount** | | | | | | | |
| **At 31 December 2022** | **479,139** | **38,277** | **93,086** | **21,341** | **38,525** | **7,870** | **678,238** |

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Land and buildings *QR'000* | Plant and machinery *QR'000* | Furniture and equipment *QR'000* | Motor vehicles *QR'000* | Assets on hire *QR'000* | Capital work-in-progress *QR'000* | Total *QR'000* |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| At 1 January 2021 | 854,111 | 307,595 | 763,072 | 48,021 | 66,552 | 16,539 | 2,055,890 |
| Acquired through business combination | 20 | 61 | 5,667 | - | - | - | 5,748 |
| Additions | 7,780 | 29,642 | 59,469 | 10,495 | 14,298 | 22,616 | 144,300 |
| Disposals/other adjustments | (4,837) | (10,368) | (16,756) | (9,582) | (14,977) | - | (56,520) |
| Write-offs | - | (507) | (7,873) | - | - | - | (8,380) |
| Reclassifications | 3,071 | 4,303 | 21,368 | - | - | (28,742) | - |
| Exchange difference on translation of foreign currency | (10,167) | (10,315) | (34,860) | (375) | 1 | 270 | (55,446) |
| At 31 December 2021 | 849,978 | 320,411 | 790,087 | 48,559 | 65,874 | 10,683 | 2,085,592 |
| | | | | | | | |
| Accumulated depreciation | | | | | | | |
| At 1 January 2021 | 255,798 | 246,142 | 579,499 | 29,087 | 27,479 | - | 1,138,005 |
| Acquired through business combination | 19 | 25 | 4,509 | - | - | - | 4,553 |
| Depreciation charge for the year | 23,740 | 18,326 | 66,026 | 4,606 | 12,426 | - | 125,124 |
| Relating to disposals /other adjustments | (4,837) | (10,316) | (14,214) | (5,276) | (9,119) | - | (43,762) |
| Write-offs | - | (507) | (7,713) | - | - | - | (8,220) |
| Internal transfer | - | 197 | (214) | 17 | - | - | - |
| Exchange difference on translation of foreign currency | (4,775) | (8,704) | (28,221) | (59) | 2 | - | (41,757) |
| At 31 December 2021 | 269,945 | 245,163 | 599,672 | 28,375 | 30,788 | - | 1,173,943 |
| | | | | | | | |
| Net carrying amount | 580,033 | 75,248 | 190,415 | 20,184 | 35,086 | 10,683 | 911,649 |

## 15. INVESTMENT PROPERTIES

| | 2022 QR'000 | 2021 QR'000 |
|---|---|---|
| **Cost** | | |
| At 1 January | **2,578** | 20,774 |
| Reclassification from property, plant and equipment | **43,847** | - |
| Fair value gain | **25,567** | - |
| Disposals (refer note (b) below) | **-** | (18,036) |
| Exchange difference on translation of foreign currency | **(28)** | (160) |
| At 31 December | **71,964** | 2,578 |
| **Accumulated depreciation/impairment** | | |
| At 1 January | **1,685** | 10,834 |
| Charge for the year | **169** | 210 |
| Reclassification from property, plant and equipment | **31,985** | - |
| Disposals (refer note (b) below) | **-** | (9,281) |
| Exchange difference on translation of foreign currency | **(14)** | (78) |
| At 31 December | **33,825** | 1,685 |
| **Carrying amount as at 31 December** | **38,139** | 893 |

**a) Valuation**

During the year the Group changed its policy to recognise investment property at fair value. The fair value measurements of the group's land and buildings as at 31 December 2022 was performed using the comparable market approach by an independent valuer. The valuation approach is based on an individual assessment for each property type. The fair value measurement for all investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

**b) Disposal of investment properties**

During the year, the Group has sold investment properties having book values of QR Nil (2021: QR 8.8 million) at a consideration of QR Nil (2021: QR 23.6 million). Accordingly, gain on sale of investment properties amounting to QR Nil (2021: QR 14.8 million) has been recognized, which is included in 'other income' in the consolidated statement of income (refer note 27).

## 16. BORROWINGS

| | 2022 QR'000 | 2021 QR'000 |
|---|---|---|
| Working capital facilities and others (a) | **2,309,318** | 1,979,805 |
| Gold loans | **572,600** | 470,426 |
| Term loans (b) | **768,302** | 4,528,440 |
| Liabilities to bondholders (c) | **-** | 776,646 |
| | **3,650,220** | 7,755,317 |

Presented in the consolidated statement of financial position as follows:

| | 2022 QR'000 | 2021 QR'000 |
|---|---|---|
| Current | **3,198,668** | 3,213,385 |
| Non-current | **451,552** | 4,541,932 |
| | **3,650,220** | 7,755,317 |

## 16. BORROWINGS (CONTINUED)

*Notes:*

(a) During the current and previous year, the Group obtained short term loans from commercial banks mainly to finance working capital requirements. These loans carry interest at commercial rates depending on the security and maturity of each facility. These loans have a varying maturity between 6 to 12 months and are denominated in Qatari Riyals.

(b) This represents term loan facilities obtained from commercial banks. These loans carry interest at commercial rates depending on the security and maturity of each facility. The loans are to be repaid at quarterly or semi-annual basis. Some of these interest-bearing loans and borrowings are secured by:

- Fixed deposits amounting to QR 879 thousand (2021: QR 1.1 million) (note 7)
- Negative pledge on all the assets owned by the Group
- Corporate cross guarantees

(c) In addition to the above loans, one of the Group's foreign subsidiaries has outstanding gold loans as at 31 December 2022 received from bullion banks on an unfixed basis aggregating to 2,762 Kgs of gold (2021: 2,232 Kgs). As at 31 December 2022, the aggregate bank borrowings including the above unfixed gold loans amount to QR 566 million (2021: QR 470 million). These gold loans are covered by way of stand-by-letters of credit issued in favor of these bullion banks which are presented as part of the Group's contingencies and commitments disclosure in note 32.

The Group is subject to external capital requirements and covenants relating to the above loans which mainly comprise of maintaining certain debt to equity ratio, debt cover service ratios and Group net worth.

As of 31 December 2022, the Group was in breach of certain covenants, which management has obtained waivers from the relevant banks before the reporting date. Management expects covenants to be adjusted in 2023 to reflect the balance sheet size of the Group following the disposal of Inetum. Accordingly, management does not expect covenant breaches to continue.

