

**QATAR OMAN INVESTMENT COMPANY – Q.P.S.C.  
DOHA –STATE OF QATAR**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2020  
TOGETHER WITH  
INDEPENDENT AUDITOR’S REPORT**

**QATAR OMAN INVESTMENT COMPANY – Q.P.S.C.  
DOHA –STATE OF QATAR**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS,  
QATAR OMAN INVESTMENT COMPANY Q.P.S.C  
DOHA, STATE OF QATAR**

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

#### **Qualified Opinion**

We have audited the financial statements of Qatar Oman Investment Company Q.P.S.C. (the "Company") which comprise the statement of financial position as at 31 December 2020, and the related statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the matter discussed in the basis of qualified opinion below, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Qualified Opinion**

- The Company did not record its share of the operating results of its associates for the year ended December 31, 2020, due to unavailability of financial statements for the associates, and we were unable to obtain sufficient appropriate audit evidence in respect of the carrying amounts of the Company's investment in the associates as of December 31, 2020, and its share of results for the year then ended. Accordingly, we were unable to identify the necessary adjustments on the carrying amount of the investment in associates and the impact on the statement of profit or loss and the statement of financial position as at and for the year ended December 31, 2020.

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

#### **Key Audit Matters**

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

## INDEPENDENT AUDITOR'S REPORT

### Key Audit Matters (Continued)

We identified the following key area of focus:

Key Audit Matters	How our audit addressed this key audit matter:
<p><b>Valuation of investment property</b></p> <p>Investment property represents significant portion of the Company's total assets, so was considered on a key audit matter.</p> <p>The Company records its investment property at fair value, with changes in fair value being recognized in the statement of profit or loss. The fair value is determined by two independent real estate valuation experts appointed by the management.</p> <p>These valuations are based on estimates such as estimated rental revenues, occupancy rates, discount rates and market indicators.</p> <p>Refer to the follow notes to the financial statements:</p> <ul style="list-style-type: none"> <li>• Note 3 (b) significant accounting policies.</li> <li>• Note 5 investment property.</li> <li>• Note 20 Fair value disclosure.</li> </ul>	<p>Our audit procedures over valuation of investment property included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the objectivity, independence and expertise of the independent valuation experts appointed by management.</li> <li>• Tested the underlying data used as inputs for the valuation.</li> <li>• Evaluated the assumptions and estimates made by the management and the independent valuation expert, appropriateness of the valuation technique and reasonableness of data used in the valuation.</li> <li>• Verified the disclosures on the valuation of investment property, presented in notes to the financial statements.</li> </ul>

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter (s) with those charged with governance.



## INDEPENDENT AUDITOR'S REPORT

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of account have been kept by the Company and its financial statements are in agreement therewith, and the financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. Except for the matter described in the "basis of qualified opinion" paragraph, we have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above-mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the Company financial position or its financial performance as of and for the year ended December 31, 2020.

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

**Doha – Qatar**  
**March 22, 2021**



**Hikmat Mukhaimer, FCCA (UK)**  
**License No. 297**  
**QFMA Registration Auditor's No. 120151**






Qatar Oman Investment Company Q.P.S.C.

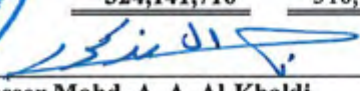
STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 <u>QR</u>	2019 <u>QR</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		2,237	16,812
Investment property	5	49,060,394	49,129,900
Investments in associates	6	111,140,269	111,140,269
Financial assets at fair value through other comprehensive income	7	<u>98,249,619</u>	<u>86,849,723</u>
		<u><b>258,452,519</b></u>	<u><b>247,136,704</b></u>
<b>Currents assets</b>			
Financial assets at fair value through profit or loss	7	15,856,160	--
Trade and other receivables	8	551,778	479,597
Cash and bank balances	9	<u>49,281,259</u>	<u>71,163,706</u>
		<u><b>65,689,197</b></u>	<u><b>71,643,303</b></u>
<b>TOTAL ASSETS</b>		<u><b>324,141,716</b></u>	<u><b>318,780,007</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits	10	<u>1,617,100</u>	<u>1,480,892</u>
<b>Current liabilities</b>			
Trade and other payables	11	<u>13,532,769</u>	<u>13,135,549</u>
<b>Total liabilities</b>		<u><b>15,149,869</b></u>	<u><b>14,616,441</b></u>
<b>Equity</b>			
Share capital	12	315,000,000	315,000,000
Legal reserve	13	22,243,041	21,572,712
Fair value reserve		(56,507,656)	(59,243,495)
Retained earnings		<u>28,256,462</u>	<u>26,834,349</u>
<b>Total equity</b>		<u><b>308,991,847</b></u>	<u><b>304,163,566</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>324,141,716</b></u>	<u><b>318,780,007</b></u>

