

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

30 JUNE 2023

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 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.

Report on the review of condensed consolidated interim financial statements

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 2023, together with the condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six months period then ended, and notes to the condensed consolidated 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 2023 are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.



Mohab Samy Misallam
Auditor's Registration No. 349
QFMA Registration No. 1201911
7 August 2023
Doha, State of Qatar



DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.P.S.C.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

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

	Note	30 June 2023 (Reviewed)	31 December 2022 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	5	67,727	69,625
Bank balances – customer funds	6	229,274	352,118
Due from customers	7	9,667	342
Investment securities at fair value through profit or loss (FVTPL)	8	66,084	65,291
Trading properties	9	9,030	9,030
Other assets	10	33,496	31,722
Total current assets		415,278	528,128
Non - current assets			
Investment securities at fair value through other comprehensive income (FVOCI)	8	8,666	7,423
Intangible assets	11	659	953
Property and equipment	12	35,843	36,341
Total non - current assets		45,168	44,717
TOTAL ASSETS		460,446	572,845
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Due to customers	6	220,215	319,750
Due to Qatar Central Securities Depository (QCSD)	6	8,445	16,283
Provision for legal cases	13	26,402	26,402
Other liabilities	14	16,926	20,448
Total current liabilities		271,988	382,883
Non - current liability			
Employees' end of service benefits	17	4,977	5,086
Total non-current liability		4,977	5,086
TOTAL LIABILITIES		276,965	387,969
EQUITY			
Share capital	15	190,387	190,387
Legal reserve	16	29,364	29,364
Fair value reserve		2,232	789
Accumulated losses		(38,502)	(35,664)
TOTAL EQUITY		183,481	184,876
TOTAL LIABILITIES AND EQUITY		460,446	572,845



Nasser Hamad Al-Sulaiti
Vice Chairman of the Group

Abdulaziz A. Al Hammadi
Board Member

The accompanying notes 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 2023

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

		30 June 2023	30 June 2022
	Note	(Reviewed)	(Reviewed)
Brokerage commission income		7,730	14,033
Brokerage commission expense		<u>(2,949)</u>	<u>(5,203)</u>
Net brokerage commission income	6	4,781	8,830
Dividend income from investment securities	8	4,291	4,872
Net fair value gain / (loss) on investment securities at FVTPL	8	231	(5,564)
(Loss) / gain on sale of investment securities at FVTPL	8	(1,179)	9,024
Real estate income	18	577	1,638
Portfolio management income	6	65	345
Interest income from bank deposits	5	1,452	360
Net operating income		10,218	19,505
Other income		213	89
General and administrative expenses	19	<u>(13,328)</u>	<u>(14,651)</u>
(LOSS) / PROFIT FOR THE PERIOD		<u>(2,897)</u>	<u>4,943</u>
<i>Profit attributable to:</i>			
Equity holders of the parent company		(2,897)	4,991
Non-controlling interests		<u>-</u>	<u>(48)</u>
		<u>(2,897)</u>	<u>4,943</u>
BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE	20	<u>(0.015)</u>	<u>0.018</u>



The accompanying notes 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 OTHER COMPREHENSIVE INCOME
FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2023
 (All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

	30 June 2023	30 June 2022
Note	(Reviewed)	(Reviewed)
(Loss) / profit for the period	(2,897)	4,943
Other comprehensive income		
<i>Item that will not be reclassified to profit or loss</i>		
Fair value movement on investment securities at OCI	1,502	226
Other comprehensive income for the period	1,502	226
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(1,395)	5,169
<i>Attributable to:</i>		
Equity holders of the parent company	(1,395)	5,217
Non - controlling interests	-	(48)
	(1,395)	5,169



The accompanying notes 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 2023

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

	<u>Share capital</u>	<u>Legal reserve</u>	<u>Fair value reserve</u>	<u>Accumulated losses</u>	<u>Total</u>	<u>Non- controlling interests</u>	<u>Total equity</u>
Balance at 31 December 2022 (Audited)	190,387	29,364	789	(35,664)	184,876	-	184,876
Loss for the period	-	-	-	(2,897)	(2,897)	-	(2,897)
Other comprehensive income for the period	-	-	1,502	-	1,502	-	1,502
Total comprehensive loss for the period	-	-	1,502	(2,897)	(1,395)	-	(1,395)
Reclassification of net change in fair value of equity securities (FVOCI) upon derecognition	-	-	(59)	59	-	-	-
Balance at 30 June 2023 (Reviewed)	190,387	29,364	2,232	(38,502)	183,481	-	183,481
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



