

**ELEGANCIA GROUP W.L.L.**  
**DOHA – STATE OF QATAR**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM NOVEMBER 03, 2020  
(INCEPTION DATE) TO DECEMBER 31, 2021  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

ELEGANCIA GROUP W.L.L.  
DOHA – STATE OF QATAR

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM NOVEMBER 03, 2020 (INCEPTION DATE) TO DECEMBER 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS  
ELEGANCIA GROUP W.L.L.  
DOHA – STATE OF QATAR

### **Opinion**

We have audited the accompanying consolidated financial statements of Elegancia Group W.L.L. (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the related consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the period from November 03, 2020 (Inception date) to December 31, 2021, and notes, comprising 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 of December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the period from November 03, 2020 (Inception date) to December 31, 2021, in accordance with International Financial Reporting Standards.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the audit of the accompanying 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 to gather with the ethical requirements that are relevant to our audit of the accompanying consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board for Accountants' Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibility 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



**Auditor's responsibility for the audit of the consolidated financial statements (Continued)**

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

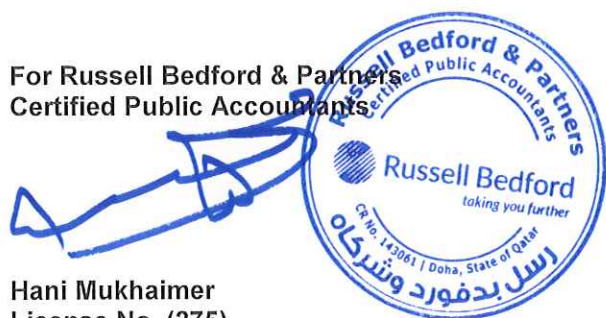
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 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 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.

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

**Other legal and regulatory requirements**

We have obtained all information and explanations we considered necessary for the purposes of our audit, the Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith, we are not aware of any violations of the Qatar Commercial Companies' Law No. 11 of 2015 or the terms of Parent Company and subsidiaries' Articles of Associations and any amendments thereto having occurred during the year which might have had a material adverse effect on the business of the Group or on its financial position.

For Russell Bedford & Partners  
Certified Public Accountants



Hani Mukhaimer  
License No. (275)

Doha – Qatar  
July 25, 2022



**ELEGANCIA GROUP W.L.L.**  
DOHA – STATE OF QATAR

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2021**

	Notes	December 31, 2021 QAR
<b>ASSETS:</b>		
<b>Non-current assets:</b>		
Property, plant and equipments	5	802,753,835
Investment properties	6	87,919,541
Intangible assets	7	5,572,916
Right of use assets	8 a	27,951,550
Retention receivables	9	18,060,678
<b>Total non-current assets</b>		<b>942,258,520</b>
<b>Current assets:</b>		
Inventories	10	383,246,139
Retention receivables	9	39,041,615
Contract assets	11	385,579,602
Trade and other receivables balances	12	875,491,008
Due from related parties	13	482,939,202
Cash and bank balances	14	41,445,057
<b>Total current assets</b>		<b>2,207,742,623</b>
<b>TOTAL ASSETS</b>		<b>3,150,001,143</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>		
<b>Shareholders' equity:</b>		
Share capital	15	10,000,000
Legal reserve	16	54,916,662
Other reserve		3,923,960
Shareholders' current accounts		7,128,821
Retained earnings		694,793,264
<b>Attributable to equity holder of the Parent Company</b>		<b>770,762,707</b>
Non-controlling interests		4,004,578
<b>Total equity</b>		<b>774,767,285</b>
<b>Non-current liabilities:</b>		
Provision for employees' end of service benefits	17	86,946,928
Loans and borrowings	18	336,166,817
Due to related parties	13 c	27,829,521
Lease liabilities	8 b	18,433,636
<b>Total non-current liabilities</b>		<b>469,376,902</b>
<b>Current liabilities:</b>		
Due to related parties	13 b	93,035,002
Contract liabilities	11	117,172,226
Loans and borrowings	18	391,771,975
Lease liabilities	8 b	2,131,962
Bank overdraft	14	199,473,655
Trade and other payable balances	19	1,102,272,136
<b>Total current liabilities</b>		<b>1,905,856,957</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>3,150,001,143</b>



The accompanying consolidated financial statements were approved to issue by the shareholders on July 25, 2022 and signed on behalf of the Group by

Mr. Ramez Mohamed Ruslan Al Khayyat  
Vice Chairman



Henrik Christiansen  
Group CEO

The accounting policies and notes as set out in pages 05 to 36 form an integral part of these consolidated financial statements.

**ELEGANCIA GROUP W.L.L.**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD FROM NOVEMBER 03, 2020 (INCEPTION DATE) TO DECEMBER 31, 2021**

	Notes	Period from November 03, 2020 (Inception Date) to December 31, 2021 QAR
Revenue	20	3,204,635,299
Cost of operations	21	(2,580,653,757)
<b>Gross profit</b>		<b>623,981,542</b>
Other income	22	87,830,540
General and administrative expenses	23	(209,982,099)
Other operating expenses	24	(131,074,679)
Impairment loss on trade and other receivable balances		(1,168,889)
Management fees		(8,955,211)
<b>Operating profit for the period</b>		<b>360,631,204</b>
Finance costs	25	(34,686,981)
<b>Profit before income tax</b>		<b>325,944,223</b>
Income tax expense		(384,816)
<b>Net profit for the period</b>		<b>325,559,407</b>
Other comprehensive income for the period		-
<b>Total comprehensive income for the period</b>		<b>325,559,407</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company		321,933,023
Non-controlling interest		3,626,384
<b>Total comprehensive income</b>		<b>325,559,407</b>



The accounting policies and notes as set out in pages 05 to 36 form an integral part of these consolidated financial statements.

**ELEGANCIA GROUP W.L.L.**  
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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD FROM NOVEMBER 03, 2020 (INCEPTION DATE) TO DECEMBER 31, 2021**

	Share capital	Legal reserve	Other reserve	Shareholders' current accounts	Retained earnings	Total	Non-controlling interest	Total equity
	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR
Issuance of the share capital	10,000,000	-	-	-	-	10,000,000	-	10,000,000
Transfer as a result of business combination under the common control (Note 4)	-	49,816,393	3,923,960	-	324,179,871	377,920,224	5,186,940	383,107,164
Changes in ownership interest in subsidiaries	-	-	-	-	241,419	241,419	(429,419)	(188,000)
Net profit for the period	-	-	-	-	321,933,023	321,933,023	3,626,384	325,559,407
Reversal of dividend	-	-	-	-	90,664,816	90,664,816	-	90,664,816
Elimination of non controlling interest at disposals of subsidiaries	-	-	-	-	-	-	454	454
Transferred to legal reserve	-	5,100,269	-	-	(5,100,269)	-	-	-
Dividend distribution (Note 29)	-	-	-	-	(37,125,596)	(37,125,596)	(4,379,781)	(41,505,377)
Net movement in shareholders' current accounts	-	-	-	7,128,821	-	7,128,821	-	7,128,821
<b>Balance at December 31, 2021</b>	<b>10,000,000</b>	<b>54,916,662</b>	<b>3,923,960</b>	<b>7,128,821</b>	<b>694,793,264</b>	<b>770,762,707</b>	<b>4,004,578</b>	<b>774,767,285</b>

The accounting policies and notes as set out in pages 05 to 36 form an integral part of these consolidated financial statements.





**ELEGANCIA GROUP W.L.L.**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM NOVEMBER 03, 2020 (INCEPTION DATE) TO DECEMBER 31, 2021**

	Notes	Period from November 03, 2020 (Inception Date) to December 31, 2021 QAR
<b><u>Cash flows from operating activities:</u></b>		
Net profit for the period		325,944,223
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	5	41,759,107
Depreciation of investment properties	6	22,466,667
Depreciation of right of use assets	8	14,005,556
Amortization of intangible asset	7	1,514,678
Gain on early termination of lease contract	8	(5,288,252)
Provision for slow moving inventories	10	13,595,822
Provision for trade and other receivables balances	12	1,168,889
Gain on disposal of property, plant and equipment		(271,161)
Interest expense	25	1,068,813
Provision for employees' end of service benefits	17	19,513,539
Interest expense on lease liabilities	25	2,512,434
Interest expenses on loan and borrowings	25	29,985,361
Interest expenses on loan from related parties	25	1,120,373
<b>Operating income before changes in working capital</b>		<b>469,096,049</b>
<b>Changes in:</b>		
Inventory	10	(396,841,961)
Trade and other receivables balances	11	(876,659,897)
Retention receivables	9	(57,102,293)
Contract assets		(385,579,602)
Due from related parties		(482,939,202)
Trade and other payable balances		1,102,272,136
Due to related parties		93,035,002
Contract liabilities		117,172,226
<b>Cash used in operating activities</b>		<b>(417,547,542)</b>
Employees' end of service benefits paid	17	(5,264,148)
Interest paid	25	(34,686,981)
Income tax payment		(384,816)
<b>Net cash used in operating activities</b>		<b>(457,883,487)</b>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of property, plant and equipment	5	(177,347,663)
Purchase of intangible assets	6	(6,045,650)
Net cash flow on business combination under common control		(205,838,099)
<b>Net cash used in investing activities</b>		<b>(389,231,412)</b>
<b><u>Cash flows from financing activities</u></b>		
Net movement in interest bearing loans and borrowings	18	727,938,792
Dividend paid		(37,125,596)
Issuance of the share		10,000,000
Payment of principal portion of lease liabilities		(18,855,716)
Net movement in restricted cash		(1,298,042)
Net movement in shareholders' current accounts		7,128,821
<b>Net cash generated from financing activities</b>		<b>687,788,259</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(159,326,640)</b>
<b>Cash and cash equivalents - at December 31,</b>	14	<b>(159,326,640)</b>



The accounting policies and notes as set out in pages 05 to 36 form an integral part of these consolidated financial statements.

