# DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
## DOHA- QATAR

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**CONSOLIDATED FINANCIAL STATEMENTS**
**AND INDEPENDENT AUDITOR’S REPORT**
**AS AT AND FOR THE YEAR**
**ENDED DECEMBER 31, 2021**

**DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.**
**DOHA – QATAR**

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# CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS**
**DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.**
**DOHA, STATE OF QATAR**

### Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of **DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY - Q.P.S.C.** (the "Company") and its subsidiaries (together referred to as "Group") which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

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

### Emphasis of Matters

We draw attention to the following notes to the accompanying consolidated financial statements:

- Note no. (9) to these consolidated financial statements, which described the procedures made by the management during the year ended December 31, 2021 for the sale of a land was classified under Trading Property.
- Note no. (1) to these consolidated financial statements which described that as at the reporting date, the legal documents of the Parent Company not included the existent major shareholders. The management is in process to update these legal documents in the subsequent period.

Our opinion is not modified in respect of those matters.

### Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2020, were audited by other auditor whose report dated March 8, 2021, expressed an unqualified audit opinion on those consolidated financial statements.

### Key Audit Matters

Key audit matters are matters those, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. We identified the following key audit matters which were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matters is provided in that context.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters (Continued)

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

| Key audit matter | How our audit addressed our key audit matter. |
|---|---|
| ***Bank balances - customers' funds and due to customers*** | |
| *Refer to note no. (5) to the consolidated financial statements* | |
| As at December 31, 2021 the Group has reported bank balances - customers' funds amounting to QR. 351.6 Million which represents 57% of the consolidated total assets and amounts due to customers of QR. 363.5 Million which represents 91% of the consolidated total liabilities.<br><br>bank balances – customers' funds related to the deposits made by the customers and the collections made on behalf of the customers on trade in securities. All such balances are recorded as due to customers. These balances are to be settled or withdrawn by the customers and hence it's recorded as current liabilities.<br><br>Due to the magnitude of the account balances, nature and high volume of transactions, we determined the completeness of bank balances - customers funds and amounts due to customers as key audit matters. | • Our audit procedures included both testing of the Group's internal controls, as well as substantive audit procedures on a targeted sample of selected customers. As well as the following procedures:<br><br>• Obtained direct confirmation letters for all bank accounts and verified with the book balances.<br><br>• Examined the bank accounts reconciliation statements prepared by the management of the Group and ensured the accuracy of reconciliations between balances as per bank statements and balances as per the books of account of the Group.<br><br>• In relation with due to customers, we have examined a selected sample's subsequent settlement.<br><br>• We have examined the reconciliation between amounts due to customers and bank balances - customers funds as at December 31, 2021. |

### Other Information

The Board of Directors are responsible for the other information. The other information comprises the information included in the annual report for 2021 but does not include in the consolidated financial statements and our auditor's report.

The Group's 2021 annual report is expected to be made available to us after the date of this auditor's report, thereon. Our opinion on these consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact, we have nothing to report in respect of the report on the other information.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## Responsibilities of management and Board of Directors for the Consolidated Financial Statements

The Management of the Group is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and applicable provisions of Qatar Commercial Companies' Law and for such internal control as the Board of Directors determine are necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's consolidated 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 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.

- Conclude on the appropriateness of the 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

We also provide the Board of Directors and Those Charged with the Governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors and Those Charged with the Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations precludes public disclosures 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 Qatar Commercial Companies' Law, we are of the opinion that; proper books of account have been maintained by the Group and the consolidated financial statements are in agreement therewith, we have obtained all the information and explanations we considered necessary for the purposes of our audit. To the best of our knowledge and belief, we are not aware of any violations of the provisions of the Qatar Commercial Companies Law no. 11 of 2015 and as amended by Law no. 8 of 2021 or the terms of the Group's Articles of Association and any amendments thereto, if any, having occurred during the year which might have had a material effect on the Group's consolidated financial position and its consolidated financial performance as at and for the year ended 31 December 2021.

**Rödl & Partner - Qatar Branch**
**Certified Public Accountants**

**Doha - Qatar**
**March 2, 2022**

Magdy

رودل اند بارتنر
Rödl & Partner

**Magdy Aboelkhier**
**Member of Qatar Association of**
**Certified Public Accountant**
**License No. 321**
**QFMA Registration Auditor's No. 120151**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

| | Notes | *31 December 2021 QR'000* | *31 December 2020 QR'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and bank balances | 4 | **73,528** | 90,105 |
| Bank balances – customer funds | 5 | **351,648** | 546,848 |
| Due from customers | 6 | **105** | 213 |
| Due from Qatar Central Securities Depository (QCSD) | | **20,357** | - |
| Investment securities at fair value through profit or loss | 7 | **97,323** | 60,653 |
| Other assets | 8 | **12,192** | 6,289 |
| Trading properties | 9 | **16,253** | 28,801 |
| **Total current assets** | | **571,406** | 732,909 |
| **Non-current assets** | | | |
| Investment securities at fair value through other comprehensive income | 7 | **8,581** | 12,614 |
| Intangible assets | 10 | **1,545** | 2,250 |
| Property and equipment | 11 | **37,608** | 38,378 |
| **Total non-current assets** | | **47,734** | 53,242 |
| **TOTAL ASSETS** | | **619,140** | 786,151 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Due to customers | | **363,469** | 503,947 |
| Due to Qatar Central Securities Depository (QCSD) | | - | 42,881 |
| Other liabilities | 12 | **30,143** | 24,487 |
| Total current liabilities | | **393,612** | 571,315 |
| **Non-current liability** | | | |
| Provision for employees' end of service benefits | 13 | **4,971** | 4,527 |
| Total non-current liability | | **4,971** | 4,527 |
| **Total liabilities** | | **398,583** | 575,842 |
| **Equity** | | | |
| Share capital | 14 | **284,160** | 284,160 |
| Legal reserve | 15 | **29,364** | 28,514 |
| Fair value reserve | 7 | **317** | (1,460) |
| Accumulated losses | | **(92,301)** | (100,281) |
| **Equity attributable to shareholders of the parent** | | **221,540** | 210,933 |
| Non-controlling interests | | **(983)** | (624) |
| **Total equity** | | **220,557** | 210,309 |
| **TOTAL LIABILITIES AND EQUITY** | | **619,140** | 786,151 |

These consolidated financial statements of the Group as at and for the year ended 31 December 2021 were approved and authorized for issuances on 2 March 2022 by the Board of Directors of the Group, and signed on their behalf by:

