

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

30 JUNE 2022

DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2022

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of Dlala Brokerage and Investment Holding Company Q.P.S.C.
Doha, State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Dlala Brokerage and Investment Holding Company Q.P.S.C. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2022, together with the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six - month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Group is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six - month period ended 30 June 2022 are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.

Emphasis of matters

We draw attention to Note 11 of the condensed consolidated interim financial statements which states that:

- On 27 April 2022, an extraordinary general assembly meeting was held to approve the change in the key shareholders of the Company as the ownership structure reflected per the Company's commercial registration are yet not consistent with the details shown per the Company's Articles of Association (the "AOA"). As such, the Company through its legal department is in close coordination with regulatory authorities to amend its AOA and other relevant legal documents.
- On 27 April 2022, an extraordinary general assembly meeting was held to approve the proposal to reduce the Company's share capital in order to extinguish the accumulated losses. The Company is still in the process of obtaining the necessary regulatory approvals to proceed with the share capital reduction.

Our conclusion is not modified in respect of these matters.

Other matter

The condensed consolidated interim financial statements as at and for the six - month period ended 30 June 2021 were reviewed, and the consolidated financial statements as at and for the year ended 31 December 2021 were audited, by another auditor, whose review and audit reports dated 9 August 2021 and 2 March 2022 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

Ahmed Tawfik Nassim
Auditor's Registration No. 66
QFMA Registration No. 1201911
9 August 2022
Doha, State of Qatar



DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022
(All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

	<i>Note</i>	<u>30 June 2022</u> <i>(Reviewed)</i>	<u>31 December 2021</u> <i>(Audited)</i>
ASSETS			
Current assets			
Cash and cash equivalents	5	76,933	73,528
Bank balances – customer funds	6	515,997	351,648
Due from Qatar Central Securities Depository (QCSD)	6	-	20,357
Due from customers		174	105
Investment securities at fair value through profit or loss (FVTPL)	7	86,353	97,323
Trading properties	8	12,642	16,253
Other assets		28,194	12,192
Total current assets		<u>720,293</u>	<u>571,406</u>
Non - current assets			
Investment securities at fair value through other comprehensive income (FVOCI)	7	6,947	8,581
Intangible assets	9	1,192	1,545
Property and equipment	10	37,368	37,608
Total non - current assets		<u>45,507</u>	<u>47,734</u>
TOTAL ASSETS		<u>765,800</u>	<u>619,140</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Due to customers	6	498,209	363,469
Due to Qatar Central Securities Depository (QCSD)	6	9,516	-
Other liabilities		26,850	30,143
Total current liabilities		<u>534,575</u>	<u>393,612</u>
Non - current liability			
Employees' end of service benefits	12	5,499	4,971
Total liabilities		<u>540,074</u>	<u>398,583</u>
EQUITY			
Share capital	11	284,160	284,160
Legal reserve		29,364	29,364
Fair value reserve		313	317
Accumulated losses		(87,080)	(92,301)
Equity attributable to shareholders of the parent		<u>226,757</u>	<u>221,540</u>
Non - controlling interests		<u>(1,031)</u>	<u>(983)</u>
Total equity		<u>225,726</u>	<u>220,557</u>
TOTAL LIABILITIES AND EQUITY		<u>765,800</u>	<u>619,140</u>

Yousef Abdulrahman Al-Khulaifi
Vice Chairman

Farhoud Hadi Al Hajri
Board Member

mazars
Consultants, Auditors and Partners
P.O. BOX: 5583, DOHA QATAR

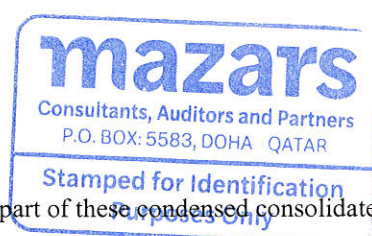
The accompanying notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2022