The accompanying notes 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 CASH FLOWS**

FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2023

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

		30 June	30 June
		2023	2022
	Note	(Reviewed)	(Reviewed)
OPERATING ACTIVITIES			
(Loss) / profit for the period		(2,897)	4,943
<i>Adjustments for:</i>			
Interest income from short term deposits	5	(1,452)	(360)
Loss / (gain) on sale of investment securities	8	1,179	(9,024)
Net fair value (gain) / loss on investment securities at FVTPL	8	(231)	5,564
Dividend income from investment securities	8	(4,291)	(4,872)
Gain on sale of trading properties – real estate income	9	-	(789)
Amortization of intangible asset	11, 19	294	353
Depreciation of property and equipment	12, 19	749	1,027
Provision for employees' end of service benefits	17, 19	1,301	1,053
Reversal of provision for employees' end of service benefits	17	(248)	-
Operating loss before changes in working capital		(5,596)	(2,105)
<i>Working capital changes:</i>			
Bank balances – customer funds		122,844	(164,349)
Due from customers		(9,325)	(69)
Due from / to QCSD		(7,839)	29,873
Trading properties		-	4,400
Other assets		(1,773)	(15,943)
Due to customers		(99,535)	134,740
Other liabilities		(3,522)	(3,301)
Cash used in operating activities		(4,746)	(16,754)
Employees' end of service benefits paid	17	(1,162)	(525)
Net cash used in operating activities		(5,908)	(17,279)
INVESTING ACTIVITIES			
Purchase of investment securities	8	(52,223)	(51,269)
Proceeds from disposal of investment securities		50,741	67,558
Purchase of property and equipment		(251)	(787)
Interest received		1,452	310
Dividends received		4,291	4,872
Net cash generated from investing activities		4,010	20,684
Net (decrease) / increase in cash and cash equivalents		(1,898)	3,405
Cash and cash equivalents at 1 January		69,625	73,528
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	67,727	76,933



The accompanying notes 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 2023

(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:

Name of the subsidiary	Principal activity	Percentage of ownership	
		30 June 2023	31 December 2022
Dlala Brokerage Company W.L.L. (i)	Stock brokerage	100%	100%
Dlala Real Estate W.L.L.	Real estate	100%	100%
Dlala Smart Information Technology W.L.L. (ii)	IT consultation services	-	-
Dlala Information Technology W.L.L. (iii)	IT consultation services	100%	100%

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

- i) During the year 2022, the Company decided to acquire the remaining 0.02% interest in voting shares, increasing its ownership interest to 100% of its share capital, total cash consideration was amounting to QR 38,119 thousand based on agreement dated on 11 January 2022.
- ii) On 22 September 2022, the Board of Directors of the Company decided to liquidate Dlala Smart Information Technology W.L.L. a Subsidiary Company and discontinue its activities and liquidate the business. The Company is liquidated in 2022.
- iii) On 18 January 2023, the Board of Directors of the Company decided to liquidate the Dlala Information Technology Company W.L.L., a Subsidiary Company and discontinue its activities and plan for an orderly discontinuance, surrender of license and solvent liquidation of the Company’s business.

2. BASIS OF ACCOUNTING

These condensed consolidated interim financial statements for the six month period ended 30 June 2023 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 7 August 2023.

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 24.

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.

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 2023

(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 2022.

A number of new amendments to standards are effective from 1 January 2023, 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 2023 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

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
Cash in banks	35,707	47,618
Short - term deposits (maturity less than 90 days)	32,000	22,000
Cash in hand	20	7
	67,727	69,625

- (i) The Group generated interest income from the bank deposits amounting to QR 1,452 (six month period ended 30 June 2022: QR 360) during the period. The Company earned interest income at an average interest rate of 4.2% (six – month period ended 30 June 2022: 2%) per annum.

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.