**ELEGANCIA GROUP W.L.L.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM NOVEMBER 03, 2020 (INCEPTION DATE) TO DECEMBER 31, 2021**

**1. THE GROUP INFORMATION AND PRINCIPAL ACTIVITIES:**

Elegancia Group W.L.L. (the "Company") and its subsidiaries (together referred as the "Group"), is registered in the State of Qatar as a Limited Liability Company under Commercial Registration No.147966. The Company's registered office is located at PO Box No. 201184, Doha, State of Qatar.

On 22 September 2021, the management changed the Company's name from Elegancia Group Administrative Consultancy W.L.L., to Elegancia Group which has been amended in the Commercial Registration.

The Company together with its subsidiaries (the "Group") is engaged in provision of contracting services related to facilities management, catering, manpower and gabbro, MEP, landscape and marine logistics, fabrication of steel works technology, joinery, stonework and management consulting. These condensed consolidated financial statements include the activities and operations of the Group.

The consolidated financial statements which described the consolidated financial statements of the Group for the Year ended December 31, 2021, are the first set of consolidated financial statements prepared by the Group.

The consolidated financial statements contained the twelve months operating result of Yemek Doha Catering Services W.L.L. (Subsidiary Company) starting from January 01, 2021.

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements: except for the following:

On April 11, 2022, Elegancia Group W.L.L. and its subsidiaries were acquired by Investment Holding Group Q.P.S.C. (IHG), a Company listed on the Qatar Stock Exchange, by way of share swap, pursuant to Article 45 of the Offering & Listing of Securities on the Financial Markets Rulebook of the QFMA, Article 195 of the Companies Law, and Article 2 of the QFMA M&A Rules.

On January 26, 2022, the Company and one of the local bank entered in to facility agreement amounting to QAR. 238,000,000 the main objective of this facility is to finance part the development cost to be incurred on al Maha Island on wonderland concept, including procurement of rides and attractions, food and beverage facilities, and any other related actives. These facilities carry interest rate of 3.45% and repayable in 60 monthly installments.

On May 26, 2022, the company and one of the local bank entered in to facility agreement amounting to QAR. 135,000,000 the main objective of this facility is to finance part the development of 11 high end nich restaurant Al Maha Island. These facilities carry interest rate at Qatar 3.45% and repayable in 60 monthly installments.

**1.1. THE PRINCIPAL SUBSIDIARIES OF THE GROUP:**

The transfer has been accounted for in these consolidated financial statements from 1 January 2021. The transfer was made at the consideration equal to the share capital of each subsidiary.

NAME OF THE SUBSIDIARY	COUNTRY OF INCORPORATION	(%) OF HOLDING DECEMBER 31, 2021	NATURE OF BUSINESS
Elegancia Facilities Management W.L.L. (Formerly Elegancia Hospitality and Facility Management Services W.L.L.)	State of Qatar	100%	Provision of facility management and hospitality services, trading and installation of video and audio equipment and planning and organizing public concerts.
Elegancia Landscape W.L.L. (Formerly Palmera Landscape W.L.L.)	State of Qatar	100%	Investment and management of agricultural projects, agricultural consulting, parks management, landscaping, agricultural equipment and material trading, trading of plants and trading of irrigation equipment.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM NOVEMBER 03, 2020 (INCEPTION DATE) TO DECEMBER 31, 2021**

**1. THE GROUP INFORMATION AND PRINCIPAL ACTIVITIES (CONTINUED):**

**1.1. THE PRINCIPAL SUBSIDIARIES OF THE GROUP (CONTINUED):**

NAME OF THE SUBSIDIARY	COUNTRY OF INCORPORATION	(%) OF HOLDING DECEMBER 31, 2021	NATURE OF BUSINESS
Elegancia Human Resources and Contracting W.L.L. (Formerly known as Challenger Trading and Contracting W.L.L.)	State of Qatar	100%	General contracting, trading in building materials, building maintenance, electrical contracting, electronic works and manpower supply.
Elegancia Electromechanical Services W.L.L. (Formerly Radiant Engineering Enterprises W.L.L.)	State of Qatar	100%	Electrical and sanitary contracting, installation of electromechanical equipment, installation, maintenance and repair of elevators, fire warning devices, air conditioning and refrigeration system.
Elegancia Joinery W.L.L. (Formerly Zebrano Wood Works W.L.L.)	State of Qatar	100%	Trading of wood and manufacture and trading of wood related products, executing interior and exterior projects including producing ceilings, walls decorations, timber decorations and producing various wooden furniture.
Elegancia Galvanization Steel Manufacture Metals and Cables W.L.L. (Formerly Galva Steel Manufacture Metals and Cables W.L.L.)	State of Qatar	100%	Production and formation of metals, production of steel sections and production of cable carriers and accessories.
Elegancia Steel Trading W.L.L. (Formerly known as Steel Master Limited for Trading W.L.L.)	State of Qatar	100%	Fabrication, erection and trading of steel bars which include services for the alteration in the size and shape of the steel bars.
Elegancia Stones for Marble & Granite Trading W.L.L. (Formerly Marble Stone for Marble & Granite Trading W.L.L.)	State of Qatar	100%	Installation and trading of granite and marble stone, granite sand, machinery and equipment related to granite, industrial and natural stone, ceramic and porcelain stone and building materials.
Elegancia Gabro Trading and Transport W.L.L. (Formerly known as Gabromix Trading and Transport W.L.L.)	State of Qatar	100%	Trading Gabbro materials and transport services.
Elegancia Catering Services W.L.L.	State of Qatar	100%	Providing catering services and ready meals supply and catering for large events and gatherings
Elegancia Marine Offshore Services W.L.L. (Formerly Marine Master Offshore Services Company W.L.L.)	State of Qatar	100%	Supply of services across a range of marine industries such as offshore services, marine construction, shipping and acting as a shipping agent.
Steel Tech Trading and Contracting W.L.L.	State of Qatar	100%	Manufacturing, trading and installation of fabricated doors, conditioning ducts, windows and cabinets.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM NOVEMBER 03, 2020 (INCEPTION DATE) TO DECEMBER 31, 2021**

**1. THE GROUP INFORMATION AND PRINCIPAL ACTIVITIES (CONTINUED):**

**1.1. THE PRINCIPAL SUBSIDIARIES OF THE GROUP (CONTINUED):**

NAME OF THE SUBSIDIARY	COUNTRY OF INCORPORATION	(%) OF HOLDING DECEMBER 31, 2021	NATURE OF BUSINESS
Steel Tech Factory W.L.L.	State of Qatar	100%	Manufacturing, trading and installation of fabricated doors, windows, cabinets, and air-conditioning ducts.
Elegancia Steel Doors Trading and Contracting W.L.L. (Techno Doors Trading and Contracting W.L.L.)	State of Qatar	100%	Manufacturing and installation of fabricated doors.
Elegancia Steel Ducts Trading and Contracting W.L.L. (Techno Ducts Trading and Contracting W.L.L.)	State of Qatar	100%	Manufacturing, trading and installation of air-conditioning ducts.
Elegancia Marine Agency W.L.L. (Giants Marine Services W.L.L.)	State of Qatar	100%	Providing agency services to vessel owners and marine mediator services.
Elegancia Health Care W.L.L.	State of Qatar	100%	Providing management consulting services, facility management services, management and operating of professional labour.
Elegancia Kitchen W.L.L.	State of Qatar	100%	Trade in heating equipment, maintenance of kitchen and restaurant equipment
Elegancia Venture W.L.L.	State of Qatar	100%	Construction and general contracting, execution of internal design works, interiors design activities and building materials trade.
Elegancia Design for Trading and Contracting W.L.L.	State of Qatar	100%	Construction and general contracting, execution of internal design works, interiors design activities and building materials trade.
Yemek Doha Catering Services W.L.L.	State of Qatar	95%	Providing catering services and ready meals supply and catering for large events and gatherings.