  
 Sheikh Abdulrahman Bin Mohamed  
 Bin Jabr Al Thani  
 Chairman



  
 Nasser Mohd. A. A. Al-Khaldi  
 Chief Executive Officer

The attached notes 1 to 22 form part of these financial statements.

Qatar Oman Investment Company Q.P.S.C.

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Notes</i>	<u>2020</u> <i>QR</i>	<u>2019</u> <i>QR</i>
Net income from financial assets	15	9,894,584	6,070,065
Share of results of associates	6	--	5,907,227
Rental income from investment property	5	1,833,550	2,199,220
Fair value loss on revaluation of investment property	5	(69,506)	(120,100)
		<u>11,658,628</u>	14,056,412
General and administrative expenses	16	(5,342,749)	(5,608,953)
Depreciation on property and equipment		(14,575)	(27,390)
		<u>(5,357,324)</u>	(5,636,343)
Other income		401,988	206,682
<b>Profit for the year</b>		<u>6,703,292</u>	<u>8,626,751</u>
<b>Basic and diluted earnings per share</b>	17	<u>0.021</u>	<u>0.027</u>

The attached notes 1 to 22 form part of these financial statements.



Qatar Oman Investment Company Q.P.S.C.

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<u>2020</u>	<u>2019</u>
	<u>QR</u>	<u>QR</u>
<b>PROFIT FOR THE YEAR</b>	<u>6,703,292</u>	<u>8,626,751</u>
<b>Other comprehensive income</b>		
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>		
Net fair value gains of financial asset at fair value through other comprehensive income	4,592,571	11,962,250
Fair value gains on an investment reclassified as an investment in associate	--	12,043,660
Share of other comprehensive loss of an associate	<u>--</u>	<u>(2,870)</u>
<b>Total other comprehensive income for the year</b>	<u>4,592,571</u>	<u>24,003,040</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>11,295,863</u>	<u>32,629,791</u>

The attached notes 1 to 22 form part of these financial statements.

**Qatar Oman Investment Company Q.P.S.C.**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

	Share capital QR	Legal reserve QR	Fair value reserve QR	Retained earnings QR	Total QR
Balance at 31 December 2018	315,000,000	20,710,037	(58,525,518)	10,802,541	287,987,060
Adjustments related to investment in an associate note (6.2)	-	-	-	(6,787,616)	(6,787,616)
Balance at 1 January 2019 (restated)	315,000,000	20,710,037	(58,525,518)	4,014,925	281,199,444
Profit for the year	-	-	-	8,626,751	8,626,751
Other comprehensive income	-	-	24,003,040	-	24,003,040
Total comprehensive income for the year	-	-	24,003,040	8,626,751	32,629,791
Net realized losses on an investments at FVTOCI transferred to retained earnings	-	-	11,170,183	(11,170,183)	-
Accumulated fair value gains on reclassification of an investment as an associate	-	-	(35,891,200)	35,891,200	-
Transfer to legal reserve	-	862,675	-	(862,675)	-
Dividend paid (Note 14)	-	-	-	(9,450,000)	(9,450,000)
Social and sports activities support fund contribution*	-	-	-	(215,669)	(215,669)
<b>Balance at 31 December 2019</b>	<b>315,000,000</b>	<b>21,572,712</b>	<b>(59,243,495)</b>	<b>26,834,349</b>	<b>304,163,566</b>
Profit for the year	-	-	-	6,703,292	6,703,292
Other comprehensive Income	-	-	4,592,571	-	4,592,571
Total comprehensive income for the year	-	-	4,592,571	6,703,292	11,295,863
Net realized gains on an investments at FVTOCI transferred to retained earnings	-	-	(1,856,732)	1,856,732	-
Transfer to legal reserve	-	670,329	-	(670,329)	-
Dividend paid (Note 14)	-	-	-	(6,300,000)	(6,300,000)
Social and sports activities support fund contribution*	-	-	-	(167,582)	(167,582)
<b>Balance at 31 December 2020</b>	<b>315,000,000</b>	<b>22,243,041</b>	<b>(56,507,656)</b>	<b>28,256,462</b>	<b>308,991,847</b>