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
Bank balances – customers’ funds	229,274	352,118
Due to customers	220,215	319,750
Due to QCSD	8,445	16,283

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 2023
 (All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

6. BROKERAGE - ACTIVITY DISCLOSURES (CONTINUED)

	<u>30 June</u> <u>2023</u>	<u>30 June</u> <u>2022</u>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Net brokerage commission income	<u>4,781</u>	<u>8,830</u>
Portfolio management income	<u>65</u>	<u>345</u>

7. DUE FROM CUSTOMERS

	<u>30 June</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
	<i>(Reviewed)</i>	<i>(Audited)</i>
Due from customers, gross (i)	23,620	14,295
Provision for impairment of due from customers	<u>(13,953)</u>	<u>(13,953)</u>
Due from customers, net (ii)	<u>9,667</u>	<u>342</u>

(i) As at period end, the aging of unimpaired due from customers is as follows:

	<i>Total</i>	<i>Neither past due nor impaired</i>					<i>Credit-impaired</i>
		<i>0 – 90 days</i>	<i>91 – 180 days</i>	<i>181 – 360 days</i>	<i>More than 360 days</i>		
30 June 2023	23,620	9,667	-	-	-	-	13,953
31 December 2022	14,295	-	-	-	342	-	13,953

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.

(ii) this pertains to margin trading activity launched by the company on 5 February 2023.

8. INVESTMENT SECURITIES

The investments securities are presented in the consolidated statement of financial position as follows:

	<u>30 June</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
	<i>(Reviewed)</i>	<i>(Audited)</i>
Current asset		
Quoted investments at FVTPL	66,084	65,291
Non - current asset		
Quoted investments at FVOCI (i)	8,666	5,426
Unquoted investment at FVOCI (i)	<u>-</u>	<u>1,997</u>
	<u>8,666</u>	<u>7,423</u>
	<u>74,750</u>	<u>72,714</u>

(i) As of 30 June 2023, the Company holds 927,340 shares of in Dukhan bank valued at QR 3,626 thousand. During the period, Dukhan bank has become listed, which resulted in a change of classification to quoted investments at FVOCI.

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 2023
(All amounts expressed in thousands of Qatari Riyal unless otherwise stated)

8. INVESTMENT SECURITIES (CONTINUED)

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

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
At the beginning of the period / year	72,714	105,904
Additions during the period / year	52,223	92,942
Disposals during the period / year	(51,920)	(115,131)
Net change in fair values at:		
- FVTPL	231	(11,473)
- FVOCI	1,502	472
At the end of the period / year	74,750	72,714

The Group recognized dividend income from the investment securities amounting to QR 4,291 (six month period ended 30 June 2022: QR 4,872) during the period.

The Group recognized (loss) / gain on sale of investment securities at FVTPL amounting to QR (1,179) (six month period ended 30 June 2022: QR 9,024) during the period.

The movements in fair value reserve of investments securities at FVOCI during the year are as follows:

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
At the beginning of the period / year	789	317
Fair value movement through OCI	1,502	702
Reclassification of net change in fair value of investment securities in FVOCI upon derecognition	(59)	(230)
Net change in fair value at FVOCI	1,443	472
At the end of the period / year	2,232	789

9. TRADING PROPERTIES

The company acquired residential properties, which it intends to sell in the ordinary course of business. All trading properties are held in the state of Qatar. The movement in trading properties is set out below:

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
At beginning of the period / year	9,030	16,253
Disposals during the period / year	-	(7,223)
At the end of the period / year	9,030	9,030

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 2023

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

9. TRADING PROPERTIES (CONTINUED)

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

	30 June 2023	30 June 2022
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Carrying amounts	-	3,611
Gain on disposal of trading properties - real estate income	-	789
Proceeds from disposal of trading properties	-	4,400

10. OTHER ASSETS

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
Real estate advances	8,918	10,085
Less: provision for impairment of real estate advances (i)	<u>(7,750)</u>	<u>(7,750)</u>
	1,168	2,335
Advances to portfolio manager	20,964	24,819
Legal claims escrow (ii)	8,823	-
Prepayments and advances	2,287	4,326
Accrued income	192	52
Other receivables	62	190
	<u>33,496</u>	<u>31,722</u>

(i) During the year 2022, a provision for impairment amounting to QR 7,750 thousand had been recorded related to an advance given to the main supplier for the Al-Makkan project. The supplier was hired to build and operate fan zone on rented land for the FIFA World Cup 2022, but the company terminated the contract due to the contractor's non-compliance and refusal to return the funds. The company has initiated legal proceedings to recover the advance, and the case is currently ongoing. The management has fully provided a provision for this amount in the financial statements. The supplier has raised a legal case against the company, claiming compensation for damages resulting from the termination of the contract. The case is presently ongoing in court.