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS:**

**2 a) Standards issued but not yet effective:**

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2022. However, the group has not applied the following new or amended standards in preparing these consolidated financial statements:

TOPIC	EFFECTIVE DATE
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 01, 2022

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM NOVEMBER 03, 2020 (INCEPTION DATE) TO DECEMBER 31, 2021**

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED):**

**2 a) Standards issued but not yet effective (Continued):**

TOPIC	EFFECTIVE DATE
Amendments to IAS 16 <i>"Property, Plant and Equipment — Proceeds before Intended Use"</i>	January 01, 2022
Amendments to IAS 37 <i>"Onerous Contracts — Cost of Fulfilling a Contract"</i>	January 01, 2022
Annual Improvements to IFRS Standards 2018–2020 <i>"Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41"</i>	January 01, 2022
Amendments to IAS 1 <i>"Classification of Liabilities as Current or Non-Current"</i>	January 01, 2023
Amendments to IAS 1 and IFRS Practice Statement 2 <i>"Disclosure of Accounting Policies"</i>	January 01, 2023
Amendments to IAS 8 <i>"Definition of Accounting Estimates"</i>	January 01, 2023
Amendments to IFRS 10 <i>"Consolidated Financial Statements"</i> and IAS 28 <i>"Investment in Associates and Joint Ventures"</i> on sale or contribution of assets between an investor and its associate or joint venture	Effective date deferred indefinitely/ available for optional adoption

**3. SIGNIFICANT ACCOUNTING POLICIES:**

**3 a) Basis of accounting:**

These consolidated financial statements have been prepared on historical cost basis except for financial assets which are stated at fair value. The Group's consolidated financial statements are presented in Qatari Riyal, which is the Group's functional currency. All amounts have been rounded to the nearest Qatari Riyal, unless otherwise indicated.

**3 b) Basis of consolidation:**

***Subsidiaries***

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at the end of reporting period. Control over an investee 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.

***Control over an 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;
- The ability to use its power over the investee to affect its returns - Consolidation of entities in which the Group holds less than a majority of voting rights. 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; and
  - The Group's voting rights and potential voting rights.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**3 b) Basis of consolidation (Continued):**

***Transactions eliminated on consolidation***

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

***Loss of control***

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in the in statement of profit or loss. Any investment retained is recognized at fair value. The total profits and losses for the year of the Parent Company and of its subsidiaries included in consolidation are shown in the consolidated statement of profit or loss and other comprehensive income and all assets and liabilities of the Parent Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

***Non-controlling interest (NCI)***

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, is shown as a component of profit for the year in the consolidated statement of profit or loss and other comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the Shareholder of the parent Company.

**3 c) Statement of compliance:**

The consolidated financial statements of the Group For the year ended December 31, 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Standards Accounting Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015.

**3 d) Business combination:**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. for the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**3 e) Foreign currencies:**

Transactions in foreign currencies are recorded in Qatari Riyal at the rates of exchange prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into Qatari Riyal at the rate of exchange prevailing at the date and the resultant gains or losses are included in the consolidated statement of profit or loss.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**3 f) Property, plant and equipment:**

*i) Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in consolidated statement of profit or loss.

*ii) Subsequent expenditure*

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

*iii) Depreciation*

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

Buildings	5 - 20 years
Furniture and fixtures	3 - 5 years
Machines	3 - 7 years
Office equipment	3 - 5 years
Tools	2 - 3 years
Motor vehicles	3 - 5 years
Scaffolding	2 - 5 years
Fleet crafts	10 - 25 years
Crafts small boats	5 - 7 years
Computer equipment	2 - 4 years
Vessel equipment	3 - 5 years
Dry docking	2 - 3 years
Plant	3 - 5 years
Tenant and shades	5 years
IT equipment	3 - 5 years
Electricity equipment	3 - 5 years

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

**3 g) Investment properties:**

Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment loss with any change therein recognized in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

**3 h) Other intangible assets:**

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

*i) Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the consolidated statements of profit and loss as incurred.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**3 h) Other intangible assets (Continued):**

*ii) Amortization*

Amortization is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated lives and is generally recognized in the consolidated statement of profit or loss. Amortization method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**3 i) Classification and measurement of financial assets and financial liabilities:**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available-for-sale financial assets. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

*i) Initial recognition*

On initial recognition, a financial asset is classified as:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) - debt investment;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit or loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This selection is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

*ii) Subsequent measurement*

***Financial assets at amortized cost***

These assets are subsequently measured at amortized costing using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in the consolidated statement of profit or loss.

***Financial assets at FVOCI***

These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**3 i) Classification and measurement of financial assets and financial liabilities (Continued):**

*ii) Subsequent measurement (Continued)*

***Financial assets at FVOCI (Continued)***

Other net gains and losses are recognized in consolidated statements of other comprehensive income and are never reclassified to the consolidated statement of profit or loss.

***iii) Impairment of financial assets***

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The financial assets at amortized cost consist of accounts and other receivables and cash and cash equivalents under IFRS 9, and loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for its financial assets at an amount equal to 12-month ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due. The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The financial asset is more than 365 days past due.

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

***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate (EIR) of the financial asset.

***Credit-impaired financial assets***

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

***Presentation of impairment***

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to accounts and other receivables, amount due from related parties and cash and cash equivalents are presented under separate line item in the consolidated statement of profit or loss.

***iv) Other financial assets***

Equity securities that are held for trading are required to be held as FVTPL under IFRS 9. There was no impact on the amounts recognized in relation to these assets from the adoption of IFRS 9. Trade and other receivables (except for those subject to provisional pricing arrangements) and amount due from related parties are debt instruments currently classified as loans and receivables and measured at amortized cost under IAS 39.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**3 i) Classification and measurement of financial assets and financial liabilities (Continued):**

*iv) Other financial assets (Continued)*

The Group assessed that they meet the conditions for classification at amortized cost under IFRS 9 since they are cash flows solely payments of principal and interest (SPPI) and the Group's business model is to hold and collect the debt instrument. Cash and cash equivalents' definition as per IAS 7 remains unchanged with the application of IFRS 9, short-term investments and time deposits will continue to be presented under cash and cash equivalents, being highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

*v) Financial liabilities*

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. De-recognition rules have been transferred from IAS 39 Financial Instruments. Therefore, recognition and measurement of financial liabilities, have not been changed.

**3 j) Inventories:**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle (WAC). In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

**3 k) Contract assets:**

In the consolidated statement of financial position, construction contracts in progress for which costs incurred plus recognized profits exceed progress billing and recognized losses are presented as contract assets. Contracts for which progress billing and recognized losses exceed costs incurred plus recognized profits are presented as contract liabilities.

**3 l) Leases:**

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The IFRS 16 has resulted in almost all leases being recognized on the statement of financial position by lessee, as the distinction between operating and finance leases is removed. Under the IFRS 16, an asset "right-of-use assets" and "lease liability" are recognized. However, the Management assessment has been performed on an absolute basis to ensure whether the underlying asset is of lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option "short-term leases", and lease contracts for which the underlying asset is of low value "low-value assets". Consequently, it has been decided by the Management to apply the exemptions criteria of short-term leases' and low-value assets as promulgated by the IFRS 16. Therefore, the Company has recognized the lease payments associated with the leases as an expense through the statement of profit or loss and other comprehensive income and future portion has been disclosed as commitments.

***Right of use asset***

***i) Initial recognition and measurement***

The cost of the right-of-use asset shall comprise:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the lessee; and
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**3 l) Leases (Continued):**

*ii) Subsequent measurement*

The leases can apply either cost model or other measurement model as described in IFRS 16.

• **Cost model**

The Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

• **Other measurement model**

If the Group applies the fair value model in IAS 40 Investment Property to its investment property, the lessee shall also apply that fair value model to right-of-use assets that meet the definition of investment property in LKAS 40. If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in IAS 16 16, the Group may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

*iii) Depreciation*

The Group applies the depreciation requirements in IAS 16 – “Property, Plant and Equipment” in depreciating the right-of-use asset. The Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Based on the contract entered, the right of use asset is depreciated over the following period:

Land	17 - 25 years
Buildings (Camps, commercial, apartments and offices)	2 - 5 years

**Lease liability**

*i) Initial measurement*

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the Group incremental borrowing rate.