\* Pursuant to Law No. 13 of 2008 and further clarification of the Law issued in 2010, the Company made appropriation of QR 167,582 (2019: QR 215,669) from retained earnings for its contribution to Social and Sports activities. This amount represents 2.5% of the net profit for the year

The attached notes 1 to 22 form part of these financial statements.

Qatar Oman Investment Company Q.P.S.C.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

		<u>2020</u>	<u>2019</u>
	<i>Notes</i>	<i>QR</i>	<i>QR</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the year		6,703,292	8,626,751
<i>Adjustments for:</i>			
Depreciation on property and equipment		14,575	27,390
Interest income	15	(191,627)	(252,287)
Fair value loss from investment property	5	69,506	120,100
Provision for employees' end of service benefits	10	136,208	134,821
Share of results of associates	6		(5,907,227)
Unrealized loss of financial assets at fair value through profit and loss	15	282,304	--
Gain on sale of financial assets carried at fair value through profit or loss	15	<u>(5,798,826)</u>	<u>(1,217,879)</u>
Operating profit working capital changes		<b>1,215,432</b>	<b>1,531,669</b>
<i>Movement in working capital:</i>			
Trade and other receivables		(72,182)	180,143
Trade and other payables		229,638	1,513,967
Purchase of financial assets at fair value through OCI	7	(19,718,693)	(25,162,850)
Proceeds from sale of financial assets at fair value through OCI		12,911,368	65,910,669
Purchase of financial assets at fair value through profit or loss	7	(148,820,301)	(28,707,334)
Proceeds from sale of financial assets at fair value through profit or loss		<u>138,480,664</u>	<u>33,728,915</u>
<b>Cash flows (used in ) from operating activities</b>		<b>(15,774,074)</b>	<b>48,995,179</b>
Employees' end of service benefits paid	10	<u>--</u>	<u>(24,750)</u>
<b>Net cash flows from operating activities</b>		<u><b>(15,774,074)</b></u>	<u><b>48,970,429</b></u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		--	(2,090)
Interest received		<u>191,627</u>	<u>252,287</u>
<b>Net cash flows from investing activities</b>		<u><b>191,627</b></u>	<u><b>250,197</b></u>
<b>FINANCING ACTIVITY</b>			
Dividend paid	14	<u>(6,300,000)</u>	<u>(9,450,000)</u>
<b>Cash flows used in a financing activity</b>		<u><b>(6,300,000)</b></u>	<u><b>(9,450,000)</b></u>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(21,882,447)</b>	<b>39,770,626</b>
Cash and cash equivalents at 1 January		<u>71,163,706</u>	<u>31,393,080</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	9	<u><u><b>49,281,259</b></u></u>	<u><u><b>71,163,706</b></u></u>

The attached notes 1 to 22 form part of these financial statements.



## 1 INCORPORATION AND ACTIVITIES

Qatar Oman Investment Company (the "Company") is a Qatari Public Shareholding Company registered and incorporated in Qatar. The Company is registered under the Commercial Registration under No. 33411 and engaged in investment activities in the State of Qatar and Sultanate Oman. Its registered address is P.O. Box 37048, Doha, State of Qatar.