(All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

		<u>30 June</u> <u>2022</u>	<u>30 June</u> <u>2021</u>
	<i>Note</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Brokerage commission income		14,378	16,191
Brokerage commission expense		(5,203)	(5,967)
Net brokerage commission income	6	9,175	10,224
Dividend income from investment securities	7	4,872	2,214
Net fair value (loss) / gain on investment securities at FVTPL	7	(5,564)	3,273
Gain on sale of investment securities at FVTPL	7	9,024	1,715
Real estate income		1,638	2,625
Interest income from short - term deposits	5	360	378
Income from information technology services		-	18
Net operating income		19,505	20,447
Other income		89	8,198
General and administrative expenses	13, 19	(14,651)	(18,751)
PROFIT FOR THE PERIOD		4,943	9,894
<i>Profit attributable to:</i>			
Equity holders of the parent company	14	4,991	10,090
Non-controlling interests		(48)	(196)
		4,943	9,894
BASIC AND DILUTED EARNINGS PER SHARE	14	0.018	0.036



The accompanying notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2022

(All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

	<i>30 June</i> 2022	<i>30 June</i> 2021
<i>Note</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period	4,943	9,894
Other comprehensive income		
<i>Item that will not be reclassified to profit or loss</i>		
Fair value movement on investment securities at OCI	226	1,505
Other comprehensive income for the period	226	1,505
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,169	11,399
<i>Attributable to:</i>		
Equity holders of the parent company	5,217	11,595
Non - controlling interests	(48)	(196)
	5,169	11,399



The accompanying notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2022

(All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

	Equity holders of the parent company					Non-controlling interests	Total equity
	Share capital	Legal reserve (1)	Fair value reserve	Accumulated losses	Total		
Balance at 31 December 2021 (Audited)	284,160	29,364	317	(92,301)	221,540	(983)	220,557
Profit for the period	-	-	-	4,991	4,991	(48)	4,943
Other comprehensive income for the period	-	-	226	-	226	-	226
Total comprehensive income for the period	-	-	226	4,991	5,217	(48)	5,169
Reclassification of net change in fair value of equity securities (FVOCI) upon derecognition	-	-	(230)	230	-	-	-
Balance at 30 June 2022 (Reviewed)	284,160	29,364	313	(87,080)	226,757	(1,031)	225,726
Balance at 31 December 2020 (Audited)	284,160	28,514	(1,460)	(100,281)	210,933	(624)	210,309
Profit for the period	-	-	-	10,090	10,090	(196)	9,894
Other comprehensive income for the period	-	-	1,505	-	1,505	-	1,505
Total comprehensive income for the period	-	-	1,505	10,090	11,595	(196)	11,399
Reclassification of net change in fair value of equity securities (FVOCI) upon derecognition	-	-	(488)	488	-	-	-
Balance at 30 June 2021 (Reviewed)	284,160	28,514	(443)	(89,703)	222,528	(820)	221,708

(1) In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015 and the Company's Article of Association, a minimum of 10% of the annual profit should be transferred to legal reserve until the reserve equals 50% of the share capital. The reserve is not available for distribution except in the circumstances stipulated in the above-law and the Company's Article of Association. No transfer has been made for the six - month period 30 June 2022 as the Group will transfer the total required amount by 31 December 2022.



DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2022

(All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

		<i>30 June</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
	<i>Note</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
OPERATING ACTIVITIES			
Profit for the period		4,943	9,894
<i>Adjustments for:</i>			
Interest income from short term deposits	5	(360)	(378)
Gain on sale of investment securities at FVTPL	7	(9,024)	(1,715)
Net fair value loss / (gain) on investment securities at FVTPL	7	5,564	(3,273)
Dividend income from investment securities	7	(4,872)	(2,214)
Gain on sale of trading properties – real estate income	8	(789)	(252)
Amortization of intangible asset	9, 13	353	352
Depreciation of property and equipment	10, 13	1,027	1,100
Provision for employees' end of service benefits	12, 13	1,053	332
Operating loss / (profit) before changes in working capital		(2,105)	3,846
<i>Working capital changes:</i>			
Bank balances – customer funds		(164,349)	122,574
Due from customers		(69)	66
Due from / to QCSD		29,873	(57,133)
Trading properties		4,400	12,800
Other assets		(15,943)	(618)
Due to customers		134,740	(74,279)
Other liabilities		(3,301)	2,450
Cash (used in) / from operating activities		(16,754)	9,706
Employees' end of service benefits paid	12	(525)	-
Net cash (used in) / from operating activities		(17,279)	9,706
INVESTING ACTIVITIES			
Purchase of investment securities	7	(51,269)	(46,679)
Proceeds from disposal of investment securities		67,558	44,373
Purchase of property and equipment		(787)	(886)
Interest received		310	263
Dividends received		4,872	2,214
Net cash from / (used in) investing activities		20,684	(715)
Net increase in cash and cash equivalents		3,405	8,991
Cash and cash equivalents at 1 January		73,528	94,665
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	76,933	103,656



The accompanying notes from 1 to 20 are an integral part of these condensed consolidated interim financial statements.

DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2022
 (All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

1. REPORTING ENTITY AND PRINCIPAL ACTIVITIES

Dlala Brokerage and Investment Holding Company Q.P.S.C. (the “Company”) is a Qatari Public Shareholding Company registered in the State of Qatar under the Commercial Registration Number 30670. The Company was established on 24 May 2005 as a limited liability company and was publicly listed at Qatar Stock Exchange (the “QSE”) on 4 September 2005. The Company is domiciled in the State of Qatar and its registered office is at P.O. Box 24571, Doha, State of Qatar.

These condensed consolidated interim financial statements comprise the Company and its subsidiaries (collectively referred as the “Group” and individually as the “Group entities”).

The Group is engaged in brokerage activities at QSE, design and programming special programs, information technology (IT) consultation services, real estate and other investment activities.

The principal subsidiaries of the Group are as follows:

<u>Name of the subsidiary</u>	<u>Principal activity</u>	<u>Percentage of ownership</u>		
		<i>30 June 2022</i>	<i>31 December 2021</i>	<i>30 June 2021</i>
Dlala Brokerage Company W.L.L. (1)	Stock brokerage	100%	99.98%	99.98%
Dlala Islamic Brokerage Company W.L.L. (1)	Stock brokerage	-	99.98%	99.98%
Dlala Real Estate W.L.L.	Real estate	100%	100%	100%
Dlala Smart Information Technology W.L.L. (2)	IT consultation services	60%	60%	60%
Dlala Information Technology W.L.L. (3)	IT consultation services	100%	100%	100%

All of the subsidiaries enumerated above are incorporated in State of Qatar.

- (1) On 19 October 2016, the Board of Directors (the “BODs”) approved the merger of Dlala Islamic Brokerage Company W.L.L.’s operations to Dlala Brokerage Company W.L.L. which was subsequently approved by Qatar Financial Market Authority on 3 March 2018. In year 2021, the remaining administrative procedures of the merger process were completed which resulted to cessation of the operation of Dlala Islamic Brokerage Company W.L.L.
- (2) During the year 2021, the subsidiary’s management unanimously resolved to cease its operations in which the liquidation procedures are still in process as at reporting date.
- (3) On 2 March 2022, the subsidiary’s BODs unanimously resolved to temporarily postpone its initial decision to liquidate the company until the liquidation procedures of Dlala Smart Information Technology W.L.L. are completed.

The structure of the Group has not changed since the last annual consolidated financial statements as at and for the year ended 31 December 2021 (the “latest annual consolidated financial statements”).