*ii) Subsequent measurement*

The Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

**3 m) Payables and accruals:**

Payables and accruals are stated at their cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

**3 n) Provisions:**

Provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of the resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**3 o) Related parties:**

The Group, in the normal course of its business, enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. These transactions have been carried out on the basis of terms agreed between the Group and the management of such related parties.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**3 p) Borrowings:**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

**3 q) Employees' end of service benefits:**

Employees' end of service benefits represents terminal gratuity and are provided for services rendered based on entitlements stipulated in the employees' contracts of employment and their length of service, subject to the completion of a minimum service period. End of service indemnities are provided in accordance with the Qatari Labor Law. Under law no. 24 of 2002.

**3 r) Income tax:**

Income Tax is provided in accordance with Qatar Income Tax Regulations set out in Qatar Income Tax Law No. 24 of 2018. Income tax expense comprises current tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

**3 s) Revenue recognition:**

***IFRS 15 Revenue from Contracts with Customers***

The details of the new significant accounting policies and nature of the changes to previous accounting policies in respect of the Group's significant revenue generating activities are set out below.

TYPE OF PRODUCT/ SERVICES	NATURE, TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS
Sale of manufactured and traded goods	Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible returns of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, discounts and volume rebates. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.
Rendering of services (other than those that forms part of ICT projects)	Revenue is recognised over time as those services are provided. Invoices are usually issued upon completion of the job. Under IFRS 15, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. In case where the stand-alone selling price is applicable, it is determined based on the list prices at which the Company sells the services in separate transactions.
Commission	If the Company acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized is the net amount of commission made by the Company.
Contracting and other related services	Construction contracts revenue recognized result from the development of number of construction projects. These projects are constructed based on specifically negotiated contracts with customers. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.  If the outcome of a construction contract can be estimated reliably, then contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to surveys of work performed. Otherwise, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**3 s) Revenue recognition (Continued):**

*IFRS 15 Revenue from Contracts with Customers (Continued)*

TYPE OF PRODUCT/ SERVICES	NATURE, TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS
Investment property rental income	Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.
Dividend income	Dividend income from equity investments is recognized on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

**3 t) Finance income and finance costs:**

The Group's finance income and finance costs include:

- Interest income
- Interest expense

Interest income or expense is recognized using the effective interest method.

**3 u) Critical accounting judgments and key sources of estimation uncertainty:**

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associate assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 periods.

***Going concern***

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, 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.

***Property and equipment***

The cost of property and equipment is depreciated over the estimated useful life, which are based on expected usage of the asset. Expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value.

***Impairment of financial assets***

The Group's management periodically reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of profit or loss and other comprehensive income. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

***Impairment of inventories***

Inventories are held at the lower of cost and net realizable value. When inventories become old, unusable or obsolete, an estimate is made of their net realizable value. For individual significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence, based on historical selling price.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**3 u) Critical accounting judgments and key sources of estimation uncertainty (Continued):**

***Provision for employees' end of service benefits***

Management has measured the Group's obligation for the post-employment benefits of its employees based on the provisions of the relevant labor laws. Management does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The provision is reviewed by management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in the profit or loss.

***Contingent liabilities***

Contingent liabilities are determined by the likelihood of occurrence or non-occurrence of one or more uncertain future events. Assessment of contingent liabilities is tightly connected with development of significant assumptions and estimates relating to the consequences of such future events.

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**4. BUSINESS COMBINATION UNDER COMMON CONTROL:**

The formation of the Company is a result of the management's reorganization plan wherein the Company will act as a holding company for all the entities which were previously owned by Power International Holding W.L.L. and its subsidiaries (together referred as "PIH Group"), a limited liability company incorporated in the State of Qatar. The shareholders of the Company and PIH Group are both the same. The shareholders resolved to transfer the below mentioned investments in subsidiaries to the Company at its net carrying amount as of 1 January 2021.

	<b>Ultimate ownership interest as at December 31, 2021</b>
Elegancia Facilities Management W.L.L. (Formerly Elegancia Hospitality and Facility Management Services W.L.L.)	100%
Elegancia Landscape W.L.L. (Formerly Palmera Landscape W.L.L.)	100%
Elegancia Human Resources and Contracting W.L.L. (Formerly known as Challenger Trading and Contracting W.L.L.)	100%
Elegancia Electromechanical Services W.L.L. (Formerly Radiant Engineering Enterprises W.L.L.)	100%
Elegancia Joinery W.L.L. (Formerly Zebrano Wood Works W.L.L.)	100%
Elegancia Galvanization Steel Manufacture Metals and Cables W.L.L. (Formerly Galva Steel Manufacture Metals and Cables W.L.L.)	100%
Elegancia Steel Trading W.L.L. (Formerly known as Steel Master Limited for Trading W.L.L.)	100%
Elegancia Stones for Marble & Granite Trading W.L.L. (Formerly Marble Stone for Marble & Granite Trading W.L.L.)	100%
Elegancia Gabbro Trading and Transport W.L.L. (Formerly known as Gabromix Trading and Transport W.L.L.)	100%
Elegancia Catering Services W.L.L.	100%
Elegancia Marine Offshore Services W.L.L. (Formerly Marine Master Offshore Services Company W.L.L.)	100%
Steel Tech Trading and Contracting W.L.L.	100%
Steel Tech Factory W.L.L.	100%
Elegancia Steel Doors Trading and Contracting W.L.L. (Techno Doors Trading and Contracting W.L.L.)	100%
Elegancia Steel Ducts Trading and Contracting W.L.L. (Techno Ducts Trading and Contracting W.L.L.)	100%
Elegancia Marine Agency W.L.L. (Giants Marine Services W.L.L.)	100%
Elegancia Health Care W.L.L.	100%
Elegancia Kitchen W.L.L.	100%
Elegancia Venture W.L.L.	100%
Elegancia Design for trading and Contracting W.L.L.	100%
Yemek Doha Catering Services W.L.L.	95%

The transfer has been accounted for in these consolidated financial statements from 1 January 2021. The transfer was made at the consideration equal to the share capital of each subsidiary.



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**4. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED):**

The carrying values of the assets and liabilities of these entities as of the date of transfer were as follows:

	<b>Carrying values on business combination</b>
	<b>QAR</b>
<b>ASSETS</b>	
Property, plant and equipment	670,473,177
Investment properties	110,108,732
Intangible assets	1,041,944
Right-of-use assets	72,667,214
Inventories	189,979,561
Retention receivables	106,856,498
Trade and other receivables	1,094,270,534
Contract assets	380,165,591
Cash and bank balances	44,616,436
<b>Total assets</b>	<b>2,670,179,687</b>
<b>LIABILITIES</b>	
Loans and borrowings	680,663,695
Due to related parties	29,366,599
Lease liabilities	72,667,214
Employees' end of service benefits	58,532,432
Trade and other payables	1,180,785,207
Contract liabilities	14,602,841
Bank overdraft	144,652,535
<b>Total liabilities</b>	<b>2,181,270,523</b>
<b>Net assets</b>	<b>488,909,164</b>
Less: Consideration for transfers	(105,802,000)
	<b>383,107,164</b>

The net assets transferred to the Company is accounted in the equity portion of the statement of financial position as follows:

	<b>Amount</b>
	<b>QAR</b>
Legal reserve*	49,816,393
Other reserve	3,923,960
Retained earnings	324,179,871
Non-controlling interest	5,186,940
	<b>383,107,164</b>

\* The amount consist of the legal reserves of the individual subsidiary

Analysis of cash flows on acquisition:

	<b>Amount</b>
	<b>QAR</b>
Cost of the acquisition	105,802,000
Net cash acquired with the subsidiaries	100,036,099
Net cash flow on business combination under common control	<b>205,838,099</b>

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**5. PROPERTY, PLANT AND EQUIPMENT:**