## 17. LEASES

The Group leases several assets which comprise of building, such as office buildings, showrooms, warehouses, and properties (for accommodation). The average lease term is 2 to 5 years with an option to renew the lease after that date. Lease payments are renegotiated on regular basis to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements. The lease agreements do not impose any covenants, but leased assets may not be used a security for borrowing purposes.

Information about leases for which the Group is a lessee is presented below.

### *a) Right-of-use assets*

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| At 1 January | **520,812** | 623,599 |
| Amortisation charge for the year | **(91,108)** | (219,734) |
| Additions to right-of-use assets during the year | **50,700** | 28,897 |
| Derecognition to right-of-use assets during the year | **(1,552)** | (1,546) |
| Related to disposal | **(325,474)** | - |
| Impact from modifications of leases (i) | **28,039** | 105,108 |
| Net additions due to business combinations | **-** | 7,276 |
| Exchange difference on translation of foreign currency | **(476)** | (22,788) |
| At 31 December | **180,941** | 520,812 |

## 17. LEASES (CONTINUED)

### *b) Lease liabilities*

| | 2022 QR'000 | 2021 QR'000 |
|---|---|---|
| At 1 January | **544,446** | 638,218 |
| Additions during the year | **50,700** | 28,897 |
| Derecognition during the year | **(1,541)** | (1,609) |
| Related to disposal | **(337,534)** | - |
| Additions due to business combinations | **-** | 7,483 |
| Impact from modification of leases (i) | **28,955** | 97,691 |
| Lease concessions related to Covid-19 | **-** | (877) |
| Interest expense | **10,227** | 19,010 |
| Payment of lease liabilities | **(108,715)** | (215,466) |
| Exchange difference on translation of foreign currency | **(133)** | (28,901) |
| | **186,405** | 544,446 |

Presented in the consolidated statement of financial position as follows:

| | 2022 QR'000 | 2021 QR'000 |
|---|---|---|
| Current | **74,356** | 191,515 |
| Non-current | **112,049** | 352,931 |
| | **186,405** | 544,446 |

*Note (i):*

The Group and the respective lessors, in case of certain leases, have agreed to amend the lease considerations while the other terms being unchanged. At the effective date of the modification, the Group remeasured the lease liability based on the remaining lease term, revised lease rates, and the Group incremental borrowing rate. On the respective modification dates, the Group has recognised the difference between the carrying amount of the modified lease liability and the lease liability immediately before the modification as an adjustment to the right-of-use assets.

### *c) Amounts recognised in profit or loss*

| | 2022 QR'000 | 2021 QR'000 |
|---|---|---|
| Short-term and low value lease rentals | **14,330** | 19,344 |
| Interest on lease liabilities | **10,227** | 19,010 |
| Amortisation of right-of-use assets | **91,108** | 219,734 |
| | **115,665** | 258,088 |

## 18. ACCOUNTS PAYABLE AND ACCRUALS

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Trade accounts payable | **874,594** | 1,859,342 |
| Accrued expenses and others | **843,641** | 1,006,818 |
| Tax and social security payable | **7,072** | 1,387,103 |
| Contract liabilities | **251,589** | 1,108,929 |
| Dividend payable | **3,063** | 3,965 |
| | **1,979,959** | 5,366,157 |

*Presented in the consolidated financial statements as:*

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Current portion | **1,877,911** | 5,279,462 |
| Non-current portion | **102,048** | 86,695 |
| | **1,979,959** | 5,366,157 |

## 19. PROVISIONS

Provisions mainly include amounts relating to an indemnity provided to the buyer of Inetum under the share purchase agreement (note 35).

## 20. EMPLOYEES' END OF SERVICE BENEFITS

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Employees' end of service benefits (a) | **141,038** | 133,147 |
| Retirement benefit plans | **-** | 286,881 |
| At 31 December | **141,038** | 420,028 |

### (a) Employees' end of service benefits

Movement in the provision recognised in the consolidated statement of financial position are as follows:

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| At 1 January | **133,147** | 126,961 |
| Provided during the year | **24,439** | 20,231 |
| End of service benefits paid | **(16,276)** | (13,760) |
| Exchange difference on translation of foreign currency | **(272)** | (285) |
| At 31 December | **141,038** | 133,147 |

## 21. SHARE CAPITAL

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Authorised, issued and fully paid shares of QR 1 each | **456,192** | 456,192 |

## 22. RESERVES

### (a) Legal reserve

As required by Qatar Commercial Companies Law, 10% of the profit for the year is required to be transferred to a legal reserve, until such reserve equals 50% of the issued share capital. The Group has resolved to cease such annual transfers as the legal reserve has reached the minimum required level. Further, during 2012, an amount of QR 933.4 million, being the net share premium amount arising out of the rights issue was transferred to legal reserve in accordance with requirements of the above law. The reserve is not generally available for distribution except in the circumstances stipulated in the above law

### (b) Acquisition reserve

In case of acquisitions or disposal of subsidiaries without change in control, the difference between the decrease/increase in the non-controlling interests and the consideration paid or received is recognised as an 'acquisition reserve' directly in equity attributed to the shareholders of the Company. The reserve is not generally available for distribution, and is taken to equity upon the disposal of the related subsidiary.

### (c) Other reserve

This includes revaluation reserve amounting to QR 4.6 million (2021: QR 4.6 million), in actuarial differences – net of related tax amounting to QR nil (2021: QR 54.8 million), and other consolidation related adjustments amounting to QR nil (2021: QR 7.0 million).

The Group has a policy whereby it takes to retained earnings reserves that are not recycled to the consolidated statement of income upon disposal of the related investment.

### (d) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## 23. DIVIDENDS

The Board of Directors has proposed a total cash dividend of QR 0.10 per share aggregating to QR 45.6 million for the year 2022, which is subject to the approval of the shareholders at the Annual General Assembly. During the year, the dividends paid amounted to QR 1.6 billion (2021: QR 4.6 million), of which QR 137 million was approved at the Annual General Meeting dated 26 April 2022 and QR 1.4 billion was approved at the Ordinary General Meeting dated 7 September 2022.

## 24. REVENUE

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| | | *Represented** |
| Revenue from contracts with customers | **5,343,143** | 4,863,123 |

** Refer to note 35*

### A. Disaggregation of revenue from contracts with customers

Revenue from contracts with customers disaggregated by major products and service lines, and primary geographical markets is listed in notes 23(a) and 23(b) respectively. The ten top customers of the Group represent nearly 19% of the consolidated turnover for 2022. None of these ten customers alone represents more than 10% of the turnover of the Group.