The principal activities of the Company are as follow:

- Provide the necessary support to its affiliates.
- Ownership of the movables and real estate needed for necessary for its activity in accordance with the applicable laws.
- Management of commercial projects.
- Participate in the management of subsidiaries and provide support is necessary.
- Investment in shares, bonds and funds.
- Ownership and trade of patents, business and franchises.
- Providing industrial services.
- Real estate investment including the construction, sale, purchase and operation of real estate.
- General Marketing Services.

The financial statements were approved by the Board of Directors and authorized for issue on 22 March 2021.

## 2 BASIS OF PREPARATION

### a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and applicable requirements of Qatar Commercial Companies Law No. 11 of 2015.

### b) Basis of measurement

These financial statements have been prepared under the historical cost convention basis except for investments at fair value through profit or loss and investment at fair value through other comprehensive income and investment property that have been measured at fair value.

### c) Functional and presentation currency

These financial statements are presented in Qatari Riyal, which is the Company's functional currency, unless otherwise indicated.

### d) Use of estimates and judgments

In preparing these financial statements, management has made estimates and judgment that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty that have the most significant effect on the amounts recognized in the financial statements are as follows:

#### Impact of COVID -19

In March 2020, COVID-19 was declared a pandemic by WHO (World Health Organization) and is causing disruptions to business and economic activities across the globe. The local government system in Qatar has announced various measures to support businesses to mitigate possible adverse impact due to the pandemic. The Company continues to monitor the situation and the Company's management have taken measures to continue the operations with minimal disruptions and also have risk management plans in place to manage potential disruptions in the future.

Due to the prevailing uncertain situation, the Company management have revised its judgements, estimates and risk management objectives and have considered the potential impacts of the current volatility in determining the reported amounts of the Company's financial and non-financial assets as at December 31, 2020.

**2 BASIS OF PREPARATION (CONTINUED)**

**d) Use of estimates and judgments (Continued)**

*Going concern*

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The Company has been profitable, and it had positive net asset (equity), working capital and cash flow positions as at the year end. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

The Company continues to monitor the situation closely and the Company's management have taken measures to manage potential business disruptions from COVID -19 that may have on the Company's operations and financial performance in the future.

*Depreciation of property and equipment*

Items of property and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, and technological or commercial obsolescence, and impacts the annual depreciation charge recognized in profit or loss. Management reviews annually the residual values and useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives and / or the residual values differ from previous estimates. No such adjustments were considered necessary at the end of the current year or the comparative year.

*Impairment of property and equipment*

The carrying amounts of the Company's property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires judgment. As at the reporting date, management did not identify any evidence from internal reporting indicating impairment of an asset or class of assets.

*Property lease classification – Company as lessor*

The Company has entered into commercial property leases on its investment property. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

*Determining whether a contract is, or contains, a lease – Company as lessee*

The Company determines 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 right to control the use of an identified asset, is assessed by considering whether the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use the identified asset throughout the period of use.

*Determining the lease term – Company as lessee*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

**2 BASIS OF PREPARATION (CONTINUED)**

**d) Use of estimates and judgments (Continued)**

*Valuation of unquoted investments*

Valuation of unquoted equity investments is normally based on one of the following:

- Recent arm's length market transactions;
- Current fair value of another instrument that is substantially the same; \*
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;
- and Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

*Estimating the amount payable under residual value guarantees – Company as lessee*

The Company initially estimates and recognizes amounts expected to be payable under residual value guarantees (if any) as part of the lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Company does not expect to pay anything under the guarantees. At the end of each reporting period, the expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices.

*Determining the incremental borrowing rate – Company as lessee*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have significant recent third party financing and makes adjustments specific to the lease, term, country, currency and security

The Company's management have also considered any impairment indicators and any significant and concluded that there is no material impact due to COVID -19.

*Provision for expected credit losses of trade receivables and contract assets*

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

*Provision for employees' end of service benefits*

Management has measured the Company's obligation for the post-employment benefits of its employees based on the provisions of the Qatar Labor Law No. 14 of 2004. 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.



**2 BASIS OF PREPARATION (CONTINUED)**

**d) Use of estimates and judgments (Continued)**

*Other provisions and liabilities*

Other provisions and liabilities are recognized in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or liability would result in a charge or credit to profit or loss in the period in which the change occurs.