(ii) During the period, the court has deducted QR 8,823 thousand from the Company's bank account against the compensation payable to the client for the legal case reference number 1/2021 (Note 13) which will be held until the final verdict is issued.

11. INTANGIBLE ASSETS

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
Cost		
At the beginning of the period / year (i)	3,216	3,902
Additions during the period / year (ii)	-	149
Disposals during the period / year	-	(835)
At the end of the period / year	<u>3,216</u>	<u>3,216</u>
Accumulated amortization		
At the beginning of the period / year	2,263	2,357
Disposals during the period / year	-	(682)
Charge for the period / year (Note 19)	294	588
At the end of the period / year	<u>2,557</u>	<u>2,263</u>
Carrying amount	<u>659</u>	<u>953</u>

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11. INTANGIBLE ASSETS (CONTINUED)

(i) This pertains to the Group’s brokerage trading platform software and computer software.

(ii) During the year 2022, the Company purchased license for a period of three years.

12. PROPERTY AND EQUIPMENT

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
Cost		
At the beginning of the period / year	94,481	93,714
Additions during the period / year	251	1,190
CWIP Write off	-	(423)
At the end of the period / year	94,732	94,481
Accumulated amortization		
At the beginning of the period / year	58,140	56,106
Charge for the period / year (Note 19)	749	2,034
At the end of the period / year	58,889	58,140
Carrying amount	35,843	36,341

13. PROVISIONS FOR LEGAL CASES

At the beginning of the period / year	26,402	9,850
Charge for the period / year	-	20,902
Payments made during the period / year	-	(4,350)
At the end of the period / year	26,402	26,402

As of 30 June 2023, the provision for legal cases is comprises of the followings:

No.,	Plaintiff	Legal case reference	Court ruling	Provision provided
1	Customer	2925/2019	11,050	11,050
2	QFMA	10/2020	10,000	5,000
3	QFMA	1/2021	8,852	8,852
4	QFMA	3/2021	2,000	1,000
5	QFMA	19/2021	500	500
			32,402	26,402

(1) In 2019, a criminal case was filed by the public prosecution with case no. 2925/2019 against the Company and two other parties. An appeal no. 855/2021 was raised and a judgment was issued against the Company with a penalty of QR 100 thousand and jointly obligating them to pay QR 10,950 thousand. The Company recognized provision of QR 11,050 thousand to cover any adverse outcome related to this case.

(2) In 2021, the Accountability Committee of QFMA imposed a penalty amounting to QR 10,000 thousand in relation to certain regulatory violations (10/2020). However, based on an appeal made by the Company before the Grievance Committee, the penalty was reduced to QR 500 thousand for which full provision was made by the Company. Note that the penalty was increased in appeal to QR 10,000 thousand and then rejected by the cassation court in 2023. The Company maintained a provision for 50% amounting to QR 5,000 thousand.

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13. PROVISIONS FOR LEGAL CASES (CONTINUED)

- (3) For the same case an arbitration sentence was issued by the Accountability Committee of QFMA No (1/2021) impose the company to pay QR 8,852 thousand to the client. the Company recognized provision of QR 8,852 thousand to cover any adverse outcome related to this case. During the period, the court has deducted QR 8,823 thousand (Note 10) from the Company's bank account against the compensation payable to the client which will be held until the final verdict is issued.
- (4) In 2021, the Accountability Committee of QFMA imposed a penalty of QR 2,000 thousand. The Company has appealed against this decision (Case no. 3/2021) for which the Company booked 50% provision which is amounted to QR 1,000 thousand.
- (5) In 2021, the Accountability Committee of QFMA imposed a penalty of QR 500 thousand. The Company has appealed against this decision (Case no. 19/2021) for which the Company booked full provision which is amounted to QR 500 thousand.