Abdalla Jasim Al-Darwish Fakhro
Chairman of the Group

Moza Mohamed Al Sulaiti
Managing Director of the Group

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

Dlala Brokerage and Investment Holding Company Q.P.S.C.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2021

| | Notes | *For the year ended December 31,* 2021 QR'000 | 2020 QR'000 |
|---|---|---|---|
| Brokerage commission income | | **25,314** | 35,738 |
| Brokerage commission expense and other direct costs | 16 | **(9,441)** | (13,394) |
| **Net brokerage commission income** | | **15,873** | 22,344 |
| Dividend income | | **2,214** | 1,791 |
| Net fair value gain on investment in securities at FVTPL | 7 | **6,041** | 2,309 |
| Profit on sale of investment in securities at FVTPL | | **4,345** | 2,170 |
| Real estate income | 17 | **3,738** | 3,184 |
| Income from IT services | | **22** | 139 |
| Interest income | | **739** | 1,006 |
| **Net operating income** | | **32,972** | 32,943 |
| Other income | 18 | **9,342** | 29 |
| Penalty (charges)/reversal | | **(5,200)** | 1,500 |
| Amortization expense on intangible assets | 10 | **(705)** | (706) |
| Depreciation expense on property and equipment | 11 | **(2,132)** | (2,138) |
| General and administrative expenses | 19 | **(26,143)** | (25,058) |
| **NET PROFIT FOR THE YEAR** | | **8,134** | 6,570 |
| Attributable to: | | | |
| Equity holders of the parent | | **8,493** | 6,934 |
| Non-controlling interests | | **(359)** | (364) |
| | | **8,134** | 6,570 |
| Basic and diluted earnings per share (QR.) | 20 | **0.030** | 0.024 |

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements



Rödl & Partner - Qatar Branch

For Identification Purposes Only

## Dlala Brokerage and Investment Holding Company Q.P.S.C.
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

| | Notes | For the year ended December 31, 2021 QR'000 | 2020 QR'000 |
|---|---|---|---|
| **Net profit for the year** | | **8,134** | 6,570 |
| *Other comprehensive income that will not be reclassified to consolidated statement of income in subsequent periods:* | | | |
| Fair value movement on investment securities through OCI | 7 | **2,317** | 6,367 |
| **Other comprehensive income for the year** | | **2,317** | 6,367 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **10,451** | 12,937 |
| Attributable to: | | | |
| Equity holders of the parent company | | **10,810** | 13,301 |
| Non-controlling interests | | **(359)** | (364) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **10,451** | 12,937 |

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

| | Notes | *For the year ended December 31,* **2021** **QR'000** | 2020 QR'000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net profit for the year | | **8,134** | 6,570 |
| Adjustments for: | | | |
| Amortization expense on intangible assets | 10 | **705** | 706 |
| Depreciation expenses on property and equipment | 11 | **2,132** | 2,138 |
| Provision for employees' end of service benefits | 13 | **640** | 440 |
| Allowance for impairment in due to customers | | **-** | 66 |
| Profit on sale of investment securities at FVTPL | | **(4,345)** | (2,170) |
| Net fair value gain on investment in securities at FVTPL | 7 | **(6,041)** | (2,309) |
| Profit from sale of trading properties | | **(252)** | - |
| Interest income | | **-** | (1,006) |
| Dividend income | | **(2,214)** | (1,791) |
| | | **(1,241)** | 2,644 |
| *Working capital changes:* | | | |
| Bank balances – customer funds | | **195,200** | (312,165) |
| Due from customers | | **108** | 692 |
| Due from Qatar Central Securities Depository (QCSD) | | **(20,357)** | 35,782 |
| Other assets | | **(5,903)** | (9,232) |
| Due to customers | | **(140,478)** | 233,399 |
| Due to Qatar Central Securities Depository (QCSD) | | **(42,881)** | 42,881 |
| Other liabilities | | **5,454** | (4,577) |
| **Cash flows used in operating activities** | | **(10,098)** | (10,576) |
| Employees' end of service benefits paid | 13 | **(196)** | (481) |
| **Net cash flows used in operating activities** | | **(10,294)** | (11,057) |
| **INVESTING ACTIVITIES** | | | |
| Purchase of investment securities | 7 | **(90,586)** | (90,237) |
| Proceeds from disposal of investment securities | | **70,651** | 94,822 |
| Proceeds from disposal of trading properties | 9 | **12,800** | - |
| Purchase of property and equipment | 11 | **(1,362)** | (598) |
| Interest received | | **-** | 845 |
| Dividend received | | **2,214** | 1,791 |
| **Net cash (used in)/generated from investing activities** | | **(6,283)** | 6,623 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | **(16,577)** | (4,434) |
| Cash and cash equivalents at 1 January | | **90,105** | 94,539 |
| **CASH AND CASH EQUIVALENTS AT 31 DECEMBER** | 4 | **73,528** | 90,105 |

Dlala Brokerage and Investment Holding Company Q.P.S.C.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

| | *Attributable to equity holders of the parent* | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Share capital QR'000* | *Legal reserve QR'000* | *Fair value reserve QR'000* | *Accumulated losses QR'000* | *Total QR'000* | *Non-controlling interests QR'000* | *Total equity QR'000* |
| Balance at 1 January 2020 | 284,160 | 27,821 | (45,192) | (68,993) | 197,796 | (260) | 197,536 |
| Net profit for the year | - | - | - | 6,934 | 6,934 | (364) | 6,570 |
| Other comprehensive income for the year | - | - | 6,367 | - | 6,367 | - | 6,367 |
| Total comprehensive income for the year | - | - | 6,367 | 6,934 | 13,301 | (364) | 12,937 |
| Provision for Sports and Social Activities Support Fund (Note 12-ii) | - | - | - | (164) | (164) | - | (164) |
| Transfer to legal reserve | - | 693 | - | (693) | - | - | - |
| Reclassification of net change in fair value of equity securities (FVOCI) upon derecognition (Note 7) | - | - | 37,365 | (37,365) | - | - | - |
| Balance at 31 December 2020 | 284,160 | 28,514 | (1,460) | (100,281) | 210,933 | (624) | 210,309 |
| **Net profit for the year** | **-** | **-** | **-** | **8,493** | **8,493** | **(359)** | **8,134** |
| **Other comprehensive income for the year** | **-** | **-** | **2,317** | **-** | **2,317** | **-** | **2,317** |
| **Total comprehensive income for the year** | **-** | **-** | **2,317** | **8,493** | **10,810** | **(359)** | **10,451** |
| **Provision for Sports and Social Activities Support Fund (Note 12-ii)** | **-** | **-** | **-** | **(203)** | **(203)** | **-** | **(203)** |
| **Transfer to legal reserve** | **-** | **850** | **-** | **(850)** | **-** | **-** | **-** |
| **Reclassification of net change in fair value of equity securities (FVOCI) upon derecognition (Note 7)** | **-** | **-** | **(540)** | **540** | **-** | **-** | **-** |
| **Balance at 31 December 2021** | **284,160** | **29,364** | **317** | **(92,301)** | **221,540** | **(983)** | **220,557** |