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

Several amendments apply for the first time from January 1, 2020, but do not have an impact on the financial statements of the Company. The Company has early adopted the amendments to IFRS 16 on, 'Covid-19-Related Rent Concessions'. The nature and effect of the changes as a result of adoption of this amendment is described below. Apart from this the Company has not early adopted any standard, interpretation or amendment that have been issued but are not yet effective.

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

The amendment is effective for annual reporting periods beginning on or after June 1, 2020 and the Company has early adopted this amendment in these financial statements.

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

Early adoption of this amendment did not result in any changes in any changes to previously reported net profit or equity of the Company.

**Other amendments to standards that are effective as of January 1, 2020;**

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 on 'Definition of a business'
- Amendments to IAS 1 and IAS 8 on 'Definition of Material'
- Amendments to IFRS 9, IAS 39 and IFRS 7 on 'Interest rate benchmark reform'

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

**New and amended standards not yet effective, but available for early adoption**

The below new and amended IFRS that are available for early adoption for financial year ended December 31, 2020 are not effective until a later period, and they have not been applied in preparing these financial statements.

**Adoption not expected to impact the Company's financial statements**

Effective date	Description
January 1, 2021	<ul style="list-style-type: none"> <li>• Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</li> </ul>
January 1, 2022	<ul style="list-style-type: none"> <li>• Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)</li> <li>• Annual Improvements to IFRS Standards 2018–2020</li> <li>• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)</li> <li>• Reference to the Conceptual Framework (Amendments to IFRS 3)</li> </ul>
January 1, 2023	<ul style="list-style-type: none"> <li>• IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"</li> <li>• Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</li> </ul>
Effective date deferred indefinitely	<ul style="list-style-type: none"> <li>• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</li> </ul>

### 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both periods presented in these financial statements unless otherwise stated.

#### a) Property and equipment

##### Recognition and measurement

Items of property 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 an asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

##### Subsequent expenditure

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

##### Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property and equipment for the current year and the comparative year are as follows:

Leasehold improvements	3 years
Office equipment	3 years
Furniture	3 years
Computer software	3 years

Depreciation method, residual value and useful lives of the property and equipment are reviewed at each reporting date and adjusted if appropriate.

##### Derecognition

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

#### b) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised 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 recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve, if available is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

#### (c) Investments in an associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investments in its associates are accounted for using the equity method. Under the equity method, investment in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Losses in excess of the cost of the investment in associates are recognized when the Company has incurred obligations on its behalf. Goodwill relating to associates are included in the carrying amounts of the investment and are not amortized.

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

**(c) Investments in an associate (Continued)**

The statement of profit or loss reflects the Company's share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is an objective evidence that the investment in the associate is impaired.

If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

**d) Financial instruments**

A financial instrument any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Non-derivative financial assets and financial liabilities – initial recognition and derecognition**

The Company classified its non-derivative financial assets, at initial recognition, as subsequently measured at amortised cost (receivables and cash), at fair value through OCI (investment in shares) and at fair value through profit or loss (investment in shares). The Company classifies its non-derivative financial liabilities into the other financial liabilities category (payables). The Company does not hold derivative financial instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.



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

**d) Financial instruments (Continued)**

**Non-derivative financial assets – measurement**

*At amortised cost*

These assets are initially recognized at fair value plus any directly attributable transaction costs. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired

*Financial assets at fair value through other comprehensive income*

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income ("FVTOCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognized in profit or loss and are included in the 'investment income'.

*Financial assets carried at fair value through profit and loss*

All financial assets are recognized and derecognized on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

Investments in equity instruments are classified as at fair value through profit or loss, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition as described below.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss is included in investment income in the statement of profit or loss. Fair value of financial assets at fair value through profit or loss in an organized financial market is determined by reference to market bid prices at the close of business at the reporting date.

**Non-derivative financial liabilities – measurement**

*Other financial liabilities*

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. Other financial liabilities are subsequently measured using the effective interest (EIR) method. Gains and losses are recognized in profit or loss when the asset is derecognized or modified.