14. OTHER LIABILITIES

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
Dividends payable (i)	15,685	15,690
Accrued expenses	961	2,586
Refunds payable to property owners	158	1,639
Provision for an onerous contract	-	500
Other payables	122	33
	16,926	20,448

(i) Pertain to dividends that were declared for shareholders between 2006 and 2011 but have not been claimed.

15. SHARE CAPITAL

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
<i>Authorised, issued and fully paid:</i>		
Ordinary shares of 190,387,200 at QR 1 each (31 December 2022: 190,387,200 at QR 1 each)	190,387	190,387

16. LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015 and the Company's Articles of Association, an amount equal to 10% of the net profit for the year should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid - up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Company's Articles of Association. In accordance with its Articles of Association and statutory law requirements, the Company is transferring a specific percentage from its annual net profit to the legal reserve. No transfer had been made for the six – month period ended 30 June 2023 as the Company will transfer the total required amount by 31 December 2023.

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17. EMPLOYEES' END OF SERVICE BENEFITS

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
At the beginning of the period / year	5,086	4,971
Provisions during the period / year (Note 19)	1,301	1,254
Reversals made during the period / year	(248)	-
Payments made during the period / year	(1,162)	(1,139)
At the beginning of the period / year	<u>4,977</u>	<u>5,086</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.

18. REAL ESTATE INCOME

	30 June 2023	30 June 2022
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Rental income	528	639
Real estate brokerage	39	995
Fee income	10	4
	<u>577</u>	<u>1,638</u>

19. GENERAL AND ADMINISTRATIVE EXPENSES

Staff cost (i)	7,175	8,108
Professional fees	1,863	1,686
Information technology and communication costs	1,759	1,756
Depreciation of property and equipment (Note 12)	749	1,027
Regulatory fees, charges and penalties	496	380
Amortization of intangible assets (Note 11)	294	353
Bank charges	242	300
Repairs and maintenance	170	233
Rent (ii)	60	60
Advertising costs	38	375
Others	482	373
	<u>13,328</u>	<u>14,651</u>

(i) This includes a provision for employees' end of service benefits of QR 1,301 (six month period ended 30 June 2022: QR 1,254) during the period (Note 17).

(ii) This pertains to short - term rental of accommodation spaces.

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20. 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.

	<u>30 June 2023</u> <i>(Reviewed)</i>	<u>30 June 2022</u> <i>(Reviewed)</i>
(Loss) / profit attributable to equity holders of the Company	<u>(2,897)</u>	<u>4,991</u>
Weighted average number of shares outstanding during the period (In thousands) (Note 15)	<u>190,387</u>	<u>284,160</u>
Basic / diluted (loss) / earnings per share (QR)	<u>(0.015)</u>	<u>0.018</u>

21. 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

	<u>30 June 2023</u> <i>(Reviewed)</i>	<u>30 June 2022</u> <i>(Reviewed)</i>
<i>Key management personnel and their close family members:</i>		
Portfolio management income	<u>12</u>	<u>-</u>
Net brokerage commission income	<u>2</u>	<u>14</u>

(ii) Related party balance

	<u>30 June 2023</u> <i>(Reviewed)</i>	<u>31 December 2022</u> <i>(Audited)</i>
<i>Key management personnel and their close family members:</i>		
Due to customers	<u>428</u>	<u>702</u>

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

(iii) Compensation of key management personnel

	<u>30 June 2023</u> <i>(Reviewed)</i>	<u>30 June 2022</u> <i>(Reviewed)</i>
Short - term employee benefits	1,285	611
Long - term employee benefits	<u>103</u>	<u>13</u>
	<u>1,388</u>	<u>624</u>

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22. COMMITMENTS AND CONTINGENT LIABILITIES

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

	30 June 2023	31 December 2022
	<i>(Reviewed)</i>	<i>(Audited)</i>
<i>Contingent liabilities:</i>		
Letters of guarantee (i)	<u>100,000</u>	<u>150,000</u>
Litigation claims (ii)	<u>29,208</u>	<u>29,208</u>

(i) 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.