## 24. REVENUE (CONTINUED)

### B. Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

| | **2022** *QR'000* | 2021 *QR'000* |
|---|---|---|
| Contract assets | **1,108,080** | 2,148,318 |
| Contract liabilities | **(251,055)** | (1,108,929) |

The contract assets primarily relate to the Group's IT segments for rights to consideration for work completed but not billed at the reporting date. Contract assets have decreased as the group has provided fewer services ahead of the agreed payment schedules for fixed-price contracts, and has disposed of QR 1.4 billion of contract assets as a result of the derecognition of Inetum (note 35). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers. As at 31 December 2022, the amount is QR 251 thousand (2021: QR 1.1 billion). Contract liabilities have decreased by QR 747.8 million as a result of the derecognition of Inetum (note 35). This will be recognised as revenue when the obligation to transfer goods or services are fulfilled, which is expected to occur over the future. The Group has recognised revenue that was included in the contract liability balance at the beginning of the period amounting to QR 1.1 billion.

## 25. SEGMENT INFORMATION

The Group classified the reporting segment based on its product and services as follows:

- *Information technology*
  The Group's IT and networking division provides technology solutions for IT infrastructure for small and medium enterprise, government, defence & service-provider customers.

- *Auto group*
  This segment mainly generates its revenue from the sale of passenger and commercial vehicles, heavy equipment and other automotive maintenance services.

- *Energy and industrial markets*
  The energy and industrial markets division provides comprehensive services to manufacturers, suppliers and contractors by providing local expertise and machinery, tools and spare parts to the oil and gas, construction, infrastructure and utilities sector.

- *Geotechnical services*
  These services comprise of ground investigation, borehole drilling and laboratory testing services to international and local clients.

- *Logistics*
  This segment provides sea, air and international road freight forwarding and other services, including customs clearance, domestic transportation and warehousing services, such as chemicals storage, open yard and workshops.

- *Travel*
  The travel segment specializes in providing travel arrangements and full-service solutions for business and leisure markets, as well as processing visa applications.

## 25. SEGMENT INFORMATION (CONTINUED)

- *Engineering*
  The services provided by the engineering segment include fabrication and welding, field services, calibration and testing of precision measuring instruments, electrical repair solutions, and maintenance and repair of heavy mechanical instruments. This segment also engages in supplying the oil industry with equipment, spare parts, tools and services required for exploration, drilling and production of hydrocarbons.

- *Jewellery trading*
  This segment is led by Damas International Ltd, based in Dubai, as the leading jewellery retailer in the GCC. The products offered include gold and gold jewellery, diamond jewellery, pearls, watches, silver and precious stones, sold on wholesale and retail basis.
- *Others*
  Other segments deal with supplying home appliances, electronics, and mobile telecommunications handsets, accessories and telecom services.

Management monitors the operating results of the operating segments to make decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets and liabilities comprise operating assets and liabilities which are directly handled by the operating segment and income or expenses that are attributed in line with the assets and liabilities allocated. The following table summarises the performance of the operating segments:

## 25. SEGMENT INFORMATION (CONTINUED)

**By operating and geographic segments**

| | Information technology *QR'000* | Auto Group *QR'000* | E&I markets *QR'000* | Geotechnical services *QR'000* | Logistics *QR'000* | Travel *QR'000* | Engineering *QR'000* | Jewellery Trading *QR'000* | Others *QR'000* | Total *QR'000* |
|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | | | | | |
| **Revenue** | 2,876,422 | 813,562 | 211,337 | 55,277 | 24,944 | 32,370 | 83,921 | 1,123,464 | 121,846 | 5,343,143 |
| **Timing of revenue recognition** | | | | | | | | | | |
| At a point in time | 1,645,250 | 813,562 | 211,337 | 24,703 | - | 32,370 | - | 1,123,464 | 121,846 | 3,972,432 |
| Over time | 1,231,172 | - | - | 30,574 | 24,944 | - | 83,921 | - | - | 1,370,711 |
| | 2,876,422 | 813,562 | 211,337 | 55,277 | 24,944 | 32,370 | 83,921 | 1,123,464 | 121,846 | 5,343,143 |
| **Gross profit** | 378,979 | 136,503 | 35,428 | 9,416 | 14,068 | 22,378 | 5,884 | 226,454 | 37,710 | 866,820 |
| **EBITDA[1]** | 272,217 | 83,829 | 17,866 | 1,467 | 9,337 | 12,174 | (8,388) | 116,337 | (338,424) | 166,415 |
| **Depreciation and amortisation** | (26,173) | (18,098) | (1,972) | (5,392) | (292) | (7,540) | (3,743) | (75,772) | (28,600) | (167,582) |
| **Income tax** | (937) | (30) | (4) | - | (15) | (7) | - | (475) | (529) | (1,997) |
| **Segment assets** | 2,394,333 | 569,533 | 115,486 | 50,440 | 23,637 | 37,439 | 88,887 | 1,998,415 | 2,091,163 | 7,369,333 |
| **Segment liabilities** | 1,489,839 | 185,509 | 50,859 | 41,204 | 6,389 | 18,299 | 103,333 | 1,113,454 | 3,374,522 | 6,383,408 |
| ***Other information*** | | | | | | | | | | |
| **Share of results and impairment losses from joint venture and associate companies** | - | - | - | - | - | - | - | 29,672 | (232,388) | (202,716) |
| **Investments in joint venture and associate companies** | - | - | - | - | - | - | - | 105,139 | 592,697 | 697,836 |
| **Major operating countries** | Qatar, Europe | Qatar | Qatar | Qatar | Qatar | Qatar | Qatar | UAE, KSA and other GCC countries | Qatar, UAE | |