**e) Impairment**

*Non-derivative financial assets*

Financial assets, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- \* Default or delinquency by a debtor;
- \* Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- \* Indications that a debtor will enter bankruptcy; or
- \* Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

*Financial assets measured at amortized cost*

The financial assets at amortised cost comprise of trade receivables and cash at bank under IFRS 9 and loss allowances are measured on either of the following bases:

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

**e) Impairment (Continued)**

*Financial assets measured at amortized cost (Continued)*

\*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 Company has elected to measure loss allowances for trade receivables, contract assets and all lease receivables that result from transactions that are within the scope of IAS 17 at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due. The Company considers a financial asset to be in default when:

\*The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or

\*The financial asset is more than 365 days past due.

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 Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Company assesses the financial assets carried at amortized cost. 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.

*Non-financial assets*

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (property and equipment) to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

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

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

**f) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of any outstanding bank overdrafts.

**g) Share capital**

Ordinary shares are classified as equity.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### h) Provision for employees' end-of service benefits

The Company provides for employees' end of service benefits to its employees that meets or exceeds the provisions of the Qatar Labor Law and Civil Human Resources Law No. 15 of 2016 and any amendments thereof. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

#### i) Provisions

A provision is recognised when:

- The Company has a present obligation (legal or constructive) as a result of a past event;
- It is probable that the Company will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting to present value the future expenditures expected to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligation

#### j) Revenue recognition

##### *Dividend income*

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

##### *Interest income*

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### *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.

The Company has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

#### k) Expenses recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably.

An expense is recognized immediately in profit or loss when an expenditure produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statement of financial position as an asset, such as in the case of asset impairments.

#### l) Leases

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

#### The Company as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

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

**l) Leases (Continued)**

The Company depreciates the right-of-use assets on a straight-line basis from the lease 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. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in, in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

**The Company as a lessor**

The Company's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Rental income from investment property is recognized in the statement of profit or loss on a straight-line basis over the term of the lease.

**m) Foreign currency transactions and balances**

Transactions in foreign currencies during the year are translated into the functional currency of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate at the reporting date. The Company does not have non-monetary assets and liabilities denominated in foreign currencies at the end of the year. Foreign currency differences are recognized in profit or loss.

**4. FINANCIAL INSTRUMENTS**

**a) Financial risk management**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.



## NOTES TO FINANCIAL STATEMENTS

As at 31 December 2020

## 4. FINANCIAL INSTRUMENTS (CONTINUED)

## a) Financial risk management (Continued)

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The carrying amount of financial assets represents the maximum credit exposure.

	<u>2020</u>	<u>2019</u>
	<u>QR</u>	<u>QR</u>
Bank balances	49,279,259	71,161,706
Dlala brokerage	35,429	346,495
Other receivables	516,349	133,102
	<u>49,831,037</u>	<u>71,641,303</u>

As a result of the above, management believes that there is no significant credit risk on its receivables as presented on the statement of financial position.

**Cash at bank**

The Company's cash at bank is held with banks that are independently rated by credit rating agencies.

The Company's bank deposits are held with credit worthy and reputable banks with high credit ratings. As a result, management believes that credit risk in respect of these balances is minimal.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management's 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 Company's reputation.

The table below summarizes the contractual undiscounted maturities of the Company's financial liabilities at the reporting date. The Company's financial liabilities do not bear any interest.

<i>31 December 2020</i>	<i>On demand QR</i>	<i>Less than 1 year QR</i>	<i>1-5 years QR</i>	<i>Total QR</i>
Trade and other payables	-	13,532,769	-	13,532,769
<b>Total</b>	<u>-</u>	<u>13,532,769</u>	<u>-</u>	<u>13,532,769</u>
<i>31 December 2019</i>	<i>On demand QR</i>	<i>Less than 1 year QR</i>	<i>1-5 years QR</i>	<i>Total QR</i>
Trade and other payables	-	13,135,549	-	13,135,549
<b>Total</b>	<u>-</u>	<u>13,135,549</u>	<u>-</u>	<u>13,135,549</u>

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**4. FINANCIAL INSTRUMENTS (CONTINUED)****a) Financial risk management (Continued)****Market risk (Continued)***Currency risk*

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The Company is not exposed to significant foreign exchange risk as it primarily transacts in Qatari Riyal, which is the Company's functional currency. Transactions in bear no foreign currency risk as these currencies are pegged with the Qatari Riyals. Other foreign exchange transactions or balances are insignificant.