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

## 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Dlala Brokerage and Investment Holding Company Q.P.S.C. (the "Company") is a Qatari Public Shareholding Company incorporated in Ministry of Commerce and Industry in the State of Qatar on 24 May 2005 under Commercial Registration No. 30670. The Company is listed on Qatar Stock Exchange and is governed by the provisions of the Qatar Commercial Companies Law No. 11 of 2015, and the regulations of Qatar Financial Markets Authority and Qatar Exchange.

The Company's registered office is at P.O. Box 24571, Doha, State of Qatar.

The Company together with its subsidiaries (together referred to as the "Group") is engaged in brokerage activities at the Qatar Exchange, design & programming special programs, IT consultation services, real estate and other investment activities.

The consolidated financial statements of the Group for the year ended 31 December 2021 were authorised for issuance by the Board of Directors on 2 March 2022.

The consolidated financial statements comprise the financial statements of Dlala Brokerage and Investment Holding Company Q.P.S.C (the "Company") and its subsidiaries (together referred to as the "Group"). The subsidiaries of the Group are as follows:

| *Entity* | *Country of incorporation* | *Relationship* | ***Ownership interest 31 Dec 2021*** | *Ownership interest 31 Dec 2020* |
|---|---|---|---|---|
| Dlala Brokerage Company W.L.L. | Qatar | Subsidiary | **99.98%** | 99.98% |
| Dlala Islamic Brokerage Company W.L.L.* | Qatar | Subsidiary | **--** | 99.98% |
| Dlala Real Estate W.L.L. | Qatar | Subsidiary | **100%** | 100% |
| Dlala Information Technology W.L.L. | Qatar | Subsidiary | **100%** | 100% |
| Dlala Smart Information Technology W.L.L.** | Qatar | Subsidiary | **60%** | 60% |

*During the year 2021, one of the Group's subsidiaries - Dlala Brokerage Company – W.L.L. has completed the remaining administrative procedures for the merger process of Dlala Islamic Brokerage Company – W.L.L. Based on the approval by the Company's Board of Directors on October 19, 2016 and the approval received from the Qatar Financial Market Authority on March 3, 2018.

On 19 October 2016, the Board of Directors of the Company approved to cease and transfer the operations to a related party, Dlala Brokerage Company W.L.L. The Company ceased operations with effect from 6 September 2018 as instructed by the Qatar Financial Markets Authority ("QFMA") and on the same day the Qatar Stock Exchange ("QSE") publicly announced the last business day of the Company as 6 September 2018. During 2020, the Company obtained approval from QFMA to transfer customer balances to Dlala Brokerage Company W.L.L.

** The management is in process to comply with the legal requirements related to going concern of the company.

## 2 BASIS OF PREPARATION AND CONSOLIDATION

### *Basis of preparation*

These consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015 and its amendments.

These consolidated financial statements are prepared under the historical cost basis, except for investment securities that have been measured at fair value, except otherwise stated.

These consolidated financial statements are prepared in Qatari Riyals, which is the Group's functional and presentation currency, and all values are rounded to the nearest thousands (QR'000) except when otherwise indicated.

## 2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

***Basis of consolidation***

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

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interest at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest have an obligation and are able to make an additional investment to cover the losses. Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the equity attributable to the owners of the Parent.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All material intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. Any change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including any goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and any cumulative translation differences recorded in equity, and recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statements of income. It will also reclassify the parent's share of components previously recognised in other comprehensive income to the profit or loss or retained earnings, as appropriate.

***Newly effective standard and amendments and improvements to standards***

Several amendments apply for the first time from January 1, 2021, but do not have an impact on these consolidated financial statements of the Group. The Group has early adopted the amendments to IFRS 16 on, 'Covid-19-Related Rent Concessions'. The nature and effect of the changes as a result of adoption of this amendment is described below. Apart from this the Group has not early adopted any standard, interpretation or amendment that have been issued but are not yet effective.

**2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)**
**Newly effective standard and amendments and improvements to standards (Continued)**

- **Amendments to IFRS 16 on, 'Covid-19-Related Rent Concessions'.**

The amendment is effective for annual reporting periods beginning on or after April 1, 2021 and the Group has early adopted this amendment in these consolidated financial statements.

As per the amendment lessees are currently required to assess whether rent concessions are lease modifications and, if they are, apply specific accounting guidance. Accordingly, when the scope of a lease increases and the consideration changes commensurately, a separate lease exists and IFRS 16 requires that any modification be considered a new lease, and that any remaining prepayments and accruals are included in the accounting for this new lease. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors.
Early adoption of this amendment did not result in any changes in any changes to previously reported consolidated net profit or consolidated equity of the Group.

**Other amendments to standards that are effective as of January 1, 2021;**

- Amendments to IFRS 4, IFRS 9, IFRS 16 on 'Interest rate benchmark reform (IBOR)'-phase 2
- Amendments to IAS 39 on 'Interest rate benchmark reform (IBOR)'-phase 2

The adoption of the above did not result in any changes to previously reported consolidated net profit or consolidated net assets of the Group.

**New and amended standards not yet effective, but available for early adoption**
The below new and amended IFRS that are available for early adoption for financial year ended December 31, 2021 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

**Adoption not expected to impact the Group's consoliated financial statements**

| Effective date | Description |
|---|---|
| January 1, 2022 | • Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)<br>• Annual Improvements to IFRS Standards 2018–2020 ( IFRS 1, IFRS 9, IFRS 16 and IAS 41)<br>• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)<br>• Reference to the Conceptual Framework (Amendments to IFRS 3)<br>• Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 percent' test for dere-cognition of financial liabilities ( Amendments to IFRS 9 ) |
| January 1, 2023 | • IFRS 17 'Insurance Contracts' including amendments to IFRS 17.<br>• Classification of Liabilities as Current or Non-current (Amendments to IAS 1)<br>• Expiry date of the deferral approach (Amendments to IFRS 4 – Insurance Contracts)<br>• Disclosure of accounting policies ( Amendments to IAS 1)<br>• Definition of accounting estimates ( Amendments to IAS 8)<br>• Deferred tax on leases and decommissioning obligations (Amendments to IAS 12) |

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Investments and other financial assets**
*Classification*
The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value (through other comprehensive income (FVOCI),
- those to be measured at fair value through profit or loss, and;
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
**Investments and other financial assets (Continued)**

**Business model:** the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss ('FVTPL"). Factors considered by the Group in determining the business model on an instrument-by-instrument basis within a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset assessed on an instrument-by-instrument basis classified and measured at Fair value through profit or loss (FVTPL).