	Building improvements	Furniture and fixture	Machinery and equipment	Office equipment	Tools	Fleet craft	Small boats	Computer equipment	Vessel equipment	Dry docking	Plant	Tents and shades	IT equipment	Electric equipment	Capital work in progress	Total
	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR
<b>Cost:</b>																
Transfer resulting from the business combination	179,477,373	18,390,146	93,659,097	5,096,876	3,681,682	165,577,483	2,115,108	5,970,613	501,062	15,469,482	27,372,480	4,809,203	3,927,840	550,462	347,846,616	972,767,301
Additions during the period	13,723,326	1,222,955	2,314,124	857,193	14,500	15,640,165	-	1,138,920	91,900	1,119,580	2,339,207	75,000	937,270	495,483	137,414,040	177,346,563
Transfers	802,604	212,345	2,712,301	-	-	-	-	3,527,087	-	-	-	-	-	-	(5,795,778)	(3,816,883)
Transfer to related parties	-	-	197,055	-	-	-	-	(21,055)	-	-	-	-	(26,907)	-	(3,724,142)	(3,558,773)
Disposals / write off	-	(75,431)	(277,900)	(221,220)	-	-	(1,740,108)	-	(13,600)	-	-	-	-	-	(2,349)	-
Balance at December 31, 2021	194,003,302	19,750,015	96,604,677	5,732,849	3,696,182	165,577,483	375,000	10,615,585	573,352	16,589,062	29,711,687	4,884,203	4,838,203	1,009,945	474,736,397	1,143,196,638
<b>Accumulated depreciation:</b>																
Transfer resulting from the business combination	29,184,471	14,471,673	56,444,339	4,190,188	3,413,594	61,061,013	2,115,108	4,578,961	493,314	9,804,882	19,323,404	3,268,469	2,605,802	57,689	-	302,294,124
Charge during the period	9,203,782	1,918,727	10,868,066	686,331	173,075	5,774,322	-	946,921	84,783	3,842,665	3,494,634	406,150	701,659	110,419	-	41,759,107
Transfers	-	-	(5,364)	-	-	-	-	-	-	-	-	-	(15,426)	-	-	(263,803)
Disposals / write off	-	(77,760)	(277,900)	(221,203)	-	-	(1,740,108)	-	(13,600)	-	-	-	-	-	-	(3,344,575)
Balance at December 31, 2021	38,388,253	16,312,620	67,029,141	4,637,316	3,586,659	66,835,335	375,000	5,525,882	564,497	13,647,517	22,818,238	3,674,619	3,591,445	168,102	-	340,444,853
<b>Net book value:</b>																
At December 31, 2021	155,615,049	3,437,395	31,575,536	1,095,533	109,523	98,742,148	-	5,089,683	14,855	2,941,545	6,893,449	1,209,584	1,246,758	841,843	474,738,397	802,753,835
Depreciation rates	5% - 20%	20% - 33.33%	15% - 33.33%	20% - 33.33%	33.33 - 50%	4% - 10%	15% - 20%	25% - 50%	20-33.33	33.33%- 50%	20% - 33.33%	20%	20% - 33.33%	20% - 33.33%	-	20% - 33.33%



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**5. PROPERTY AND EQUIPMENT (CONTINUED):**

5 a) Depreciation charge for the period was presented in the financial statements as follows:

	Year ended December 31, 2021
	QAR
Cost of sales	30,921,652
General and administrative expenses	7,649,745
Other operating expenses	1,489,491
<b>Total</b>	<b>40,060,888</b>

**6. INVESTMENT PROPERTY:**

	Year ended December 31, 2021
	QAR
<b>Cost:</b>	
Transfer resulting from the business combination	256,142,065
Addition during the period	277,476
<b>Balance at December 31, 2021</b>	<b>256,419,541</b>

**Accumulated depreciation and impairment losses:**

Transfer resulting from the business combination	(146,033,333)
Depreciation during the period	(22,466,667)
<b>Balance at December 31, 2021</b>	<b>(168,500,000)</b>

**Carrying amounts:**

<b>At December 31, 2021</b>	<b>87,919,541</b>
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**6 a)** Investment properties represent lands in Fox Hills district and a building in Shahania district that are held for capital appreciation and earnings rental income respectively.

**6 b)** Investment properties is stated at cost; management of the Group assessed that the fair value is not significantly different from the carrying value as of December 31, 2021.

**6 c)** The Group earned rental income amounting to QAR 71,154,418 for the year ended December 31, 2021 and this has been reflected in the statement of comprehensive income. Direct operating expenses incurred for the investment properties amounting to QAR 22,466,667 have been reflected under operating expenses.

**7. INTANGIBLE ASSETS:**

	IT software
	QAR
<b>Cost:</b>	
Transfer resulting from the business combination	3,108,940
Additions during the period	6,045,650
<b>Balance at December 31, 2021</b>	<b>9,154,590</b>

**Accumulated amortization and impairment losses:**

Transfer resulting from the business combination	(2,066,996)
Amortization during the period	(1,514,678)
<b>Balance at December 31, 2021</b>	<b>(3,581,674)</b>

**Carrying amounts:**

<b>At December 31, 2021</b>	<b>5,572,916</b>
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<b>8. LEASES:</b>	<u>2021</u>
	<u>QAR</u>
<b>8 a) Right of use asset</b>	
Transfer resulting from the business combination	82,694,508
Addition during the period	10,267,638
Modification to a Lease Contract during the period	(47,691,700)
Accumulated amortization of right of use asset	(14,005,556)
Derecognition due to early termination of the lease contract	(3,313,340)
<b>Balance at the end of the year</b>	<u><u>27,951,550</u></u>
<b>8 b) Lease liability</b>	
Transfer resulting from the business combination	72,667,214
Addition during the period	10,267,638
Modification to a Lease Contract during the period	(42,403,448)
Interest expense	2,512,434
Payments	(18,855,716)
Derecognition due to early termination of the lease contract	(3,622,524)
<b>Balance at the end of the year</b>	<u><u>20,565,598</u></u>
Lease liability - non current	18,433,636
Lease liability - current	2,131,962
<b>Total</b>	<u><u>20,565,598</u></u>
<b>9. RETENTION RECEIVABLES:</b>	<u>December 31,</u>
	<u>2021</u>
	<u>QAR</u>
Retention receivables	57,773,921
(Less): loss allowance	(671,628)
	<u><u>57,102,293</u></u>
Non current portion	18,060,678
Current portion	39,041,615
<b>Total</b>	<u><u>57,102,293</u></u>
Retentions receivable represent amounts withheld by the customers in accordance with contract terms and conditions. These amounts are to be released upon fulfilment of contractual obligations.	
<b>10. INVENTORIES:</b>	<u>December 31,</u>
	<u>2021</u>
	<u>QAR</u>
Electrical and electronic materials	236,658,194
Supplies and Consumables	74,929,346
Raw materials	40,930,252
Other materials	39,345,408
Steel bars	4,535,881
Paints	306,908
Spare parts	78,537
Steel parts	57,435
	<u><u>396,841,961</u></u>
Less: Provision for slow moving inventory	(13,595,822)
<b>Total</b>	<u><u>383,246,139</u></u>



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<b>11. CONTRACT ASSETS AND LIABILITIES:</b>	<b>December 31, 2021</b>
	<b>QAR</b>
Contracts valued at cost plus attributable profit	385,579,602
Less: Amounts received and receivables	<u>(117,172,226)</u>
	<b><u>268,407,376</u></b>
The amounts have been presented in the statement of financial position as follows:	
Contract assets	385,579,602
Contract liabilities	<u>(117,172,226)</u>
<b>Total</b>	<b><u>268,407,376</u></b>
<b>12. TRADE AND OTHER RECEIVABLE BALANCES:</b>	<b>December 31, 2021</b>
	<b>QAR</b>
Accounts receivable (Note 12 b)	593,922,459
Notes receivables	<u>93,141,697</u>
	<b><u>687,064,156</u></b>
Less: Allowance for impairment of receivables (Note 12 d)	<u>(116,932,938)</u>
	<b><u>570,131,218</u></b>
Prepayments	12,699,521
Advances paid to suppliers	209,308,529
Due from staff	40,058,905
Refundable deposits	3,772,310
Accrued revenue	15,846,119
Other receivables	<u>23,674,406</u>
<b>Total</b>	<b><u>875,491,008</u></b>
12 a) The average credit period on sale of goods is 30 days.	
12 b) The aging of the accounts receivable is as follows:	
	<b>December 31, 2021</b>
	<b>QAR</b>
i) Aging of neither past due nor impaired	
Up to 30 days	<u>257,986,457</u>
ii) Aging of past due but not impaired	
31 - 60 days	35,645,986
61 - 90 days	68,975,436
Above 180 days	<u>207,523,339</u>
	<b><u>312,144,761</u></b>
iii) Aging of past due impaired	
Above 180 days	<u>116,932,938</u>
<b>Total</b>	<b><u>570,131,218</u></b>
12 c) Movement in allowance for impairment of receivables is presented as follows:	
	<b>December 31, 2021</b>
	<b>QAR</b>
Transfer resulting from the business combination	115,764,049
Provision for impairment of receivables during the period	<u>1,168,889</u>
<b>Balance at the end of the period</b>	<b><u>116,932,938</u></b>

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**12. TRADE AND OTHER RECEIVABLE BALANCES (CONTINUED):**

12 d) In determining the recoverability of accounts receivable, the Company considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the reporting date. The concentration of credit risks is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the existing provision for doubtful debts.