*Interest rate risk*

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no interest bearing assets or liabilities linked to market interest rates, the Company's income, expenses and cash flows are independent of changes in market interest rates. The Company has some insignificant fair value interest rate risk arising from the fact that its cash held in bank current accounts earn no interest.

*Equity price risk*

The Company's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

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

	<i>Change in equity price</i>	<i>Effect on equity QR</i>	<i>Effect on profit or loss QR</i>
<b>2020</b>			
Quoted financial assets at fair value through other comprehensive income	±10%	8,800,408	-
Non- listed – financial assets at fair value through other comprehensive income	±10%	1,024,554	-
Quoted financial assets at fair value through profit or loss	±10%	-	1,585,616
<b>2019</b>			
Quoted financial assets at fair value through other comprehensive income	±10%	7,660,418	-
Non- listed – financial assets at fair value through other comprehensive income	±10%	1,024,554	

**Capital management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maintaining the return to shareholders through the optimization of the debt and equity balances.

Capital comprises of share capital, fair value reserve, legal reserve and retained earnings and is measured at QR 308,991,847 (2019: QR 304,163,566).

**Derecognition of financial assets**

financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### 4. FINANCIAL INSTRUMENTS (CONTINUED)

##### a) Financial risk management (Continued)

##### Derecognition of financial assets (Continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

##### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

##### Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

##### Fair value measurement

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

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

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

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

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



## NOTES TO FINANCIAL STATEMENTS

As at 31 December 2020

**4. FINANCIAL INSTRUMENTS (CONTINUED)****a) Financial risk management (Continued)****Fair value measurement (Continued)**

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

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

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

**5 INVESTMENT PROPERTY**

	<u>2020</u>	<u>2019</u>
	<u>QR</u>	<u>QR</u>
As at 1 January	49,129,900	49,250,000
Fair value loss on revaluation of investment property	(69,506)	(120,100)
As at 31 December	<u>49,060,394</u>	<u>49,129,900</u>

The Company's investment property consists of a residential property in Musheirib, Doha.

Rental income for investment property included in the statement of profit or loss for the year ended 31 December 2020 is QR 1,833,550 (2019: QR 2,199,220).

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Investment property is stated at fair value, which has been determined based on valuations performed by two accredited independent valuers as at 31 December 2020 and 2019. The valuers are an accredited independent valuers with recognized and relevant professional qualifications and with recent experience in the location and category of this investment property being valued. In arriving at estimated market value, the valuers have used their market knowledge and professional judgment and using sales comparable and income approaches. In estimating the fair value of the property, the highest and best use of the property is their current use.

**6 INVESTMENTS IN ASSOCIATES**

	<i>Country of incorporation</i>	<i>Ownership interest</i>		<u>2020</u>	<u>2019</u>
		<u>2020</u>	<u>2019</u>		
		%	%	<u>QR</u>	<u>QR</u>
1. Tital Development Company S.A.O.C.	Oman	16.11%	16.11%	96,899,212	96,899,212
2. Muzn Oman Commercial S.A.O.C.	Oman	20%	20%	<u>14,241,057</u>	<u>14,241,057</u>
Total				<u>111,140,269</u>	<u>111,140,269</u>



## Qatar Oman Investment Company Q.P.S.C.

### NOTES TO FINANCIAL STATEMENTS

As at 31 December 2020

#### 6 INVESTMENTS IN ASSOCIATES (CONTINUED)

6.1) Tital Development Company S.A.O.C. ("Tital") is an associate company incorporated in the Sultanate of Oman. Tital is engaged in real estate investment, development, leasing and maintenance of real estate properties.

During the year 2019, at the General Assembly Meeting of Tital, three member of the company's board of directors were elected to represent the Company on the board of directors of Tital. Accordingly, the company's representation on Tital's board of directors changed to be three members out of seven members. Despite, the shares owned by the Company represent 16.11% (2019: 16.11%) of Tital, the Company is able to demonstrate significant influence by participating in operating and financial policies decisions of Tital. Hence, the Company's investment in Tital has been reclassified from financial assets at fair value through other comprehensive income to an investment in an associate.