[1]*Earnings before interest, tax, depreciation and amortisation*

## 25. SEGMENT INFORMATION (CONTINUED)

**By operating and geographic segments (continued)**

| | Information technology QR'000 | Auto Group QR'000 | E&I markets QR'000 | Geotechnical services QR'000 | Logistics QR'000 | Travel QR'000 | Engineering QR'000 | Jewellery Trading QR'000 | Others QR'000 | Total QR'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| 31 December 2021 | | | | | | | | | | |
| Revenue | 2,511,139 | 786,613 | 224,910 | 61,320 | 22,851 | 24,837 | 72,233 | 1,057,562 | 101,658 | 4,863,123 |
| Timing of revenue recognition | | | | | | | | | | |
| At a point in time | 1,872,964 | 786,613 | 224,910 | 22,143 | - | 24,837 | - | 1,057,562 | 101,658 | 4,090,687 |
| Over time | 638,175 | - | - | 39,177 | 22,851 | - | 72,233 | - | - | 772,436 |
| | 2,511,139 | 786,613 | 224,910 | 61,320 | 22,851 | 24,837 | 72,233 | 1,057,562 | 101,658 | 4,863,123 |
| Gross profit | 344,274 | 126,791 | 37,955 | 12,529 | 12,199 | 15,783 | 7,696 | 215,179 | 27,579 | 799,985 |
| EBITDA[1] | 180,227 | 80,684 | 21,766 | 7,038 | 7,711 | 11,277 | 5,787 | 103,531 | (35,689) | 382,332 |
| Depreciation and amortisation | (26,094) | (17,631) | (2,042) | (5,030) | (244) | (7,694) | (3,306) | (71,111) | (26,771) | (159,923) |
| Income tax | (1,633) | (489) | (4) | - | (13) | (1) | - | (1,348) | (331) | (3,819) |
| Segment assets (restated)* | 10,679,625 | 495,746 | 91,607 | 64,366 | 21,617 | 47,840 | 74,308 | 1,887,064 | 3,329,471 | 16,691,644 |
| Segment liabilities (restated)* | 8,070,957 | 114,536 | 51,288 | 49,191 | 8,233 | 19,317 | 73,308 | 1,009,414 | 5,095,539 | 14,491,783 |
| *Other information* | | | | | | | | | | |
| Share of results and impairment losses from joint venture and associate companies | - | - | - | - | - | - | - | 39,571 | (16,269) | 23,302 |
| Investments in joint venture and associate companies | - | - | - | - | - | - | - | 155,101 | 825,084 | 980,185 |
| Major operating countries | Qatar, Europe | Qatar | Qatar | Qatar | Qatar | Qatar | Qatar | UAE, KSA and other GCC countries | Qatar, UAE | |

** Segment assets of QR 8.6 billion and liabilities of QR 6.8 billion pertain to Inetum.*
*[1]Earnings before interest, tax, depreciation and amortisation*

## 26. DIRECT COST

| | 2022 *QR'000* | 2021 *QR'000* |
|---|---|---|
| Material cost | **4,056,194** | 3,667,879 |
| Staff cost | **252,123** | 234,553 |
| Provision for slow moving inventory | **8,887** | 10,817 |
| Depreciation and amortisation | **120,740** | 116,700 |
| Other direct costs | **38,379** | 33,189 |
| | **4,476,323** | 4,063,138 |

## 27. OTHER INCOME

| | 2022 *QR'000* | 2021 *QR'000* |
|---|---|---|
| Gain on sale of intangible assets | **-** | - |
| Gain on sale of property plant and equipment | **1,824** | 1,646 |
| Gain on sale of investment properties (note 15(b)) | **-** | 14,878 |
| Gain on revaluation of investment properties | **25,567** | - |
| Foreign exchange gain | **4,142** | 8,712 |
| Miscellaneous income | **24,733** | 13,490 |
| | **56,266** | 38,726 |

## 28. GENERAL AND ADMINISTRATIVE EXPENSES

| | 2022 *QR'000* | 2021 *QR'000* |
|---|---|---|
| Staff costs | **210,580** | 205,468 |
| Legal and professional fees | **28,627** | 79,982 |
| Tax and levies | **1,136** | 279 |
| Short-term and low value lease rentals | **2,613** | 2,320 |
| Repairs and maintenance expenses | **23,046** | 24,755 |
| Depreciation and amoritisation | **46,842** | 43,223 |
| Communication expenses | **12,136** | 11,782 |
| Travelling expenses | **11,644** | 7,728 |
| Directors' remuneration | **9,160** | 12,930 |
| Insurance expenses | **4,261** | 3,406 |
| Bank charges | **9,594** | 8,229 |
| Printing and stationery expenses | **2,527** | 2,223 |
| Utility charges | **8,754** | 6,955 |
| Other administrative expenses and allowances | **107,339** | 47,052 |
| | **478,259** | 456,332 |

## 29. SELLING AND DISTRIBUTION EXPENSES

| | 2022 *QR'000* | 2021 *QR'000* |
|---|---|---|
| Staff costs | **131,480** | 116,479 |
| Short-term and low value lease rentals | **11,717** | 17,024 |
| Advertisement and other promotion expenses | **55,285** | 47,685 |
| | **198,482** | 181,188 |

## 30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Profit for the year attributable to the shareholders of the Company | 202,460 | 276,076 |
| Weighted average number of shares outstanding during the year (refer note 21) | 456,192,000 | 456,192,000 |
| Basic and diluted earnings per share (QR) (attributable to the shareholders of the Company) | 0.444 | 0.605 |

## 31. RELATED PARTY DISCLOSURES

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

### (a) Related party transactions

Transactions with related parties included in the consolidated statement of income are as follows:

| **Nature** | **Relationship** | **2022** | 2021 |
|---|---|---|---|
| | | ***QR'000*** | *QR'000* |
| **Sales** | Under common control | **29,479** | 18,004 |
| **Purchases** | Under common control | **1,206** | 1,328 |

### (b) Related party balances

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| **Due from related parties** | | |
| Receivable from joint venture companies | **6,335** | 33,813 |
| Long term loans to joint venture companies | **53,025** | 48,602 |
| | **59,360** | 82,415 |
| Presented in the statement of financial position as follows: | | |
| Current | **6,335** | 33,813 |
| Non-current | **53,025** | 48,602 |
| | **59,360** | 82,415 |
| **Due to related parties** | | |
| Payable to joint venture companies | **584** | 4,543 |
| Payable to associates | **-** | - |
| | **584** | 4,543 |

Long term loans to joint venture companies and associates are unsecured and carry interest as per the contractual arrangements between the respective counterparties. The non-current portion of these loans are not expected to be recalled within a period of twelve months from the reporting date.

Outstanding balances at 31 December 2022 and 2021 arose in the normal course of business. The impairment losses against the related party balances are minimal.