*Measurement*
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

**Equity instruments**
The Group subsequently measured all equity investments at fair value. Based on the management's intention on managing the financial asset assessed on an instrument by instrument basis, the Group's management has elected to present fair value gains and losses on certain equity investments in other comprehensive income for which there is no subsequent reclassification of fair value gains and losses to consolidated statement of income and certain equity instruments held for trading purposes, the management has elected to present fair value gains in consolidated statement of income. Dividends from such investment continue to be recognized in the consolidated statement of income as dividend income when the Group's right to receive payments is established.

No impairment loss is recognised for investments in equity instruments.

**Debt instruments**
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortized cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principle and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in the consolidated statement of income using the effective interest rate method.

- *Fair value through other comprehensive income (FVTOCI):* Assets that are held for collection of contractual cash flow and for selling the financial assets, where the assets cash flows represent solely payments of principle and interests, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of income within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the interest income.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**
**Investments and other financial assets (Continued)**

**Foreign exchange gains and losses**
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value reserve.

**Impairment of financial assets**
The Group recognises a loss allowance for expected credit losses (ECL) on financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group recognises lifetime ECL for amounts due from customers. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to twelve months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, twelve months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

For amounts due from customers, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for those receivables. At reporting date, the Group's due from customers consist of the amounts receivable on share trading transactions which are settled within 3 days from the date of transaction.

The Group's receivable from Qatar Central Securities Depository (QCSD) on share trading transactions are settled on due dates. The Group applies simplified approach in assessing the expected credit losses for receivables from QCSD and based on past payment history, the management believes that these receivables has no risk of default.

**Definition of default**
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**
**Investments and other financial assets (Continued)**
**Definition of default (Continued)**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the debtor;
b) a breach of contract, such as a default or past due event;
c) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
d) the disappearance of an active market for that financial asset because of financial difficulties.
e) Significant changes in the expected performance and behavior of the customer including changes in the payment status of the customer.
f) Actual or expected significant adverse changes in the business, financial or economic conditions that are expected to cause a significant changes to the customer’s ability to meets his obligations.
g) credit rating of the customer

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Presentation of impairment*
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets with the resulting loss being recognized in the consolidated statement of income.

**Write-off policy**
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 30 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of income.

**Derecognition of financial assets**
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on de-recognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

**Financial liabilities and equity instruments**

**Classification as debt or equity**
Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**
**Investments and other financial assets (Continued)**

**Equity instruments**
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.
Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

**Financial liabilities**
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL). However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

**Derecognition of financial liabilities**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

**Revenue**
*Net Brokerage commission income*
The Group’s contract with clients for provision of share brokerage services include only one performance obligation. The commission income is recognized when a sale or purchase of equity transaction is completed net of the amounts paid to Qatar exchange on each trade and other directly attributable costs.

*Volume rebates*
Some contracts for the brokerage service includes volume rebates. As the Group provides volume rebates on trading transactions to its client, revenue and costs are recognised at a point in time.

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

Interest income is recognised on time proportionate basis using the effective interest rate method.

*Income from IT services*
Income from IT services is recognized when the services are delivered and right to receive income is established.

*Real estate income*
Real estate brokerage fee income is recognized when the brokerage service is provided and when the right to receive the income has been established.

Revenue from sale of real estate trading properties is recognized when control is passed to the buyer and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold. Income from cancellation of sales contract is recognized based on underlying contractual terms.

*Disaggregated revenue information*
The Group presented disaggregation of revenue in the consolidated statement of income and further disaggregation is not required based on the revenue streams of the Group.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and equipment**
Property and equipment are stated at cost, net of accumulated depreciation and/or impairment losses, if any. Costs include expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchase software that is integral to the functionality of the related equipment is capitalized as part of related equipment.

Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| • Building | 20 years |
| • Leasehold improvements | 5 years |
| • Furniture and fixtures | 10 years |
| • Computer equipment and software | 3 to 5 years |
| • Office equipment | 5 years |
| • Motor vehicles | 5 years |

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated statement of income as the expense is incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

*Capital- work- in progress*
Capital- work- in progress comprises costs incurred towards website development, security system installation and building development. These costs are transferred to the respective asset categories upon commencement of commercial activities of the relevant asset.

**Trading properties**
Property acquired for sale in the ordinary course of business, is held as trading properties and is measured at the lower of cost and net realisable value (NRV). Principally, this includes residential properties and a land that the Group intends to sell. The Group may decide to lease out on a temporary basis to increase the possibility of selling the properties rather than to earn rental income on a continuing basis and the property is not held for capital appreciation. The Group accounts for these properties as trading properties and not investment properties as the properties continue to be held exclusively with the view to subsequent disposal in the ordinary course of business.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is made if net realizable value is lower than the carrying value.

When a trading property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Intangible asset**
Intangible asset represents the computer software application and acquired website. Intangible asset acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category consistent with the nature of the intangible asset.

The following are the useful life and method of amortization of Group's intangible asset.

| | *Website* | *Computer software application and website costs* |
|---|---|---|
| Useful life | 5 years | 3 to 5 years |
| Method of amortization | Straight line | Straight line |

**Cash and cash equivalents**
For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks and short term deposits with an original maturity of less than three months.

**Provisions**
Provisions are recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**Employees' end of service benefits**
The Group provides end of service benefits to its expatriate employees. 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.

The Group also provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff cost in the consolidated statement of income. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

**Foreign currencies**
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the consolidated statement of income.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

a. In the principal market for the asset or liability or
b. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

The fair value of financial investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets at the close of business on the reporting date.

For financial instruments where there is no active market, the fair value is determined by using discounted cash flow analysis or reference to broker or dealer price quotations. For discounted cash flow analysis, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

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

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

**Current versus non-current classification**
The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

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

All other assets are classified as non-current.
A liability is classified as current when:
a. It is expected to be settled in normal operating cycle
b. It is held primarily for the purpose of trading
c. It is due to be settled within twelve months after the reporting period
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Contingent liabilities and contingent assets**
Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements.