2. BASIS OF ACCOUNTING

These condensed consolidated interim financial statements for the six - month period ended 30 June 2022 have been prepared in accordance with IAS 34 “Interim Financial Reporting” and should be read in conjunction with the Group’s latest annual consolidated financial statements. They do not include all the information required for a complete set of IFRS financial statements.

2. BASIS OF ACCOUNTING (CONTINUED)

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on 9 August 2022.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team who has overall responsibility for overseeing all significant fair value measurements and reports significant valuation issues directly to the Group's Managing Director and audit committee.

The Group's Managing Director and audit committee together with the valuation team regularly reviews valuation adjustments.

If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of fair value hierarchy as the lowest level input that is insignificant to the entire measurement.

The Group recognises the transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Measurement of fair values (continued)

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the financial and non-financial assets, and these are considered to represent management's best assessment based on observable information. Markets however remain volatile, and the recorded amounts remain sensitive to market fluctuations.

Further information about the assumptions made in measuring the fair values is included in Note 18.

Management has carried its investment securities at fair value. For other financial assets and liabilities, management believes that as at the reporting date, their fair values approximated their carrying amounts.

Fair value of unquoted investment securities

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques. The inputs to these models are 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 inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For the Group's unquoted / unlisted investment securities, the management has valued it as at 31 December 2021 and believes that there will be no significant change in its fair value as at the interim reporting date.

Distinction between trading properties, property and equipment and investment properties

The Group determines whether a property qualifies as trading property, property and equipment or investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Property and equipment or owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process. The Group considers whether the property is held for sale in the ordinary course of business (trading properties), or which is held primarily to earn rental and capital appreciation and is not substantially for use by, or in the operations of the Group (investment property).

The Group holds properties that are temporarily leased (lease terms of one year or less) and since the intention is to sell those properties in the ordinary course of business, these properties are classified as trading properties. The fact that it is being rented out while the property is being marketed does not automatically mean that it is an investment property.

Legal proceedings

The Group is subject to legal proceedings in which the ultimate outcome of each being always subject to many uncertainties inherent in litigation. The management applies significant assumptions in measuring the risks of exposure to contingent liabilities and provisions related to existing legal proceedings and other unsettled claims. The management's judgment is required in estimating the probability of a successful claim against the Group or crystalizing of a material obligation, and in determining the probable amount of the final settlement or obligation. The Group makes provisions against legal cases for all present obligations based on their prior experience on similar cases and advice sought from the legal advisers.

DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2022
 (All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those that were applied in the consolidated financial statements of the Group as at and for the year ended 31 December 2021.

A number of new amendments to standards are effective from 1 January 2022, however those amendments did not have a significant impact on these condensed consolidated interim financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

5. CASH AND CASH EQUIVALENTS

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>31 December</u> <u>2021</u> <i>(Audited)</i>
Cash in banks	39,921	36,475
Short - term deposits (maturity less than 90 days) (i)	37,000	37,041
Cash on hand	12	12
	<u>76,933</u>	<u>73,528</u>

- (i) The Group generated interest income from the short - term deposits amounting to QR 360 (six - month period ended 30 June 2021: QR 378) during the period.

6. BROKERAGE - ACTIVITY DISCLOSURES

The “Bank balances - customers funds” represents the cash advances received from the Group’s trading customers or the collections received from Qatar Central Securities Depository (the “QCSD”) in trading customers’ securities. The Group recognizes liability for these fund balances which is presented as part of “Due to customers” account. Any QCSD’s outstanding balances (due from or due to) are to be collected / settled on the third working day (“T+3”).

The Group generates commission income for every trading transaction held in stock exchange and recognizes the related commission expense incurred with QCSD and QSE. The net commission earned in these transactions are presented as part of “Net brokerage commission income” account.