## 31. RELATED PARTY DISCLOSURES (CONTINUED)

### (c) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arms-length transactions. Outstanding balances at the reporting date are unsecured, interest free and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

### (d) Compensation of key management personnel

The remuneration of key management personnel during the year is as follows:

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Short term benefits | **10,165** | 10,965 |
| Post-employment benefits | **799** | 606 |
| | **10,964** | 11,571 |
| Directors' remuneration | **9,160** | 12,930 |

## 32. CONTINGENCIES AND COMMITMENTS

### (a) Contingent liabilities

i) The Group (seller) has entered in a Share Purchase Agreement (SPA) with Granite France BIDCO (buyer) for the sale of Inetum S.A. on 27 April 2022 which specifies that the seller shall be liable for ninety percent (90%) of amount in case of loss suffered by the Buyer resulting from or arising out of or in connection with any of the matters disclosed in the SPA termed as specific loss claim, however the liability of the same shall be capped at an aggregate amount of EUR 19.8 million for litigation matters, and an aggregate amount of EUR 12 million for tax matters. In conjunction with legal advisors the Group assessed the pending loss claim cases and has made a provision of QR 127 million (2021: QR 64 million) based on the legal advice received.

ii) As of the reporting date, one of the joint ventures of the Group, is claimant and defendant in a legal proceeding in relation to outstanding receivable from one of its customers. The customer has stopped making payments to the joint venture, which has delayed the receipt of funds against the carried out work. The joint venture had filed a legal case, whereby the joint venture had claimed a cumulative amount of QR 12.1 million in respect of outstanding receivables. The customer had made a counterclaim of QR 10.0 million against the joint venture for non-performance under the contract.

During the year, the Court of First Instance decided the matter in favor of the joint venture. However, the customer filed an appeal against the decision of the Court of First Instance, which is currently pending in the Court of Appeal and position against the case is still developing as of the date of authorization of these consolidated financial statements. Based on the opinion of legal advisor, legal proceedings so far and the merits of the case, provision has been recorded for any potential loss arising from this case as at 31 December 2022.

iii) Under the bank facilities agreement, cross guarantees exist between certain Group companies, which could be enforced by the financiers, if the borrowers were to be in default of the finance agreement. Each member of the Group is therefore irrevocably, unconditionally and jointly and severally liable as principal obligor. The amount of Group facilities outstanding is as follows:

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Letters of guarantees | **1,778,760** | 1,381,836 |
| Letters of credit | **11,578** | 40,058 |
| Stand-by letters of credit | **58,050** | 672,104 |
| | **1,848,388** | 2,093,998 |

## 32. CONTINGENCIES AND COMMITMENTS (CONTINUED)

### (a) Contingent liabilities (continued)

The stand-by letters of credit are provided by commercial banks in favour of the suppliers of gold who have loaned gold on an unfixed basis to the Group (refer note 16 (c)).

### (b) Commitments

*Capital commitments*

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Capital work in progress – contracted but not provided for | **2,779** | 3,288 |

### (c) Contingent liabilities and commitments related to joint ventures and associates

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| *Contingent liabilities* | | |
| - Guarantees | **52,057** | 38,372 |
| - Letters of credit | **12,766** | 38,019 |
| | **64,823** | 76,391 |

The associates and joint ventures issued the above guarantees in the normal course of business and do not anticipate any material liability to arise.

## 33. FINANCIAL INSTRUMENTS

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. The Group's principal financial liabilities comprise borrowings, bank overdrafts, accounts payable, amounts due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets comprise cash and cash equivalent, accounts and retention receivable, investments at fair value through profit or loss, investments through OCI, Due from related parties and certain other receivables that arise directly from its operation.

**Fair value measurements**

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

*Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.

*Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

*Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs)

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

**Fair value measurements (continued)**

| Derivative and non-derivative financial assets / (financial liabilities) | Classification | As at 31 December 2022 Carrying value *QR'000* | Fair value *QR'000* | Fair value Hierarchy |
|---|---|---|---|---|
| Cash and cash equivalent[1] | Amortised cost | **85,916** | **-** | - |
| Accounts and other receivables[1] | Amortised cost | **1,360,514** | **-** | - |
| Financial assets at fair value through other comprehensive income | FVOCI | **8,337** | **8,337** | **Level 3** |
| Amount due from related parties[1] | Amortised cost | **59,360** | **-** | |
| Bank overdrafts[1] | Other financial liabilities | **(298,383)** | **-** | - |
| Borrowings | Other financial liabilities | **(3,084,019)** | **(3,084,019)** | **Level 3** |
| Accounts payable and accruals[1] | Other financial liabilities | **(1,774,122)** | **-** | **-** |
| Amount due to related parties[1] | Other financial liabilities | **(584)** | **-** | - |

| Derivative and non-derivative financial assets / (financial liabilities) | Classification | As at 31 December 2021 Carrying value *QR'000* | Fair value *QR'000* | Fair value Hierarchy |
|---|---|---|---|---|
| Cash and cash equivalent[1] | Amortised cost | 1,039,061 | - | - |
| Accounts and other receivables[1] | Amortised cost | 2,839,409 | - | - |
| Financial assets at fair value through other comprehensive income | FVOCI | 8,366 | 8,366 | Level 3 |
| Financial assets at fair value through profit or loss | FVTPL | 3,444 | 3,444 | Level 3 |
| Amount due from related parties[1] | Amortised cost | 82,415 | | |
| Bank overdrafts[1] | Other financial liabilities | (313,096) | - | - |
| Borrowings | Other financial liabilities | (7,284,891) | (7,284,891) | Level 3 |
| Accounts payable and accruals[1] | Other financial liabilities | (2,860,734) | - | - |
| Amount due to related parties[1] | Other financial liabilities | (4,543) | - | - |

There is no in or out movement from Level 3 fair value measurements. The investments classified under Level 3 category have been fair-valued based on information available for each investment.

[1] These financial assets and financial liabilities are carried at amortised cost. The fair values of these financial assets and financial liabilities are not materially different from their carrying values in the consolidated statement of financial position, as these assets and liabilities are either of short-term maturities or are re-priced frequently based on market movement in interest rates.

## 33. FINANCIAL INSTRUMENTS (CONTINUED)

**Reconciliation of Level 3 fair values**

| | **Equity instruments** | | |
|---|---|---|---|
| | **FVOCI** | **FVTPL** | **Total** |
| At 1 January 2021 | **8,366** | **3,444** | **11,810** |
| Related to disposals | **-** | **(3,444)** | **(3,444)** |
| Net changes in fair value | **(29)** | **-** | **(29)** |
| At 31 December 2022 | **8,337** | **-** | **8,337** |

| | Equity instruments | | |
|---|---|---|---|
| | FVOCI | FVTPL | Total |
| At 1 January 2021 | 8,392 | 6,677 | 15,069 |
| Related to disposals | - | (2,847) | (2,847) |
| Net changes in fair value | (26) | (386) | (412) |
| At 31 December 2021 | 8,366 | 3,444 | 11,810 |

## 34. FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk, liquidity risk and market risks such as currency risk, price risk and interest rate risk. The Group monitors and manages the risks relating to its operations through internal risk reports. The group's risk management is predominantly controlled by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall capital and risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The major risks are discussed below.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank balances (call deposits), bank overdraft and interest-bearing loans and borrowings, which bear floating interest rate.