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

23. 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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23. SEGMENT INFORMATION (CONTINUED)

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

	<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>
30 June 2023 (Reviewed)						
Net brokerage commission income	4,781	-	-	-	-	4,781
Real estate income	-	361	-	491	(275)	577
Other operating revenues	<u>3,903</u>	<u>224</u>	<u>-</u>	<u>1,031</u>	<u>(85)</u>	<u>5,073</u>
Segment income	8,684	585	-	1,522	(360)	10,431
Segment expenses	<u>(7,900)</u>	<u>(1,672)</u>	<u>(2)</u>	<u>(4,114)</u>	<u>360</u>	<u>(13,328)</u>
Segment profit	<u>784</u>	<u>(1,087)</u>	<u>(2)</u>	<u>(2,592)</u>	<u>-</u>	<u>(2,897)</u>
Depreciation and amortization	<u>369</u>	<u>17</u>	<u>1</u>	<u>656</u>	<u>-</u>	<u>1,043</u>

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23. 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>
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	<u>262</u>	<u>387</u>	<u>-</u>	<u>731</u>	<u>-</u>	<u>1,380</u>

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23. SEGMENT INFORMATION (CONTINUED)

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

	<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>
At 30 June 2023 (Reviewed)						
Segment assets	<u>374,020</u>	<u>22,959</u>	<u>19,285</u>	<u>214,754</u>	<u>(170,572)</u>	<u>460,446</u>
Segment liabilities	<u>257,672</u>	<u>187</u>	<u>-</u>	<u>46,522</u>	<u>(27,416)</u>	<u>276,965</u>
At 31 December 2022 (Audited)						
Segment assets	<u>497,557</u>	<u>24,718</u>	<u>19,287</u>	<u>221,939</u>	<u>(190,656)</u>	<u>572,845</u>
Segment liabilities	<u>381,867</u>	<u>857</u>	<u>-</u>	<u>52,743</u>	<u>(47,498)</u>	<u>387,969</u>

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

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24. 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 2023 (Reviewed)						
<i>Financial assets measured at fair values</i>						
Investment securities at FVTPL	66,084	-	66,084	-	-	66,084
Investment securities at FVOCI	8,666	-	8,666	-	-	8,666
Financial assets not measured at fair values						
Cash and cash equivalents	-	67,707	-	-	-	-
Bank balances – customer funds	-	229,274	-	-	-	-
Due from customers	-	9,667	-	-	-	-
Financial liabilities not measured at fair value s						
Due to customers	-	220,215	-	-	-	-
Due to QCSD	-	8,445	-	-	-	-
Other liabilities (excluding non - financial liabilities)	-	16,926	-	-	-	-

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24. 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 2022 (Audited)						
<i>Financial assets measured at fair values</i>						
Investment securities at FVTPL	70,717	-	70,717	-	-	70,717
Investment securities at FVOCI	1,997	-	-	-	1,997	1,997
Financial assets not measured at fair values						
Cash and cash equivalents	-	69,618	-	-	-	-
Bank balances – customer funds	-	352,118	-	-	-	-
Due from customers	-	342	-	-	-	-
Financial liabilities not measured at fair values						
Due to customers	-	319,750	-	-	-	-
Due to QCSD	-	16,283	-	-	-	-
Other liabilities (excluding non - financial liabilities)	-	20,448	-	-	-	-

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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25. RECLASSIFICATION

Certain changes in the classification of accounts and accordingly, to the supporting note disclosures have been made to the previous period’s financial statements to confirm to the current period’s financial statements’ presentation.

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

<i>Statement of financial position</i>	As previously reported 31 December 2022	Reclassification	As reclassified 31 December 2022
Intangible assets	1,106	(153)	953
Other assets	31,569	153	31,722

<i>Statement of comprehensive income</i>	As previously reported 30 June 2022	Reclassification	As reclassified 30 June 2022
Brokerage commission income	14,378	(345)	14,033
Portfolio management income	-	345	345

26. SUBSEQUENT EVENTS

The Board of Directors of Dlala Holding has taken a resolution to terminate the services of Mrs. Moza Mohamed Al Sulaiti – Chief executive officer (CEO), and delegate the Managing Director to be in charge till appointing a new CEO.