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>31 December</u> <u>2021</u> <i>(Audited)</i>
Bank balances – customer funds	<u>515,997</u>	<u>351,648</u>
Due from QCSD	<u>-</u>	<u>20,357</u>
Due to QCSD	<u>9,516</u>	<u>-</u>
Due to customers	<u>498,209</u>	<u>363,469</u>

DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2022
 (All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

6. BROKERAGE - ACTIVITY DISCLOSURES (CONTINUED)

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>30 June</u> <u>2021</u> <i>(Reviewed)</i>
Net brokerage commission income	<u>9,175</u>	<u>10,224</u>

7. INVESTMENT SECURITIES

	<u>30 June 2022 (Reviewed)</u>			<u>31 December 2021 (Audited)</u>		
	<i>Listed</i>	<i>Unlisted</i>	<i>Total</i>	<i>Listed</i>	<i>Unlisted</i>	<i>Total</i>
<i>Investment securities at:</i>						
FVTPL - current asset	86,353	-	86,353	97,323	-	97,323
FVOCI - non-current asset	5,461	1,486	6,947	7,095	1,486	8,581
	<u>91,814</u>	<u>1,486</u>	<u>93,300</u>	<u>104,418</u>	<u>1,486</u>	<u>105,904</u>

The movements in investment securities are as follows:

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>31 December</u> <u>2021</u> <i>(Audited)</i>
At the beginning of the period / year	105,904	73,267
Purchases	51,269	90,586
Disposals	(58,304)	(65,766)
Net change in fair values at:		
- FVTPL	(5,564)	6,041
- FVOCI	(5)	1,776
At the end of the period / year	<u>93,300</u>	<u>105,904</u>

The Group recognized dividend income from the investment securities amounting to QR 4,872 (six - month period ended 30 June 2021: QR 2,214) during the period.

The Group recognized gain on sale of investment securities at FVTPL amounting to QR 9,024 (six - month period ended 30 June 2021: QR 1,715) during the period.

8. TRADING PROPERTIES

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>31 December</u> <u>2021</u> <i>(Audited)</i>
At beginning of the period / year	16,253	28,801
Disposals (1)	(3,611)	(12,548)
At the end of the period / year	<u>12,642</u>	<u>16,253</u>

DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2022
 (All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

8. TRADING PROPERTIES (CONTINUED)

(1) In the condensed consolidated statement of cash flows, proceeds from disposal of trading properties comprise:

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>30 June</u> <u>2021</u> <i>(Reviewed)</i>
Carrying amounts	3,611	12,548
Gain on disposal of trading properties - real estate income	789	252
Proceeds from disposal of trading properties	<u>4,400</u>	<u>12,800</u>

9. INTANGIBLE ASSETS

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>31 December</u> <u>2021</u> <i>(Audited)</i>
Cost:		
At the beginning of the period / year	<u>3,902</u>	<u>3,902</u>
Accumulated amortization:		
At the beginning of the period / year	2,357	1,652
Amortization for the period / year (Note 13)	353	705
At the end of the period / year	<u>2,710</u>	<u>2,357</u>
Carrying amounts	<u>1,192</u>	<u>1,545</u>

This pertains to the Group's brokerage trading and accounting system IT applications.

10. PROPERTY AND EQUIPMENT

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>31 December</u> <u>2021</u> <i>(Audited)</i>
Cost:		
At the beginning of the period / year	93,714	92,352
Additions during the period / year	787	1,362
At the end of the period / year	<u>94,501</u>	<u>93,714</u>
Accumulated depreciation:		
At the beginning of the period / year	56,106	53,974
Charge for the period / year (Note 13)	1,027	2,132
At the end of the period / year	<u>57,133</u>	<u>56,106</u>
Carrying amounts	<u>37,368</u>	<u>37,608</u>

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11. SHARE CAPITAL

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>31 December</u> <u>2021</u> <i>(Audited)</i>
<i>Authorised, issued and fully paid:</i>		
284,160,000 shares of QR 1 each (Note 14)	<u>284,160</u>	<u>284,160</u>

On 27 April 2022, an extraordinary general meeting was held to approve the change in the key shareholders of the Company as the ownership structure reflected per the Company’s commercial registration are yet not consistent with the details shown per the Company’s Articles of Association (the “AOA”). As such, the Company through its legal department is in close coordination with regulatory authorities to amend its AOA and other relevant legal documents.