The following summary sets out the Group's exposure to interest rate risk as of 31 December:

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Bank deposits and call accounts | **5,637** | 10,201 |
| Bank overdrafts | **(298,383)** | (313,096) |
| Borrowings | **(3,650,220)** | (7,755,317) |
| | **(3,942,966)** | (8,058,212) |

The Group is exposed to interest rate risk as it maintains and borrows funds at floating interest rates. The following table demonstrates the sensitivity of the Group's profit to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the profit is the effect of the assumed changes in interest rate on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December:

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Interest rate risk (continued)**

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Basis points | **+/- 25** | +/- 25 |
| Effect on profit for the year (QR '000) | **9,857** | 18,969 |

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. Credit risk on bank balances is limited as they are placed with banks having good credit rating. The Group's exposure to counterparties is continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. The credit terms for accounts receivable are 30 days to 180 days.

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

| | **2022** | 2021 |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Bank balances | **78,480** | 1,025,570 |
| Accounts receivable and others (excluding contract assets) | **1,410,083** | 3,180,830 |
| Contract assets | **1,108,080** | 2,148,318 |
| Due from related parties | **59,360** | 82,415 |
| | **2,656,003** | 6,437,133 |

*Bank balances*
The Group held bank balances of QR 78 million at 31 December 2022 (2021: QR 1 billion). The balances are held with banks, which are rated Aa3- to A3, based on Moody's ratings.

Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the banks. As at reporting date, none of the bank balances were credit impaired. Expected credit loss on non-credit impaired balance was immaterial, hence no provision was recognised in these consolidated financial statements.

*Due from related parties*
As at reporting date, none of the amounts dues from related parties were credit impaired. Expected credit loss on non-credit impaired balance was immaterial, hence no provision was recognised in these consolidated financial statements.

*Accounts receivables and others*
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group limits its exposure to credit risk from accounts receivable by:

- evaluating the creditworthiness of each counter-party prior to entering into contracts;
- establishing maximum payment periods for each customer, which are reviewed regularly; and
- periodically reviewing the collectability of its trade receivables for identification of any impaired amounts.

The Group limits its exposure to credit risk from accounts receivable by establishing a maximum payment period of one and three months for corporate customers respectively.

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit risk (continued)**

As a result of the above, management believes that there is no significant credit risk, except for the financial and contract assets for which impairment has been already recognised by the management.

The movement in the provision for impairment of accounts receivable and contract assets is disclosed in Note 8.

Impairment on accounts and factored receivables, notes receivable and contract assets has been measured on a life-time expected loss basis. The Group uses an allowance matrix to measure the ECL on these financial and contract assets.

Loss rates are calculated using a 'net flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for accounts receivable, notes receivables and contracts assets as at reporting date.

| | **Weighted average loss rate** | **Gross carrying amount** | **Loss allowance** |
|---|---|---|---|
| **31 December 2022** | | | |
| Current (not past due) | **0.90%** | **1,905,366** | **17,070** |
| 1-90 days past due | **2.83%** | **265,392** | **7,510** |
| 91–180 days past due | **19.77%** | **106,696** | **21,096** |
| 181–365 days past due | **21.45%** | **91,254** | **19,570** |
| More than 365 days past due | **49.20%** | **49,886** | **24,546** |
| | | **2,418,594** | **89,792** |

| | Weighted average loss rate | Gross carrying amount | Loss allowance |
|---|---|---|---|
| 31 December 2021 (restated) | | | |
| Current (not past due) | 1.24% | 3,859,880 | 47,679 |
| 1-90 days past due | 6.60% | 477,828 | 31,524 |
| 91–180 days past due | 20.03% | 75,976 | 15,221 |
| 181–365 days past due | 26.71% | 67,798 | 18,109 |
| More than 365 days past due | 34.27% | 342,262 | 117,303 |
| | | 4,823,744 | 229,836 |

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by forward looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

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

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Credit risk (continued)**

Accounts receivables do not bear interest.

The Group does not require collateral as security in respect of its accounts and factored receivables, notes receivables and contract assets.

*Deposits and other receivables*

Impairment on deposits and other receivables has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. As at reporting date, none of deposits and other receivables were credit impaired. Expected credit loss on non-credit impaired balance was immaterial, hence no provision was recognised in these consolidated financial statements.

**Foreign currency risk**

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The foreign currency exposure is minimal since the Group deals mostly in Qatari Riyal and US Dollars. Balances in other GCC currencies, with the exception of Kuwaiti Dinar, do not expose the Group to significant currency risk since they are pegged to the US Dollar. The following table details the Group's sensitivity to an increase or decrease in Qatari Riyal against the relevant foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and the impact of a change in the exchange rates are as follows:

| **Net Exposure (Liability)** | **2022** *QR'000* | 2021 *QR'000* |
|---|---|---|
| EURO | **3,758** | 468,084 |
| GBP | **9,080** | 1,774 |
| Other currencies | **1,621** | 175 |
| | **14,459** | 470,033 |

| | *Increase/ decrease in Euro to the QR* | *Effect on profit before tax* |
|---|---|---|
| **2022 *(QR'000)*** | **+/- 3%** | **434** |
| 2021 *(QR'000)* | +/- 3% | +/- 14,101 |

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's operations and reputation.

The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal requirements and maintaining debt financing plans. The Group relies on bank facilities comprising short term loans and trade financing facilities (Note 16) from a number of banks to fund its working capital requirements. The Group uses trade financing facilities to better match payment terms with large international suppliers to the timing of receipts from customers. These facilities are subject to annual review by the banks and the Group expects these arrangements to continue and be made available in the foreseeable future (Note 6). As of the year ended 31 December 2022 the Group had significant short-term undrawn facilities under such arrangements, which management believes is sufficient to manage its liquidity.