**13. RELATED PARTIES TRANSACTIONS AND BALANCES:**

**13 a) Due from related parties**

	<b>December 31, 2021</b>
	<b>QAR</b>
<b>Shareholders</b>	
Mr. Moutaz Al Khayyat	2,180,920
Mr. Ramez Al Khayyat	1,457,108
<b>Affiliates</b>	
Urbancon Trading and Contracting W.L.L.	276,873,091
UCC-Bahadir-Tedeschia Joint Venture	49,662,281
Golden Bay Contracting and trading W.L.L.	24,801,036
Infraroad Trading and Contracting Co. W.L.L.	23,565,831
Baladna Food Industries W.L.L.	22,593,611
REE Asyad JV	19,308,709
Arab builders Company W.L.L.	10,978,817
Pentagram Design Trading and Contracting W.L.L.	10,926,078
UCC Promar JV	9,907,938
Stark Securities Company W.L.L.	7,146,845
Al-Khayyat Trading and Contracting Co. W.L.L.	5,381,104
UCC Acciona JV	4,796,535
Eleganica Canteen	3,993,557
Urbacon Holding W.L.L.	2,799,851
Aura Hospitality W.L.L.	2,629,635
Assets Properties Management W.L.L.	1,643,865
Aura Entertainment Services W.L.L.	737,632
Ithaafushi Investment (Private) Limited	671,639
WMC International GmBH	250,000
Profession Aluminum Co. W.L.L.	202,874
SMIQ GmBH	100,000
Damasca One Restaurant W.L.L.	85,169
United Foods Services W.L.L.	74,750
Union Iron And Steel Company L.L.C	47,591
Elegancia Marco W.L.L.	36,800
Basta Restaurant W.L.L.	26,550
Baladna for Animal Production W.L.L.	20,000
Nakhchivan W.L.L.	17,950
Mr. Mohamad M. Reslan Al Khayyat	10,600
UCC Promar Marine Contracting W.L.L.	7,335
Foodmania Restaurant W.L.L.	3,500
<b>Total</b>	<b>482,939,202</b>



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**13. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED):**

<b>13 b) Due to related parties</b>	<b>December 31, 2021</b>
<i>Affiliates</i>	<b>QAR</b>
Urbancon Plant, Machinery And Vehicle	37,208,534
Urbancon Trading And Contracting Facility Management Division	20,111,157
Credo Trading Co. W.L.L.	8,251,021
Assets Real Estate Development W.L.L.	7,474,322
Urbancon Workshop Department	6,915,818
Aura Lifestyle W.L.L	3,696,274
Loyalty For Business Development And Investment Holding W.L.L.	3,000,000
International Design & Consultant Company W.L.L	1,953,028
Joury Tours And Travels W.L.L.	1,339,455
Highness Holding Co. W.L.L.	1,250,000
Power International Holding Co. W.L.L.	713,298
Printshop For Printing Services W.L.L	518,166
Orient Pearl Restaurant W.L.L.	336,958
Joury Logistic Company W.L.L.	189,958
Global Security System Co. W.L.L	40,216
Syrian American Medical Centre	29,678
Gulfmed Supply Co. W.L.	5,785
Louloat Alshareq Restaurant W.L.L.	1,334
<b>Total</b>	<b>93,035,002</b>

<b>13 c) Loan from a related party</b>	<b>December 31, 2021</b>
	<b>QAR</b>
Credo Trading Co. W.L.L.	27,829,521
<b>Total</b>	<b>27,829,521</b>

On September 2020, Credo Trading Co. W.L.L. provided an interest loan to Elegancia Galvanized Steel For Metal And Cables Manufacturing W.L.L. subsidiary of elegancia group W.L.L. amounted to QAR 33,016,959 as a part of the restructuring of the amounts due to Loyalty for Business Development and Investment Holding W.L.L. amounted to QAR 20,357,769, Credo Trading Co. W.L.L. amounted to QAR 652,216 and Mohamad M. Raslan AlKhayyat amounted to QAR 12,006,974. This loan is payable on five equal annual instalments that amounted to QAR 6,603,392 from 28 February 2022 until 28 February 2026.

	<b>Year ended December 31, 2021</b>
	<b>QAR</b>
<b>13 d) Transaction with related parties</b>	
Revenue	1,999,401,443
Expenses	262,924,148

**13 e) Compensation of key management personnel**  
Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel of the Company are the board of directors and/or personnel holding the designation of general manager and above.

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**13. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED):**

**13 e) Compensation of key management personnel (Continued)**

Transactions with key management personnel and transactions with close family members of the key management personnel; if any, also have been taken into consideration in the following disclosure:

	<u>December 31, 2021</u>
	<u>QAR</u>
Short term benefits	7,319,494
Post employment benefits	447,541
<b>Total</b>	<b><u>7,767,035</u></b>

**14. CASH AND BANK BALANCES:**

	<u>December 31, 2021</u>
	<u>QAR</u>
Cash in hand	3,557,475
Cash at bank - current accounts	36,589,540
Cash margin held against bank guarantees	1,298,042
<b>Total</b>	<b><u>41,445,057</u></b>

14 a) For the purpose of cash flows statement, the amount of cash and cash equivalents is presented as follows:

	<u>2021</u>
	<u>QAR</u>
Total cash and cash equivalents	41,445,057
Bank overdraft	(199,473,655)
Restricted cash (Cash margin held against bank guarantees)	(1,298,042)
<b>Net cash and cash equivalents</b>	<b><u>(159,326,640)</u></b>

**15. SHARE CAPITAL:**

The Group issued share capital as per Commercial registration number 147966 is QAR 10,000,000 and is fully paid as of December 31, 2021. The Shareholders' have contributed the share capital as follows:

<u>Name</u>	<u>Nationality</u>	<u>Share holding (%)</u>	<u>December 31, 2021</u>
			<u>QAR</u>
Mr. Moutaz Alkhayyat	Qatari	37.50%	3,750,000
Mr. Ramez Alkhayyat	Qatari	37.50%	3,750,000
Urbacon Trading and Contracting W.L.L.	Qatari	25.00%	2,500,000
<b>Total</b>			<b><u>10,000,000</u></b>

**16. LEGAL RESERVE:**

In accordance with Qatar Commercial Companies Law No. 11 of 2015 and the Group's Articles of Association, 10% of net income for the year is required to be transferred to the legal reserve, the Group may discontinue such transfer if the legal reserve reached 50% of the paid capital. This reserve is not available for distribution except in circumstances stipulated in the Commercial Companies Law.



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<b>17. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS:</b>	<b>December 31, 2021</b>
	<b>QAR</b>
Transfer resulting from the business combination	58,532,432
Provision for the period	33,678,644
Payments made during the period	(5,188,075)
Transfer to related parties	(76,073)
<b>Balance at the end of the period</b>	<b>86,946,928</b>

<b>18. LOANS AND BORROWINGS:</b>	<b>December 31, 2021</b>
	<b>QAR</b>
Secured bank loans (Note 18 a)	269,941,077
Secured bank loans (Note 18 b)	25,469,798
Secured bank loans (Note 18 c)	10,965,636
Secured bank loans (Note 18 d)	8,627,525
Secured bank loans (Note 18 e)	6,094,407
Secured bank loans (Note 18 f)	6,073,745
Secured bank loans (Note 18 g)	1,842,915
Secured bank loans (Note 18 h)	132,000
Secured bank loans (Note 18 i)	139,420,060
Secured bank loans (Note 18 j)	100,389,433
Secured bank loans (Note 18 k)	36,731,115
Secured bank loans (Note 18 l)	12,479,179
Loan against local bills (Note 18 m)	109,771,902
<b>Total Loan and borrowings</b>	<b>727,938,792</b>

18 a) The agreement is between a local bank and Yemek Doha Catering services W.L.L. the limit of the term loan is QAR 315,500,000 and it carries a rate of 3.75% p.a. the tenure of the loan is 7 years and repayable in 48 monthly installments starting from 30 January 2021. The purpose of the term loan of QAR 30,733,915 for financial operations.

18 b) The Group has obtained a loan of QAR 30,074,347 from QNB Bank, on 23 September 2017, for the purpose of financing 65% of the factory construction cost. The loan carries an interest rate of 5.5% per annum and loan term is 7 years, in which the loan is repayable in equal monthly instalments over a period of 6 years and with 1 year grace period and bank has not charged an interest until end of the grace period, i.e. 23 September 2019. The Company received a grace period of 6 months for loan instalment payments from March 2020 to September 2020 as a concession for Covid-19. The loan facility is secured by a personal guarantee from the Ultimate Owner, Mr. Mohamad M. Raslan AIKhayyat and solidarity guarantee of Loyalty Business Development Investment Holding W.L.L. and mortgage of all the machineries, equipment, motor vehicles and building and fixtures of the Company.

18 c) The Group entered into a short term Islamic finance facility on 8 November 2018 with an Islamic bank for carrying out Tawarrouq (i.e. Commodities Murabaha) transactions for the purpose of financing salary and wages expenses as well as plants operation and overhead expenses. The facility carried a profit rate of 5% p.a. The facility was renewed and enhanced on 8 October 2019 and the profit rate was reduced to 4.5% p.a. The facility is repayable over 6 monthly instalments. The facility is secured by the personal guarantees of the ultimate shareholder of the Company, covering full of extended credit facilities and against the post-dated cheques.