## 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows includes the following balances:

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| Cash in hand | **12** | 18 |
| Short term deposits (maturity less than 90 days) | **37,041** | 52,153 |
| Bank balances | **36,475** | 37,934 |
| | **73,528** | 90,105 |

Bank balances include short term deposits made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The Group's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying amount of these assets as at 31 December 2021. Exposures are considered of good credit standing and management believes there is minimal risk of default, thus, expected credit loss is insignificant but being monitored for significant changes in credit risk.

## 5 BANK BALANCES – CUSTOMER FUNDS

Bank balances-customer funds represent bank balances for customers, which the Group holds in trust until the customers commit those funds to purchase of shares. At the settlement date of these transactions, the Group transfers due amounts from these customer funds to the settlement authority.

## 6 DUE FROM CUSTOMERS

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| Amounts due from customers | **14,085** | 14,193 |
| Allowance for impairment of due to customers | **(13,980)** | (13,980) |
| | **105** | 213 |

At 31 December 2021, the allowance for impairment of due from customers is QR 13,980 thousand (2020: QR 13,980 thousand). The movements in the allowance for expected credit loss of due from customers is as follows.

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| Balance at 1 January | **13,980** | 13,914 |
| Allowance made during the year | **-** | 66 |
| Balance at 31 December | **13,980** | 13,980 |

At 31 December, the ageing of unimpaired amounts due from customers is as follows:

| | ***Total QR'000*** | ***Current QR'000*** | ***< 30 days QR'000*** | ***31 – 90 days QR'000*** | ***>91 days QR'000*** |
|---|---|---|---|---|---|
| **Gross at 31 December 2021** | **14,085** | **105** | **-** | **-** | **13,980** |
| **Loss rate** | **99.3%** | **0%** | **0%** | **100%** | **100%** |
| **Expected credit loss** | **(13,980)** | **-** | **-** | **-** | **(13,980)** |
| **Net at 31 December 2021** | **105** | **105** | **-** | **-** | **-** |

| | *Total QR'000* | *Current QR'000* | *< 30 days QR'000* | *31 – 90 days QR'000* | *>91 days QR'000* |
|---|---|---|---|---|---|
| Gross at 31 December 2020 | 14,193 | 213 | - | - | 13,980 |
| Loss rate | 98.5% | 0% | 0% | 100% | 100% |
| Expected credit loss | (13,980) | - | - | - | (13,980) |
| **Net at 31 December 2020** | 213 | 213 | - | - | - |

Unimpaired amounts of due from customer balances are expected to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

## 7 INVESTMENT SECURITIES

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| **Non- current investments** | | |
| Quoted investments at FVOCI | **7,095** | 11,887 |
| Unquoted investments at FVOCI | **1,486** | 727 |
| | **8,581** | 12,614 |
| **Current investments** | | |
| Quoted investments at FVTPL | **97,323** | 60,653 |
| Total investment securities | **105,904** | 73,267 |

The movements in investment securities designated as FVOCI and FVTPL is as follows:

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| At 1 January | **73,267** | 67,006 |
| Additions during the year | **90,586** | 90,237 |
| Disposals during the year | **(65,766)** | (92,652) |
| Changes in fair value during the year (Note i) | **7,817** | 8,676 |
| At 31 December | **105,904** | 73,267 |

*Note i:*
Fair value movement during the year includes fair value gain on investments at FVTPL amounting to QR 6,041 thousand (2020: QR. 2,309 Thousand) and fair value gain on investments at FVOCI amounting to QR 2,317 thousand (2020: QR 6,367 thousand).

The movement in fair value reserve during the year is as follows:

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| At 1 January | **(1,460)** | (45,192) |
| Fair value movement on investment in securities (FVOCI) | **2,317** | 6,367 |
| Reclassification of net change in fair value of equity securities (FVOCI) upon derecognition | **(540)** | 37,365 |
| At 31 December | **317** | (1,460) |

## 8 OTHER ASSETS

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| Real estate advances | **3,069** | 874 |
| Prepayments and advances for suppliers | **1,692** | 682 |
| Other receivables | **7,431** | 4,733 |
| | **12,192** | 6,289 |

## 9 TRADING PROPERTIES

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| At January 1, | **28,801** | 12,548 |
| Transferred | **-** | 16,253 |
| Sold during the year* | **(12,548)** | -- |
| **At December 31,** | **16,253** | 28,801 |

The balance of trading properties at the end of the year represents 9 villas owned by the Group for the purpose of trading, and the Group re-evaluates these properties every reporting period to test the presence of any impairment in the value. On December 31, 2021, according to an independent real estate evaluator report, the market value of these properties is greater than their net book value.

The fair value of commercial properties is determined primarily on the basis of valuations that are performed by appraiser who are professionally qualified and have appropriate qualifications and experience in valuing these types of valuations for items of real estate. The valuation has been determined primarily using market price as well as comparable prices and the use of applicable principles and valuation techniques.

*During the year, the management has sold a land located in Lusail area for an amount of QR. 12.8 Million including (2.5%) resale fees to Qatari Diar Company, the cost of the land at the acquisition date amounted to QR. 12.5 Million.

In Prior year, the management has appointed an independent valuer to reevaluate this land, and on December 31, 2020, the independent valuer concluded that the fair value of the land amounted to QR. 15.5 Million, and forced sale value of QR. 14 Million.

## 10 INTANGIBLE ASSETS

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| **Cost**: | | |
| At 1 January | **3,902** | 3,902 |
| At 31 December | **3,902** | 3,902 |
| **Accumulated amortization**: | | |
| At 1 January | **1,652** | 946 |
| Amortization for the year | **705** | 706 |
| At 31 December | **2,357** | 1,652 |
| **Net book value at 31 December** | **1,545** | 2,250 |

The value of intangible assets represents the cost of brokerage back office trading system and the cost of the website. Amortization of intangible asset during the year is included under the depreciation and amortization in the consolidated statement of income.