The table below summarises the maturities of the Group's derivative and non-derivative financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

## 34. FINANCIAL RISK MANAGEMENT (CONTINUED)

**Liquidity risk (continued)**

| | Less than 6 months | 6 months to 1 year | More than 1 year | Total |
|---|---|---|---|---|
| **At 31 December 2022** | | | | |
| Accounts payable and accruals (excluding contract liabilities) | **1,347,859** | **278,463** | **102,048** | **1,728,370** |
| Amounts due to related parties | | | | |
| Borrowings | **2,928,715** | **347,273** | **468,387** | **3,744,375** |
| Lease liabilities | **42,587** | **37,917** | **114,783** | **195,287** |
| Bank overdrafts | **298,383** | **-** | **-** | **298,383** |
| **Total** | **4,617,544** | **663,653** | **685,218** | **5,966,415** |

**Capital management**

The Group manages its capital structure to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Group monitors its capital using a gearing ratio which is net debt divided by total equity. During 2022, the Group's strategy was to reduce overall debt following the disposal of Inetum. The Group includes within the net debt, borrowings (included in Note 17) and bank overdraft less Cash and cash equivalent.

*Gearing ratio*

The gearing ratio at 31 December is as follows:

| | **2022** ***QR'000*** | 2021 *QR'000* *Restated* |
|---|---|---|
| Debt (including bank overdrafts) | **4,135,008** | 8,612,859 |
| Cash and cash equivalent | **(85,916)** | (1,039,061) |
| Net debt | **4,049,092** | 7,573,798 |
| Total equity | **985,925** | 2,199,861 |
| Add: acquisition reserve | **588,058** | 999,488 |
| | **1,573,983** | 3,199,349 |
| **Gearing ratio** | **2.5:1** | 2:1 |

*Net debt reconciliation*

This section sets out the movements in net debt for each of the years presented.

| | Bank overdrafts | Borrowings | Lease liabilities | Cash and cash equivalents | Total |
|---|---|---|---|---|---|
| **Balance at 1 January 2021 (restated)** | (280,613) | (8,297,902) | (638,218) | 1,150,315 | (8,066,418) |
| Cash flows | (32,483) | 542,585 | 196,456 | (111,254) | 595,304 |
| Other changes | - | - | (102,684) | - | (102,684) |
| **Balance at 31 December 2021** | **(313,096)** | **(7,755,317)** | **(544,446)** | **1,039,061** | **(7,573,798)** |
| Cash flows | **14,713** | **4,105,097** | **98,488** | **(953,145)** | **3,265,153** |
| Other changes | **-** | **-** | **259,553** | **-** | **259,553** |
| **Balance at 31 December 2022** | **(298,383)** | **(3,650,220)** | **(186,405)** | **85,916** | **(4,049,092)** |

## 35. DISCONTINUED OPERATION

### *a) Description*

On 18 January 2022, the Board of Directors approved entering into exclusive negotiations with a group of investors, in relation to a transaction to dispose of the Group's entire shareholding in Inetum S.A group ("Inetum") engaged in the business of information and communication technology. On 27 April 2022 the Group signed a Share Purchase Agreement ("SPA") with the buyer to execute the aforementioned transaction.

The subsidiary was sold on 18 July 2022 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

### *b) Financial performance and cash flow information*

The financial performance and cash flow information presented are for the period from 1 January 2022 to 18 July 2022 (2022 column) and the year ended 31 December 2021.

| | ***2022*** | *2021* |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Revenue | **4,544,584** | 9,543,847 |
| Expenses | **(4,385,144)** | (9,171,105) |
| Other income | **30,371** | 41,291 |
| **Profit before income tax** | **189,811** | 414,033 |
| Income tax expense | **(58,760)** | (120,847) |
| **Profit after income tax of discontinued operation** | **131,051** | 293,186 |
| | | |
| Net cash (outflow) / inflow from operating activities | **(108,511)** | 646,299 |
| Net cash outflow from investing activities | **(277,092)** | (261,766) |
| Net cash outflow from financing activities | **(88,339)** | (513,235) |
| **Net decrease in cash generated by the subsidiary** | **(473,942)** | (128,702) |

### *c) Details of the sale of the subsidiary*

| | ***2022*** | *2021* |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Total disposal consideration | **3,904,116** | - |
| Carrying amount of net assets sold | **(2,761,877)** | - |
| Gain on sale before income tax and reclassification of foreign currency translation reserve | **1,142,239** | - |
| Recycling of foreign currency translation reserve | **(253,899)** | - |
| Income tax expense on gain | **(433,655)** | - |
| Other expenses | **(109,057)** | |
| Gain on sale after income tax | **345,628** | - |
| Inetum's profit for the period | **131,051** | - |
| Profit from discontinued operation | **476,679** | - |

## 35. DISCONTINUED OPERATION (CONTINUED)

The carrying amounts of assets and liabilities as at the date of sale, 18 July 2022, were:

| | *18 July 2022* *QR'000* |
|---|---|
| Intangible assets | **4,792,620** |
| Accounts receivable | **1,529,344** |
| Other current assets | **2,966,336** |
| **Total assets** | **9,288,300** |
| Trade and other payables | **1,225,716** |
| Borrowings | **2,080,280** |
| Other current liabilities | **3,220,427** |
| **Total liabilities** | **6,526,423** |
| **Net assets** | **2,761,877** |

## 36. COMPARATIVE INFORMATION

### *1- Correction of prior period balances*

Management has re-evaluated the accounting treatment of certain transactions and balances recorded in the consolidated financial statements in the prior years to determine if such transactions and balances have been accounted for appropriately under International Financial Reporting Standards ("IFRS"). Where necessary, adjustments were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

As a result, management restated the comparatives to correct the matter detailed below in the consolidated financial statements for the year ended 31 December 2021:

### *1- a) Damas gold and jewellery accounting*

The Group enters into gold loan financing arrangements with certain financial institutions for working capital purposes. Pursuant to the terms of these arrangements the gold price is not fixed at the time the Group obtains control of the Gold, the price is fixed on settlement date. In prior periods, the inventory and gold loans were not recorded in the consolidated financial statements until the gold price was fixed.

During the year ended 31 December 2022, management reassessed the accounting treatment of the gold loan arrangements considering the contractual terms of the relevant agreements and judged that the arrangement is a financing arrangement and consequently the gold inventory and the corresponding obligation should be recorded when the Group obtains control of the gold.