18 d) Credit facility represent letter of credit facility was obtained from a local bank with a total limit of QAR 50,000,000 to finance the working capital requirements of the Group. The credit facility is secured by the personal guarantees of the Shareholder. These facilities carry interest at market rate (3.75%) and to be paid within 60 to 120 days from the date of utilizing the facility.



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**18. LOANS AND BORROWINGS (CONTINUED):**

18 e) The Group entered into a term credit Islamic finance facility on 8 October 2019 with an Islamic bank for purpose of settling liabilities of related parties. The facility carries a profit rate of 4.5% p.a. and repayable over 5 years in 20 quarterly installments. The current portion of the facility is QAR 1,778,380 and non-current portion is QAR 4,806,881.

18 f) The Group entered into a short-term financing facility amounting to QAR 15,000,000, with a commercial bank, out of which QAR 9,500,000 is related to finance the purchases of the Company, QAR 5,000,000 is allowed as an overdraft facility and the remaining QAR 500,000 is reserved for various guarantees. The facility is payable within 180 days. It carries interest rate of 4.5% per annum.

18 g) The Group entered into a term credit Islamic finance facility on 8 October 2019 with an Islamic bank for purpose to finance purchase of machinery and equipment. The facility carries a profit rate of 4.5% p.a. and repayable over 5 years in 20 quarterly instalments. The current portion of the facility is QAR 371,582 and non-current portion is QAR 1,416,904.

18 h) The Group has obtained a loan of QAR 132,000 from Barwa bank on 12 July 2020, under the Covid-19 National Response Guarantee Program for the purpose of paying salaries and rental fee. The loan carries an interest rate of 2% plus Qatar Central Bank money market lending rate subject to a minimum of 4.5% per annum after the grace period of 24 months. The repayment of the loan on semi-annual basis by entering into new commodity Murabaha contract replacing the existing contract the loan term of 36 months including 24 months grace period. The loan facility is secured by a personal guarantee from the Ultimate Owner, Mr. Mohamad M. Raslan AlKhayyat.

18 i) The Group entered into various other short-term financing facility agreements secured against the personal guarantees of the shareholders of the Group and corporate guarantee from Urbacon Trading and Contracting W.L.L., in order to finance working capital requirements of the Group. These facilities carry interest rate at Qatar 3.75% and repayable in six months.

18 j) The limit of the term loan is QAR 104,051,000 and it carries an interest rate at market rates. The original tenure of the loan was 7.2 years and repayable in 84 monthly instalments of QAR 1,500,000 per month from January 2017 until December 2019 and 2,262,300 per month from January 2020 until December 2023. In December 31, 2020, Management have availed the relaxation provided by the Qatar Central bank vide Circular No.5/2020 dated 22 May 2020 the received maturity date of the loan is August 2025 with monthly instalments of QAR 2,262,261. The loan is secured by personal guarantee of Mr. Mohamad Moataz Reslan Al Khayyat, Mr. Rameez Reslan Al Khayyat and Mr. Abdullah Khalifa Al Mohannadi, Corporate guarantee of Alkhayyat Trading and Contracting and Power International Holding W.L.L. a cheques to be renewed at expiry and tripartite agreements.

18 k) The limit of the term loan is QAR 38,902,000 and it carries rate at market rates accrued daily and compounded monthly, The tenure of the loan is 15 years and repayable in 144 equal monthly instalment of QAR378,000 starting from June 30, 2018. In December 31, 2020, Management have availed the relaxation provided by the Qatar Central bank vide Circular No.5/2020 dated 22 May 2020 the received maturity date of the loan is April 2031. The loan is secured by personal guarantee of Mr. Mohamad Moataz Raslan Al Khayyat, Mr. Rameez reslan Al Khayyat and Mr. Abdullah Khalifa Al Mohannadi, Corporate guarantee of Alkhayyat Trading and Contracting and Power International Holding W.L.L. a cheques to be renewed at expiry and tripartite agreements.

18 l) The limit of the term loan is QAR 28,947,000 and its interest rate at market rates accrued daily and compounded monthly. The tenure of the loan in 7 years and it is repayable in 84 equal monthly installments of QAR 297,640 starting from December 1, 2018. The loan is secured by personal guarantees, corporate guarantees, property mortgage and cheque.



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**18. LOANS AND BORROWINGS (CONTINUED):**

18 m) The Company has entered into a credit facility agreement with a local bank. under the facility, the company will be able to its invoices for a maximum of 150 days by transferring the approved customer's invoice payment to local bank. Maximum loan amount will be 90% of the invoice value. The bills discounted are against personal guarantee of the shareholders, corporate guarantee of power International Holding Company W.L.L. Further, the credit facilities are also secured by certain guarantee cheques, letters of assignment agreement.

	<b>December 31, 2021</b>
	<b>QAR</b>
Non-current liability	336,166,817
Current liability	391,771,975
<b>Total</b>	<b><u>727,938,792</u></b>

**19. TRADE AND OTHER PAYABLE BALANCES:**

	<b>December 31, 2021</b>
	<b>QAR</b>
Accounts payable	437,779,365
Advances received from the customers	157,095,037
Provisions for leave salary and air ticket	5,850,569
Notes payable	26,194,266
Retentions payables	22,369,794
Other payables	170,771,486
Due to staff	1,414,582
Income tax payables	384,816
Provision for maintenance cost	14,246,965
Provision for foreseeable losses	52,127,321
Accrued expenses	214,037,935
<b>Total</b>	<b><u>1,102,272,136</u></b>

**20. REVENUE:**

	<b>Period from November 03, 2020 (Inception Date) to December 31, 2021</b>
	<b>QAR</b>
Revenue from contract with customer	3,202,255,503
Rental income from investment properties	2,379,796
<b>Total</b>	<b><u>3,204,635,299</u></b>

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<b>21. COST OF OPERATION:</b>	<b>Period from November 03, 2020 (Inception Date) to December 31, 2021</b>
	<b>QAR</b>
Direct material cost	1,106,705,786
Salaries and other benefits to employees	749,188,446
Subcontractor cost	294,907,366
Transportation	40,744,749
Professional fees	383,351
Depreciation expenses property, plant and equipment (Note 5a)	30,921,652
Rent	9,445,693
Depreciation expenses right of use assets	1,115,232
Repairs and maintenance	3,094,485
Amortization of intangible assets	7,502,335
Other direct cost	336,644,662
<b>Total</b>	<b><u>2,580,653,757</u></b>
<b>22. OTHER INCOME:</b>	<b>Period from November 03, 2020 (Inception Date) to December 31, 2021</b>
	<b>QAR</b>
Rental Income	71,154,418
Management fee income	1,800,000
Finance income on finance lease	145,870
Gain on sale of property, plant and equipment	271,161
Miscellaneous income	14,459,091
<b>Total</b>	<b><u>87,830,540</u></b>
<b>23. GENERAL AND ADMINISTRATIVE EXPENSES:</b>	<b>Period from November 03, 2020 (Inception Date) to December 31, 2021</b>
	<b>QAR</b>
Salaries and other benefits to employees	118,123,241
Professional fees	4,062,360
Depreciation expenses property, plant and equipment (Note 5a)	7,649,745
Depreciation expenses right of use assets	2,205,642
Repair and maintenance	29,420,183
Communication charges	626,938
Amortization of intangible assets	971,364
Bank commission and chargers	676,745
Miscellaneous expenses	46,245,881
<b>Total</b>	<b><u>209,982,099</u></b>



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<b>24. OTHER OPERATING EXPENSES:</b>	<b>Period from November 03, 2020 (Inception Date) to December 31, 2021</b>
	<b>QAR</b>
Salaries and other benefits to employees	54,773,229
Repair and maintenance	1,205,960
Depreciation expenses investment properties (Note 6)	22,466,667
Transportation expenses	14,114,993
Depreciation expenses property, plant and equipment (Note 5a)	1,489,491
Rent expenses	2,929,432
Material expenses	6,533,594
Subcontractors cost	368,742
Miscellaneous expenses	27,192,571
<b>Total</b>	<b>131,074,679</b>

<b>25. FINANCE COSTS:</b>	<b>Period from November 03, 2020 (Inception Date) to December 31, 2021</b>
	<b>QAR</b>
Interest expenses on loan and borrowings	29,985,361
Interest expenses on lease liabilities	2,512,434
Interest expenses on loan from related parties	1,120,373
Bank chargers	1,068,813
<b>Total</b>	<b>34,686,981</b>

**26. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY:**

During the period, the Group acquired remaining ownership interest (50%) in Steel Tech Factory W.L.L. and additional 5% of the ownership interest Yemek Doha Catering Services W.L.L. The Group has elected to measure the non-controlling interests ("NCI") in the acquiree at net assets.