## 11 PROPERTY AND EQUIPMENT

| | ***Land*** ***QR'000*** | ***Building*** ***QR'000*** | ***Leasehold improvements*** ***QR'000*** | ***Furniture and fixtures*** ***QR'000*** | ***Computer equipment and software*** ***QR'000*** | ***Office equipment*** ***QR'000*** | ***Motor vehicles*** ***QR'000*** | ***Capital work in progress*** ***QR'000*** | ***Total*** ***QR'000*** |
|---|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | | |
| **As at 1 January 2021** | **29,097** | **13,886** | **98** | **1,594** | **43,093** | **3,322** | **751** | **511** | **92,352** |
| **Additions** | **-** | **325** | **-** | **1** | **235** | **-** | **-** | **801** | **1,362** |
| **Transfers** | **-** | **114** | **-** | **35** | **275** | **-** | **-** | **(424)** | **--** |
| **As at 31 December 2021** | **29,097** | **14,325** | **98** | **1,630** | **43,603** | **3,322** | **751** | **888** | **93,714** |
| **Accumulated depreciation:** | | | | | | | | | |
| **As at 1 January 2021** | **-** | **7,261** | **98** | **1,573** | **41,044** | **3,247** | **751** | **-** | **53,974** |
| **Charge for the year** | **-** | **804** | **-** | **42** | **1,264** | **22** | **-** | **-** | **2,132** |
| **As at 31 December 2021** | **-** | **8,065** | **98** | **1,615** | **42,308** | **3,269** | **751** | **-** | **56,106** |
| **Net book value:** | | | | | | | | | |
| **As at 31 December 2021** | **29,097** | **6,260** | **-** | **15** | **1,295** | **53** | **-** | **888** | **37,608** |

| | *Land* *QR'000* | *Building* *QR'000* | *Leasehold improvements* *QR'000* | *Furniture and fixtures* *QR'000* | *Computer equipment and software* *QR'000* | *Office equipment* *QR'000* | *Motor vehicles* *QR'000* | *Capital work in progress* *QR'000* | *Total* *QR'000* |
|---|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | | |
| As at 1 January 2020 | 29,097 | 13,886 | 98 | 1,575 | 42,023 | 3,301 | 751 | 1,023 | 91,754 |
| Additions | - | - | - | 19 | 17 | 21 | - | 541 | 598 |
| Transfers | - | - | - | - | 1,053 | - | - | (1,053) | - |
| As at 31 December 2020 | 29,097 | 13,886 | 98 | 1,594 | 43,093 | 3,322 | 751 | 511 | 92,352 |
| Accumulated depreciation: | | | | | | | | | |
| As at 1 January 2020 | - | 6,546 | 98 | 1,481 | 39,743 | 3,217 | 751 | - | 51,836 |
| Charge for the year | - | 715 | - | 92 | 1,301 | 30 | - | - | 2,138 |
| As at 31 December 2020 | - | 7,261 | 98 | 1,573 | 41,044 | 3,247 | 751 | - | 53,974 |
| Net book value: | | | | | | | | | |
| As at 31 December 2020 | 29,097 | 6,625 | - | 21 | 2,049 | 75 | - | 511 | 38,378 |

## 12 OTHER LIABILITIES

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| Dividends payable | **15,707** | 15,755 |
| Provision for regulatory claims (Note i) | **9,850** | 4,850 |
| Accrued expenses | **2,889** | 2,727 |
| Commission payable | **102** | 100 |
| Provision for Sports and Social Activities Support Fund (Note ii) | **203** | 164 |
| Other payables | **1,392** | 891 |
| | **30,143** | 24,487 |

*Note i:*
During the year 2021, the management has provided as additional provision of QR. 5,200 thousand, against ongoing legal and regulatory claims against one of the Group's subsidiaries-Dlala Brokerage Company W.L.L. to keep the total provision for the regulatory claims as at December 31, 2021 of QR. 9,850 thousand. The Group has decided to consider the excess provisions in books to cover any future contingencies.

*Note ii:*
According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010, the Group is required to contribute 2.5% of its annual net profits to the state social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income. Hence, this is recognised in the consolidated statement of changes in equity.

## 13 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

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

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| At 1 January | **4,527** | 4,568 |
| Provided during the year | **640** | 440 |
| End of service benefit paid | **(196)** | (481) |
| At 31 December | **4,971** | 4,527 |

## 14 SHARE CAPITAL

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| *Authorised, issued and fully paid:* | | |
| 284,160,000 shares of QR 1 each (2020: 284,160,000 shares of QR 1 each) | **284,160** | 284,160 |

## 15 LEGAL RESERVE

In accordance with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to the legal reserve. The transfers are made based on the profits earned by each subsidiary of the Group. The Group may resolve to discontinue such annual transfers, when the reserve equals 50% of the issued capital. This reserve is not available for distribution, except in the circumstances stipulated by the above law.

## 16 BROKERAGE COMMISSION EXPENSE AND OTHER DIRECT COSTS

| | *For the year ended December 31* | |
|---|---|---|
| | ***2021*** | *2020* |
| | ***QR'000*** | *QR'000* |
| Commission paid (Note i) | **9,073** | 13,140 |
| Other brokerage expenses | **368** | 254 |
| | **9,441** | 13,394 |

Note i:
Represents an amount of QR. 7,677 Thousand paid during the year to Qatar Exchange (QE) and QR. 1,396 Thousand paid to Qatar Central Securities Depositary Company (Q.C.S.D).

## 17 REAL ESTATE INCOME

| | *For the year ended December 31* | |
|---|---|---|
| | ***2021*** | *2020* |
| | ***QR'000*** | *QR'000* |
| Real estate brokerage fee income | **2,028** | 2,457 |
| Income from other real estate services | **1,710** | 727 |
| | **3,738** | 3,184 |

## 18 OTHER INCOME

| | ***Year ended December 31,*** | |
|---|---|---|
| | ***2021*** | *2020* |
| | ***QR'000*** | *QR'000* |
| Compensation received from a client in settlement of a legal case | **8,198** | - |
| Miscellaneous income | **1,144** | 29 |
| | **9,342** | 29 |

## 19 GENERAL AND ADMINISTRATIVE EXPENSES

| | *For the year ended December 31* | |
|---|---|---|
| | ***2021*** | *2020* |
| | ***QR'000*** | *QR'000* |
| Staff costs | **15,252** | 14,607 |
| Consulting and professional fees | **4,261** | 3,874 |
| IT and communication costs | **2,753** | 2,292 |
| Bank guarantee fees | **659** | 1,132 |
| Government and regulatory fees | **956** | 895 |
| Marketing | **687** | 719 |
| Allowance for impairment loss of due from customers (Note 6) | **-** | 66 |
| Miscellaneous | **1,575** | 1,473 |
| | **26,143** | 25,058 |

## 20 BASIC AND DILUTED EARNINGS PER SHARE

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

| | *For the year ended December 31* | |
|---|---|---|
| | ***2021*** | *2020* |
| Profit (loss) attributable to shareholders of the parent (QR'000) | **8,493** | 6,934 |
| Weighted average number of shares outstanding during the year (in thousands) (Note 14) | **284,160** | 284,160 |
| Basic and diluted earnings (loss) per share (QR) | **0.030** | 0.024 |

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

## 21 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these related party transactions are approved by the Group's management.