On 27 April 2022, an extraordinary general meeting was held to approve the proposal to reduce the Company’s share capital to QR 190,387, a decrease of QR 93,773 (33%) in order to extinguish the accumulated losses. As at 30 June 2022, the Company is still in the process of obtaining the necessary regulatory approvals in order to proceed with the share capital’s reduction.

12. EMPLOYEES’ END OF SERVICE BENEFITS

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>31 December</u> <u>2021</u> <i>(Audited)</i>
At the beginning of the period / year	4,971	4,527
Provisions during the period / year (Note 13)	1,053	640
Payments made during the period / year	(525)	(196)
At the beginning of the period / year	<u>5,499</u>	<u>4,971</u>

Management has classified the obligation within non - current liability in the condensed consolidated statement of financial position as it does not expect that there will be significant payments towards its employees’ end of service benefits obligation within 12 months from the reporting date. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

13. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>30 June</u> <u>2022</u> <i>(Reviewed)</i>	<u>30 June</u> <u>2021</u> <i>(Reviewed)</i> <i>(Note 19)</i>
Staff cost (1)	8,108	7,506
Information technology and communication costs	1,756	1,509
Professional fees	1,686	1,701
Depreciation of property and equipment (Notes 10 and 17)	1,027	1,100
Regulatory fees, charges and penalties	380	5,375
Advertising costs	375	192
Amortization of intangible assets (Notes 9 and 17)	353	352
Bank charges	300	351
Repairs and maintenance	233	193
Rent (2)	60	60
Others	373	412
	<u>14,651</u>	<u>18,751</u>

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13. GENERAL AND ADMINISTRATIVE EXPENSES (CONTINUED)

- (1) This includes a provision for employees' end of service benefits of QR 1,053 (six - month period ended 30 June 2021: QR 332) during the period (Note 12).
- (2) This pertains to short - term rental of accommodation spaces.

14. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. There were no potentially dilutive shares outstanding at any time during the year and, therefore, the dilutive earnings per share are equal to the basic earnings per share.

	<i>30 June</i> <u>2022</u> <i>(Reviewed)</i>	<i>30 June</i> <u>2021</u> <i>(Reviewed)</i>
Profit attributable to equity holders of the Company	<u>4,991</u>	<u>10,090</u>
Weighted average number of shares outstanding during the period (In thousands) (Note 11)	<u>284,160</u>	<u>284,160</u>
Basic / diluted earnings per share (QR)	<u>0.018</u>	<u>0.036</u>

15. RELATED PARTY DISCLOSURES

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

(i) Related party transaction

	<i>30 June</i> <u>2022</u> <i>(Reviewed)</i>	<i>30 June</i> <u>2021</u> <i>(Reviewed)</i>
<i>Key management personnel and their close family members:</i> Net brokerage commission income	<u>14</u>	<u>54</u>

(ii) Related party balance

	<i>30 June</i> <u>2022</u> <i>(Reviewed)</i>	<i>31 December</i> <u>2021</u> <i>(Audited)</i>
<i>Key management personnel and their close family members:</i> Due to customers	<u>636</u>	<u>-</u>

The above balance is of trading in nature, bear no interest or securities, payable on demand and to be settled in cash.

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15. RELATED PARTY DISCLOSURES (CONTINUED)

(iii) Compensation of key management personnel

	<i>30 June 2022</i>	<i>30 June 2021</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Short - term employee benefits	611	1,496
Long - term employee benefits	13	48
	624	1,544

16. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following commitments and contingent liabilities as at reporting date:

Commitments

	<i>30 June 2022</i>	<i>31 December 2021</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
Capital expenditure commitments	-	787

Contingent liabilities:

Letters of guarantee (1)	150,000	150,000
Litigation claims (2)	10,950	10,950

(1) This represents 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.