Management considered the inventory recognition requirements in IAS 2 "Inventories", the indicators of control in IFRS 15 "Revenue from contracts with customers" and the definition of control in IFRS 10 "Consolidated financial statements" and judged that the inventory meets the definition of Inventory in IAS 2 and the Group obtains control of inventory on drawdown date. As such, the Group should have recognised the inventory and the corresponding obligations in the prior year financial statements. As a result, management has restated the comparatives to recognise the gold inventory and the corresponding bank borrowings (unfixed) on the consolidated statement of financial position (refer to 4 below) and consolidated statement of cash flows (refer to 5 below).

### *2- Other reclassifications*

During the period, the Group performed an exercise to determine if the presentation of the consolidated financial statements is in accordance with IAS 1 "Presentation of Financial Statements". This exercise resulted in reclassification of certain line items in the consolidated financial statements (refer to 4 below). The comparative figures have been reclassified in order to conform with the presentation for the current period. Such reclassifications have been made by the Group to improve the quality of information presented and did not have any impact on the previously reported equity and profits

## 36. COMPARATIVE INFORMATION (CONTINUED)

***2- a) Provisions***

During the year, management has reclassified provisions to be presented separately from accounts payable and accruals in the consolidated statement of financial position. This change did not impact the comparative total asset, total liabilities, net assets or cash flows. Refer to 4 below.

***2-b) Statement of financial position – Changes in order of liquidity of certain financial statements line items***

Management changed the order of certain financial statements line items in the consolidated statement of financial position to arrange by order of liquidity in accordance with IAS 1 "Presentation of financial statements". These changes did not impact the comparative total asset, total liabilities, net assets or cash flows.

***2-c) Consolidated statement of income presentation***

In previous years, the Group presented expenses by mix of function and nature in the income statements. As at 31 December 2022, the presentation of the consolidated statement of income has been changed to present expenses by function as it provides more relevant information to the users of the consolidated financial statements. As a result of the changes, depreciation and amortization amounting to QR 497 million has been allocated between discontinued operations (QR 337 million) and continuing operations (QR 160 million). The amount relating to continuing operations has been allocated to Direct cost and General and administrative expenses as set out in the table below.

Consolidated statement of income for the year ended 31 December 2021 – Extract:

| | **Previously reported figures** *QR'000* | **Reclassification** *QR'000* | **Balances relating to discontinued operations** *QR'000* | **Represented figures** *QR'000* |
|---|---|---|---|---|
| Direct costs | (11,314,000) | (116,700) | 7,367,562 | (4,063,138) |
| Gross profit | 3,092,970 | (116,700) | (2,176,285) | 799,985 |
| General and administrative expenses | (1,470,289) | (43,223) | 1,057,180 | (456,332) |
| Depreciation and amortization | (159,923) | 159,923 | - | - |

The changes in presentation of the consolidated statement of income did not impact the Group's profits, net assets or cash flows for the comparative period.

***3- Changes in accounting policy***

***3- a) Proposed dividend reserve***

The Group historically created an optional reserve for dividends proposed by the Board of Directors prior to them being approved by the shareholders. During the period, management changed its accounting policy and decided not to create such reserve and therefore the comparative financial information were restated in accordance with IAS 8 "Changes in Accounting Estimates and Errors". However, such reclassification did not have any effect on the reported profit, total assets and equity of the comparative period. Refer to 4 below.

***4- Summary of the effects of the above restatements on the previously reported figures***

Summary of the effects of the above restatement on the previously reported figures are as follows:

## 36. COMPARATIVE INFORMATION (CONTINUED)

### 4- *Summary of the effects of the above restatements on the previously reported figures (continued)*

| | Previously reported figures *QR'000* | Restate-ment due to 1-a) above *QR'000* | Restate-ment due to 3-a) above *QR'000* | Restate-ment due to 2-a) above *QR'000* | Restated figures *QR'000* |
|---|---|---|---|---|---|
| **At 31 December 2021** | | | | | |
| **Consolidated statement of financial position** – *extract* | | | | | |
| Inventories | 1,469,110 | 470,426 | - | - | 1,939,536 |
| Borrowings – current portion | 2,742,959 | 470,426 | - | - | 3,213,385 |
| Proposed dividends | 136,858 | - | (136,858) | - | - |
| Retained earnings | 1,774,811 | - | 136,858 | - | 1,911,669 |
| Provisions | - | - | - | 63,819 | 63,819 |
| Accounts payable and accruals - current | 5,343,281 | - | - | (63,819) | 5,279,462 |
| **At 1 January 2021** | | | | | |
| **Consolidated statement of financial position** – *extract* | | | | | |
| Inventories | 1,669,566 | 590,015 | - | - | 2,259,581 |
| Borrowings – current portion | 2,001,117 | 590,015 | - | - | 2,591,132 |
| Proposed dividends | 4,562 | - | (4,562) | - | - |
| Retained earnings | 1,642,495 | - | 4,562 | - | 1,647,057 |

### 5- *Consolidated statement of cash flows*

The statement of cash flow was restated to correct the presentation of cash and cash equivalents for the following adjustment:

Following on from the discussions at the IFRS International Interpretation Committee, management concluded that bank overdrafts should not be shown as part of cash and cash equivalents as these facilities are considered financing in nature. As such the cash and cash equivalents balance as of 1 January 2021 increased by an amount of QR 313 million. There is no impact of these changes on the other line items within the consolidated statement of cash flows or on the other primary statements as reported in the consolidated financial statements.

| | Previously reported figures *QR'000* | Increase /(Decrease) due to 1-a) above *QR'000* | Increase /(Decrease) due to 5 above *QR'000* | Restated figures *QR'000* |
|---|---|---|---|---|
| **Cash and cash equivalents as at 31 December 2021** | | | | |
| Bank balances | 1,039,061 | - | - | 1,039,061 |
| Less: Fixed and margin deposits under lien (refer to note 16(b)) | (1,135) | - | - | (1,135) |
| Less: Bank overdrafts | (313,096) | - | 313,096 | - |
| **Cash and cash equivalents in the statement of cash flows** | **724,830** | **-** | **313,096** | **1,037,926** |
| **Statement of cash flows for the year ended 31 December 2021** | | | | |
| Net cash flow used in financing activities | (643,024) | (119,589) | 32,483 | (730,130) |
| Net cash flow from operating activities | 773,740 | 119,589 | - | 893,329 |
| Cash and cash equivalents at the beginning of the year | 867,104 | - | 313,096 | 1,147,717 |
| Cash and cash equivalents at the end of the year | 724,830 | - | 313,096 | 1,037,926 |