On 1 January 2021, Elegancia Facilities Management W.L.L. has transferred out its interests in the subsidiaries Elegancia International L.L.C. (Formerly Elegancia Hospitality Services and Facility Management L.L.C.) and Elegancia Maintenance Service and Trading W.L.L for the cost price of OMR 245,000 (QAR 2,319,170) and QAR 200,000 respectively.

As per the agreement to transfer the ownership of a Company, Yemek Doha Services W.L.L. ownership has been transferred on January 01, 2021. Accordingly, the Company has been utilized consolidated the operating result of Yemek Doha Services W.L.L. (Subsidiary Company) starting from January 01, 2021.

***Acquisition of Steel Tech Factory W.L.L.***

The Group acquired the non-controlling interest amounted to QAR 60,365, the remaining ownership interest (50%) of Steel Tech Factory W.L.L. from Professional Aluminum W.L.L. for the consideration amounted to QAR 100,000 through a subsidiary, Steel Tech Trading and Contracting W.L.L.

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**26. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY (CONTINUED):**

***Acquisition of Yemek Doha Catering Services W.L.L.***

On 1 January 2021, the Group acquired additional 5% of the voting shares of Yemek Doha Catering Services W.L.L. The Group acquired the non-controlling interest amounted to QAR 369,054, the additional ownership interest (5%) of Yemek Doha Catering Services W.L.L. from Yemek Istanbul Catering Services Hizmetleri Sanayi for the consideration amounted to QAR 88,000 through a subsidiary, Elegancia Catering Services W.L.L.

	<b>December 31, 2021</b>
	<b>QAR</b>
<b>Share of net assets acquired from non-controlling interest</b>	
Yemek Doha Catering Services W.L.L.	369,054
Steel Tech Factory W.L.L.	60,365
	<b>429,419</b>
Consideration transferred	(188,000)
Bargain purchase gain on purchase of equity interest from NCI	<b>241,419</b>
<b>Bargain purchase gain on purchase attributable to</b>	
Purchase of equity interest from NCI in Yemek Doha Catering Services W.L.L.	281,054
Loss on purchase of equity interest from NCI in Steel Tech Factory W.L.L.	(39,635)
	<b>241,419</b>



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**27. OPERATING SEGMENTS:**

Information reported for the purpose of resource allocation and assessment of segment performance focuses on the types of services being provided. The Group has six reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require separate business strategies. For each of the strategic business units, the Group reviews internal management reports on a regular basis. The following are the Group's reportable segments:

Corporate  
Contracting  
Industries  
Services  
Healthcare  
Ventures

Management monitors the operating results of the operating segments to make decision about resource allocation and performance measurements segment performance is evaluated based on profit and loss and measured consistently with operating profit and loss in combined financial statements.

The following tables summarises the performance of the operating segments:

	31-December-2021	Ventures QAR	Contracting QAR	Industries QAR	Services QAR	Healthcare QAR	Total reporting segments QAR	All other segment QAR	Total QAR
Revenue	-	1,178,586,356	349,461,039	1,674,208,108	2,379,796	3,204,635,299	-	3,204,635,299	
Direct costs	-	(1,109,136,039)	(314,404,193)	(1,154,954,127)	(2,159,398)	(2,580,653,757)	-	(2,580,653,757)	
Gross Profit	-	69,450,317	35,056,846	519,253,981	220,398	623,981,542	-	623,981,542	
Other Income	-	3,804,222	2,918,249	81,108,069	-	87,830,540	-	87,830,540	
General and administrative expenses	(550)	(31,568,170)	(24,496,808)	(137,972,875)	-	(194,038,403)	(15,943,696)	(209,982,099)	
Management fee	-	(7,358,660)	(1,596,551)	-	-	(8,955,211)	-	(8,955,211)	
Other operating expenses	-	-	-	(131,074,679)	-	(131,074,679)	-	(131,074,679)	
Net Profit	(550)	30,964,756	3,454,026	306,864,473	220,398	341,503,103	(15,943,696)	325,559,407	
Total assets	1,038,196	1,091,484,433	514,121,041	1,498,993,088	28,695,673	3,134,332,431	15,668,712	3,150,001,143	
Total Liabilities	862,450	896,380,807	341,106,920	1,121,509,016	9,569,582	2,369,428,775	5,805,084	2,375,233,859	
Net Assets / Owners' Equity	175,745	195,103,626	173,014,121	377,484,075	19,126,090	764,903,657	9,863,628	774,767,285	

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**28. COMMITMENTS AND CONTINGENCIES:**

There is no material commitments and contingencies existed as of the reporting date, except for the following:

	<b>Year ended</b>
	<b>December 31,</b>
	<b>2021</b>
	<b>QAR</b>
Performance guarantees	97,271,739
Bank guarantee	81,812,775
Letter of credits	67,387,942
Contingent commercial loans	239,207,162
Performance bond	41,126,585
Tender bonds	18,153,160
Letter of guarantees	121,627,321
Security cheque	120,000

**29. DIVIDENED DISTRIBUTION:**

The Board of Directors in their meeting held on February 2022 proposed a cash dividend of the paid up share capital amounting to QAR 37,125,596 , which is approvable for distribution at the Annual General Meeting of the shareholders of the Group.

**30. FINANCIAL RISK MANAGEMENT:**

The Group has exposure to the following risks arising from financial instruments:

- 30 a) Credit risk
- 30 b) Liquidity risk
- 30 c) Market risk

***Risk management framework***

The Group management has overall responsibility for the establishment and oversight of the Group risk management framework. The Group risk management policies are established to identify and analyze the risks faced by the Group, to set the appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

**30 a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the Group receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

***Accounts and other receivables***

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

The risk management policy has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group standard payment and delivery terms and conditions are offered. The Group review included external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits required the higher management approval.



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**30. FINANCIAL RISK MANAGEMENT (CONTINUED):**

**30 b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by cash or another financial asset. The Group approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group reputation.

The Group uses activity based costing to cost its products and services, which assist it in monitoring cash flow requirements and optimizing its cash return on investments.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than accounts payables) over the next 60 days.

**30 c) Market risk**

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

***Currency risk***

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the Group. The functional currency of the Group is primarily the Qatari Riyals (QAR).

**31. CAPITAL RISK MANAGEMENT:**

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of invested capital. The capital structure of the Group consists of equity, comprising capital, reserves, Shareholders' current accounts and retained earnings.

**32. EVENTS AFTER THE REPORTING PERIOD:**

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements: except for the following:

32 a) On 11 April 2022, Elegancia Group W.L.L. and its subsidiaries were acquired by Investment Holding Group Q.P.S.C. (IHG), a company listed on the Qatar Stock Exchange, by way of share swap, pursuant to Article 45 of the Offering & Listing of Securities on the Financial Markets Rulebook of the QFMA, Article 195 of the Companies Law, and Article 2 of the QFMA M&A Rules.

On January 26, 2022, the Company and one of the local bank entered in to facility agreement amounting to QAR. 238,000,000 the main objective of this facility is to finance part the development cost to be incurred on Al Maha Island on Wonderland concept, including procurement of rides and attractions, food and beverage facilities, and any other related activities. These facilities carry interest rate of 3.45% and repayable in 60 monthly installments.

On May 26, 2022, the company and one of the local bank entered in to facility agreement amounting to QAR. 135,000,000 the main objective of this facility is to finance part the development of 11 high end niche restaurant in Al Maha Island. These facilities carry interest rate at Qatar 3.45% and repayable in 60 monthly installments.

**33. FAIR VALUES OF FINANCIAL INSTRUMENTS:**

Financial instruments include financial assets and liabilities.

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**33. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED):**

Financial assets consist of amounts due from related parties, bank balances and cash, accounts receivable and other debit balances. Financial liabilities consist of amounts due to related parties, accounts payable and other credit balances, and interest-bearing loans borrowings.

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

**34. COMPARATIVE FIGURES:**

Certain prior year amounts have been reclassified in order to conform to the current year presentation. Such reclassification did not affect previously reported net profit or total equity.

**35. IMPACT OF COVID-19:**

On March 11, 2020, Covid-19 was declared as global pandemic by the World Health Organization (WHO) has covid disruptions to businesses and economic activities. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

The Group will continue to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in 2022.

COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the financial statements. The Group's business operations remain largely unaffected by the current situation. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing a material adjustment to the financial statements:

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as of December 31, 2021.

***Expected Credit Losses ("ECL") and impairment of financial assets***

The Group has updated the relevant forward-looking information of its international operations with respect to; the weightings of the relevant macroeconomic scenarios of the respective market in which it operates; significant increase in credit risk; and assessing the indicators of impairment for the exposures in potentially affected sectors.

***Going concern***

The Group has performed an assessment of whether it is a going concern in light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from December 31, 2021. As a result, these financial statements have been appropriately prepared on a going concern basis. The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its 'operations and financial performance' in 2022.