(2) This represents the legal proceedings in which the ultimate outcome of each is always subject to many uncertainties inherent in litigation.

17. SEGMENT INFORMATION

For management purposes, the Group is organised into four strategic business units based on their nature of activities, thus, it has four reportable segments which are as follows:

- Stock brokerage – this segment includes financial services provided to customers as a stock broker in the QSE;
- 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 of IT programs; and
- Others – represents the operations of holding company which provides corporate services to subsidiaries in the Group and is also engaged in investing activities.

The Group’s management separately monitors the operating results of the operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss.

The Group’s Chief Executive Officer / Managing Director reviews the internal management reports of each business unit at least quarterly.

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17. SEGMENT INFORMATION (CONTINUED)

The following table presents segment results regarding the Group’s operating segments for the six - month period:

	<u>Stock Brokerage</u>	<u>Real estate</u>	<u>Information technology</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
30 June 2022 (Reviewed)						
Net brokerage commission income	9,175	-	-	-	-	9,175
Real estate income	-	1,638	-	-	-	1,638
Other operating revenues	<u>8,562</u>	<u>-</u>	<u>-</u>	<u>801</u>	<u>(671)</u>	<u>8,692</u>
Segment income	17,737	1,638	-	801	(671)	19,505
Segment expenses	<u>(7,762)</u>	<u>(2,494)</u>	<u>(120)</u>	<u>(4,857)</u>	<u>671</u>	<u>(14,562)</u>
Segment profit	<u>9,975</u>	<u>(856)</u>	<u>(120)</u>	<u>(4,056)</u>	<u>-</u>	<u>4,943</u>
Depreciation and amortization (Note 13)	<u>262</u>	<u>387</u>	<u>-</u>	<u>731</u>	<u>-</u>	<u>1,380</u>

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17. SEGMENT INFORMATION (CONTINUED)

The following table presents segment results regarding the Group’s operating segments for the six - month period (continued):

	<u><i>Stock brokerage</i></u>	<u><i>Real estate</i></u>	<u><i>Information technology</i></u>	<u><i>Others</i></u>	<u><i>Elimination</i></u>	<u><i>Total</i></u>
<i>30 June 2021 (Reviewed)</i>						
Net brokerage commission income	10,224	-	-	-	-	10,224
Real estate income	-	2,625	-	-	-	2,625
Other operating revenues	<u>7,948</u>	<u>-</u>	<u>18</u>	<u>92</u>	<u>(460)</u>	<u>7,598</u>
Segment income	18,172	2,625	18	92	(460)	20,447
Segment expenses	<u>(4,137)</u>	<u>(1,864)</u>	<u>(1,151)</u>	<u>(3,861)</u>	<u>460</u>	<u>(10,553)</u>
Segment profit	<u>14,035</u>	<u>761</u>	<u>(1,133)</u>	<u>(3,769)</u>	<u>-</u>	<u>9,894</u>
Depreciation and amortization (Note 13)	<u>247</u>	<u>406</u>	<u>85</u>	<u>714</u>	<u>-</u>	<u>1,452</u>

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17. SEGMENT INFORMATION (CONTINUED)

The following table presents the segment assets and liabilities as at reporting date:

	<u>Stock brokerage</u>	<u>Real estate</u>	<u>Information technology</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
At 30 June 2022 (Reviewed)						
Segment assets	<u>657,715</u>	<u>71,659</u>	<u>13,372</u>	<u>250,883</u>	<u>(227,829)</u>	<u>765,800</u>
Segment liabilities	<u>524,144</u>	<u>1,332</u>	<u>-</u>	<u>42,036</u>	<u>(27,438)</u>	<u>540,074</u>
At 31 December 2021 (Audited)						
Segment assets	<u>512,227</u>	<u>71,954</u>	<u>14,451</u>	<u>249,543</u>	<u>(229,035)</u>	<u>619,140</u>
Segment liabilities	<u>386,071</u>	<u>315</u>	<u>3,638</u>	<u>37,203</u>	<u>(28,644)</u>	<u>398,583</u>

The Group's operations are located in the State of Qatar.