**Related party transactions**
Transactions with related parties are as follows:

| | *For the year ended December 31* | |
|---|---|---|
| | ***2021*** | *2020* |
| | ***QR'000*** | *QR'000* |
| ***Key management and their close family members;*** | | |
| Net brokerage commission income | **66** | 41 |

**Compensation of key management personnel**
Key management personnel of the Group consist of Board of Directors, Chief Executive Officer and General Managers. The remuneration of key management personnel during the year was as follows:

| | *For the year ended December 31* | |
|---|---|---|
| | ***2021*** | *2020* |
| | ***QR'000*** | *QR'000* |
| Salaries and short-term benefits | **2,139** | 2,019 |
| Attendance allowance for meetings | **522** | -- |
| Retirement benefits | **54** | 125 |
| | **2,715** | 2,144 |

## 22 COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following contingent liabilities from which it is anticipated that no material liabilities will arise:

| | ***31 December 2021*** | *31 December 2020* |
|---|---|---|
| | ***QR'000*** | *QR'000* |
| Letters of guarantee | **150,000** | 150,000 |

Letters of guarantee represent the financial guarantees issued by the banks on behalf of the Group to QCSD in the ordinary course of business and will mature within twelve months from the reporting date.

**23 SEGMENT INFORMATION**

For management purposes, the Group is organised into four (4) business units based on their nature of activities and has four reportable segments and other activities. The three reportable segments are as follows:

- Stock Broking – this segment includes financial services provided to customers as a stock broker in the Qatar Stock Exchange;
- Real Estate – this segment includes providing property management, marketing and sales services for real estate clients;
- Information technology– this segment includes information technology management and consultation services and developing and programming special programs.
- Others – represents the Holding Company, which provide corporate services to subsidiaries in the Group and engages in investing activities.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The following table presents the revenue, profit, assets and liabilities information regarding the Group's operating segments for the year ended 31 December 2021 and 2020, respectively.

| *31 December 2021* | *Stock brokering QR'000* | *Real estate QR'000* | *Information technology QR'000* | *Others QR'000* | *Elimination QR'000* | *Total QR'000* |
|---|---|---|---|---|---|---|
| **Brokerage commission income (net)** | **15,873** | **-** | **-** | **-** | **-** | **15,873** |
| **Income from IT services** | **-** | **-** | **22** | **-** | **-** | **22** |
| **Other revenues** | **8,432** | **4,853** | **270** | **4,899** | **(1,377)** | **17,077** |
| **Segment revenue** | **24,305** | **4,853** | **292** | **4,899** | **(1,377)** | **32,972** |
| **Segment profit (loss)** | **13,149** | **1,237** | **(2,491)** | **(36,820)** | **33,419** | **8,493** |
| **Depreciation and amortization** | **490** | **820** | **171** | **1,357** | **-** | **2,838** |
| **Segment assets** | **512,227** | **71,954** | **14,451** | **249,543** | **(229,035)** | **619,140** |
| **Segment liabilities** | **386,071** | **315** | **3,638** | **37,203** | **(28,644)** | **398,583** |

**23 SEGMENT INFORMATION (CONTINUED)**

| *31 December 2020* | *Stock brokering QR'000* | *Real estate QR'000* | *Information technology QR'000* | *Others QR'000* | *Elimination QR'000* | *Total QR'000* |
|---|---|---|---|---|---|---|
| Brokerage commission income (net) | 22,344 | - | - | - | - | 22,344 |
| Income from IT services | - | - | 139 | - | - | 139 |
| Other revenues | 5,138 | 5,342 | 5 | 1,898 | (1,923) | 10,460 |
| Segment revenue | 27,482 | 5,342 | 144 | 1,898 | (1,923) | 32,943 |
| Segment profit (loss) | 10,895 | 1,122 | (570) | (4,513) | - | 6,934 |
| Depreciation and amortization | 506 | 728 | 170 | 1,440 | - | 2,844 |
| Segment assets | 703,813 | 70,891 | 16,219 | 283,544 | (288,316) | 786,151 |
| Segment liabilities | 592,366 | 489 | 2,553 | 33,843 | (53,409) | 575,842 |

**24 FINANCIAL RISK MANAGEMENT**

**Objective and policies**
The Group's principal financial liabilities comprise of amounts due to customers, accrued expense, amounts due to QCSD and certain other liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as amounts due from customers, due from QCSD, investment securities, bank balances – customer funds and cash and bank balances, which arise directly from its operations.

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

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

**Interest rate risk**
The Group is exposed to interest rate risk on its floating rate interest bearing financial instruments. The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group's profit for the year, based on the floating rate financial instruments held at 31 December 2021. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

| | *Increase in basis points* | *Effect on profit QR'000* |
|---|---|---|
| **2021** | **+25 b.p** | **184** |
| 2020 | +25 b.p | 237 |

There is no impact on the Group's equity.

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Equity price risk**
The following table demonstrates the sensitivity of the effect of cumulative changes in fair values recognised in the listed equity to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in listed equity prices is expected to be equal and opposite to the effect of the increases shown.

| | ***Changes in equity prices*** | ***Effect on equity QR'000*** |
|---|---|---|
| **2021** | | |
| **Investment securities – Qatar Exchange** | **+5%** | **5,295** |
| 2020 | | |
| Investment securities – Qatar Exchange | +5% | 3,627 |

**Currency risk**
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As the Qatari Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk. The Group is not exposed to significant currency risk, in light of minimal balances in foreign currencies other than US Dollars.

**Credit risk**
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its due from customers, bank balances and bank balances – customer funds and certain other assets, as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits and monitoring outstanding receivables.

With respect to credit risk arising from the financial assets of the Group, including receivables and bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the consolidated statement of financial position.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross.

| | ***31 December 2021 QR'000*** | *31 December 2020 QR'000* |
|---|---|---|
| Bank balances | **73,516** | 90,087 |
| Bank balances – customer funds | **351,648** | 546,848 |
| Due from QCSD | **20,357** | - |
| Due from customers | **105** | 213 |
| | **445,626** | 637,148 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group considers financial assets in a default when contractual payments are 90 days overdue.

The Group evaluates the concentration of risk with respect to amounts due from customers as low, as the unimpaired balances is minimal at the reporting date.

**24 FINANCIAL RISK MANAGEMENT (CONTINUED)**
**Credit risk (continued)**

At reporting date expected credit loss from due from customers amounted to QR 13,980 thousand (2020: QR 13,980 thousand). The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtor and adjusts for forward looking macroeconomic data.