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18. FAIR VALUES OF FINANCIAL INSTRUMENTS*Accounting classification and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<i>Carrying amounts</i>		<i>Fair values</i>			
	<i>Investment securities at FVTPL and FVOCI</i>	<i>Amortized cost</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
As at 30 June 2022 (Reviewed)						
<i>Financial assets measured at fair values</i>						
Investment securities at FVTPL	91,814	-	91,814	-	-	91,814
Investment securities at FVOCI (1)	1,486	-	-	-	1,486	1,486
Financial assets not measured at fair values						
Cash and cash equivalents	-	76,933	-	-	-	-
Bank balances – customer funds	-	515,997	-	-	-	-
Due from customers	-	174	-	-	-	-
Financial liabilities not measured at fair values						
Due to customers	-	498,209	-	-	-	-
Due to QCSD	-	9,516	-	-	-	-

(1) For the Group's unquoted / unlisted investment securities, the management has valued it as at 31 December 2021 and believes that there will be no significant change in its fair value as at the interim reporting date.

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18. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classification and fair values (continued)

	<i>Carrying amounts</i>		<i>Fair values</i>			
	<i>Investment securities at FVTPL and FVOCI</i>	<i>Amortized cost</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
As at 31 December 2021 (Audited)						
Financial assets measured at fair values						
Investment securities at FVTPL	104,418	-	104,418	-	-	104,418
Investment securities at FVOCI	1,486	-	-	-	1,486	1,486
Financial assets not measured at fair values						
Cash and cash equivalents	-	73,528	-	-	-	-
Bank balances - customer funds	-	351,648	-	-	-	-
Due from customers	-	105	-	-	-	-
Due from QCSD	-	20,357	-	-	-	-
Financial liability not measured at fair value						
Due to customers	-	363,469	-	-	-	-

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.

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19. COMPARATIVE INFORMATION

Certain changes in the classification of accounts and accordingly, to the supporting note disclosures have been made to the previous period's condensed consolidated interim financial statements to conform to the current period's condensed consolidated interim financial statements' presentation.

The reclassification did not materially affect previously reported profit or equity.

Condensed consolidated statement of comprehensive income	As previously reported 30 June 2021	Adjustments	As reclassified 30 June 2021
General and administrative expenses (Note 13)	12,299	6,452	18,751
Penalty charges	5,000	(5,000)	-
Depreciation expense on property and equipment	1,099	(1,099)	-
Amortization expense on intangible assets	353	(353)	-

The presentation and classification of items in the condensed consolidated interim financial statements shall be retained from one period to the next unless a change in presentation including the reclassification of comparative figures provides more reliable and relevant information to the users of the condensed consolidated interim financial statements. The reclassifications of comparative figures did not affect the previously reported interim results of operations and equity.

20. EFFECT OF COVID 19

The coronavirus (COVID-19) pandemic has posed significant challenges to business activities and introduced uncertainty in the conduct of most businesses in the State of Qatar and globally and, as a result, a significant risk of material adjustment to the carrying amounts of assets and liabilities may have arisen. COVID-19 pandemic continues to progress and evolve, therefore, it is challenging now, to predict the full extent and duration of its business and economic impact.

The Group's management continues to closely monitor as the situation progresses to manage any associated risk that may arise impacting business operations and financial performance in 2022. In view of the situation, the Group considered whether any adjustments and changes in judgments, estimates, and risk management are required to be considered and reported in the condensed consolidated interim financial statements.