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

The Group limits its liquidity risk by ensuring adequate bank facilities are available. The Group's terms of trade require amounts to be settled within its specified terms in invoices. Due to customers are normally settled within the terms of trade.

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

| ***At 31 December 2021*** | ***On demand QR'000*** | ***Less than 1 year QR'000*** | ***Total QR'000*** |
|---|---|---|---|
| Due to customers | **363,469** | **-** | **363,469** |
| Dividend payable | **15,707** | **-** | **15,707** |
| Other liabilities | **-** | **14,067** | **14,067** |
| Total | **379,176** | **14,067** | **393,243** |

| *At 31 December 2020* | *On demand QR'000* | *Less than 1 year QR'000* | *Total QR'000* |
|---|---|---|---|
| Due to customers | 503,947 | - | 503,947 |
| Dividend payable | 15,755 | - | 15,755 |
| Due to QCSD | 42,881 | - | 42,881 |
| Other liabilities | - | 3,882 | 3,882 |
| Total | 562,583 | 3,882 | 566,465 |

**Capital management**
The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020. Capital comprises share capital and accumulated losses and is measured at QR 192,255 thousand at 31 December 2021 (2020: QR 183,879 thousand).

**25 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, bank balances- customer funds, due from customers, due from QCSD, investment securities and other receivables. Financial liabilities consist of due to customers, due to QCSD and other payables.

The fair values of financial instruments are not materially different from their carrying values.

## 25 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

**Fair value hierarchy**
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2021, the following table shows an analysis of financial instruments recorded at fair value by level of fair value hierarchy:

| | ***Total QR'000*** | ***Level 1 QR'000*** | ***Level 2 QR'000*** | ***Level 3 QR'000*** |
|---|---|---|---|---|
| ***At 31 December 2021*** | | | | |
| ***Investment securities*** | | | | |
| **Investments at FVOCI** | **8,581** | **7,095** | **1,486** | **-** |
| **Investments at FVTPL** | **97,323** | **97,323** | **-** | **-** |
| | **105,904** | **104,418** | **1,486** | **-** |

| | *Total QR'000* | *Level 1 QR'000* | *Level 2 QR'000* | *Level 3 QR'000* |
|---|---|---|---|---|
| *At 31 December 2020* | | | | |
| *Investment securities* | | | | |
| Investments at FVOCI | 12,614 | 11,887 | 727 | - |
| Investments at FVTPL | 60,653 | 60,653 | - | - |
| | 73,267 | 72,540 | 727 | - |

During the year ended 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

## 26 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and certain disclosures 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. In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements:

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future.

*Provision for expected credit loss of due from customers*
The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected credit loss provision for these receivables.

At the reporting date the gross amounts due from customers was QR 14,085 thousand (2020: QR 14,193 thousand) and allowance for expected credit loss was QR 13,980 thousand (2020: QR 13,980 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

**26 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGMENTS (CONTINUED)**

*Provision for expected credit loss of due from customers (Continued)*

The Group uses a provision matrix to calculate ECLs for due from customers. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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 every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

*Useful lives of property and equipment and intangible asset*

The Group's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation/amortization. This estimate is determined after considering the expected usage of the asset and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation/amortization charge would be adjusted where the management believes the useful lives differ from previous estimates.

*Classification of trading properties as current*

The Group classifies and presents its properties held for sale as trading properties and as current in the consolidated statement of financial position. The Group accounts for these properties as trading properties and not investment properties as the properties continue to be held exclusively with the view to subsequent disposal in the ordinary course of business. The Group may decide to lease out on a temporary basis to increase the possibility of selling the properties rather than to earn rental income on a continuing basis and the property is not held for capital appreciation.

*Classification of investment securities*

On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or " investments at fair value through other comprehensive income". The Group follows the guidance of IFRS 9 on classifying its investments. The Group classifies investments as “investments at fair value through profit or loss” if they are acquired primarily for the purpose of short term profit making and cash generation (“held for trading”) or if they are initially designated as investments at fair value through profit or loss. All other investments are classified as " investments at fair value through other comprehensive income".

*Impairment of non-financial assets*

The carrying amounts of the Group’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management did not identify any evidence from internal reporting indicating impairment of an asset or class of assets and there were no significant adverse changes in the market that could have an adverse effect on its assets. If such indication exists, then an impairment test is performed by the management. The determination of recoverable amounts require management to make significant judgments, estimations and assumptions.

*Fair value of financial instruments*

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

*Going concern*

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

## 27 EFFECT OF COVID 19

In March 2020, the World Health Organization declared COVID-19 a global pandemic. While COVID-19 is a health crisis, it has caused socioeconomic disruption on a global scale. More countries have imposed travel bans on millions of people, and more people in more locations are placed with quarantine measures. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus, the extent and effectiveness of containment actions taken, including the deployment of COVID-19 vaccines.

The Group is carefully monitoring the evolving situation around the spreading of COVID-19 and the volatility in the oil and gas prices and its impact on the business. The Group has considered the potential impact on the presented financial and non-financial assets due to the current economic volatility. These are considered to represent management best estimates based on the available or observable information. As the crisis evolves and the market conditions are unpredictable, the recorded amounts remain sensitive to the market fluctuations.

The outbreak of COVID-19 has had an impact on the demand for oil and petroleum products. Recent global developments have caused further volatility in commodity markets. The Group has considered the impact of COVID-19 and the volatility in the oil prices and its impact on the business when preparing the consolidated financial statements and related note disclosures.

The impact of COVID-19 on the recoverability of due form customers and bank balances have been considered. The Group has also considered the potential impact on the presented non-financial assets due to the current economic volatility. Further, the management has assessed whether there is an indication that other non-financial assets may be impaired as at 31 December 2021. However, no indications were noted. As the crisis evolves and the market conditions are unpredictable, the recorded amounts remain sensitive to market fluctuations.

## 28 COMPARATIVE INFORMATION

Comparative figures for year 2020 have been reclassified in order to conform to the presentation for the current year. 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 net equity, net profit and net assets of the Group.

## 29 SUBSEQUENT EVENTS

In the subsequent period, the Parent Company – Dlala Brokerage and Investment Holding has decided to acquire the remaining 0.02% interest in voting shares of one of the Group’s subsidiaries-Dlala Brokerage Company W.L.L., increasing its ownership interest to 100% of its capital, total cash consideration of QR. 38,119 based on agreement dated on January 11, 2022. The Group’s Management is in process to update the legal documents of the subsidiary company accordingly.

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