6.2) Muzn Oman Commercial S.A.O.C. ("Muzn") is an associate company incorporated in the Sultanate of Oman. Muzn is engaged in real estate development activities. The main assets of the company are a mall along with a hotel.

During the year 2019, the Company's management decided to adjust the opening balance of the retained earnings as at January 1, 2019 to reflect its share of results of the associate amounting QR 6,787,616 as of that date.

The movement in investments in an associates is as follows:

	2020	2019
	<u>QR</u>	<u>QR</u>
As at 1 January	111,140,269	18,904,756
Adjustment related to opening balance (note 6.2)	<u>--</u>	<u>(6,787,616)</u>
As at 1 January (restated)	111,140,269	12,117,140
Transferred from financial asset at fair value through OCI (Note 7)	--	93,118,772
Share of results of associates for the year (i)	--	5,907,227
Share of other comprehensive loss of an associate (i)	<u>--</u>	<u>(2,870)</u>
As at 31 December	<u><b>111,140,269</b></u>	<u><b>111,140,269</b></u>

(i) The Company's management have not recorded the share of results of its associates due to unavailability of the financial statements for the year ended December 31, 2020.

#### 7 FINANCIAL ASSETS

	2020	2019
	<u>QR</u>	<u>QR</u>
Financial assets at fair value through other comprehensive income	<u><b>98,249,619</b></u>	<u><b>86,849,723</b></u>
Financial assets at fair value through profit or loss	<u><b>15,856,160</b></u>	<u><b>-</b></u>

##### Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include an amount of QR 10,245,541 (2019: QR 10,245,541) that are invested in equity shares of non-listed companies and the Company considers these investments to be strategic in nature.

Qatar Oman Investment Company Q.P.S.C.

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2020

**7 FINANCIAL ASSETS (CONTINUED)**

The movement in financial assets at fair value through other comprehensive income is as follows:

	<u>2020</u>	<u>2019</u>
	<i>QR</i>	<i>QR</i>
As at 1 January	86,849,723	196,710,404
Additions	19,718,693	25,162,850
Net fair value gains	4,592,571	14,769,863
Disposals	(12,911,368)	(56,674,622)
Transferred to investment in an associate (note 6)	-	(93,118,772)
As at 31 December	<u>98,249,619</u>	<u>86,849,723</u>

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets that are listed equity shares and the fair value are determined by reference to published price quotations in an active stock market.

The movement in financial assets at fair value through profit or loss is as follows:

	<u>2020</u>	<u>2019</u>
	<i>QR</i>	<i>QR</i>
As at 1 January	-	3,803,702
Additions	148,820,302	28,707,334
Net fair value gains	5,516,522	1,217,879
Disposals	(138,480,664)	(33,728,915)
As at 31 December	<u>15,856,160</u>	<u>-</u>

**8 TRADE AND OTHER RECEIVABLES**

	<u>2020</u>	<u>2019</u>
	<i>QR</i>	<i>QR</i>
Accrued income	13,500	13,500
Staff loans	141,682	90,165
Dlala brokerage	35,429	346,495
Other debit balances (i)	361,167	29,437
	<u>551,778</u>	<u>479,597</u>

(i) Other debit balances include an amount of QR 300,000 represents funds transferred to Qatar Aluminum Extrusion Company Q.P.S.C (Investee with 5%) for the purposes of increase in share capital.

**9 CASH AND BANK BALANCES**

	<u>2020</u>	<u>2019</u>
	<i>QR</i>	<i>QR</i>
Cash in hand	2,000	2,000
Current accounts	12,880,395	23,070,260
Call deposits	36,398,864	48,091,446
	<u>49,281,259</u>	<u>71,163,706</u>

## NOTES TO FINANCIAL STATEMENTS

As at 31 December 2020

**10 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS**

	<u>2020</u>	<u>2019</u>
	<i>QR</i>	<i>QR</i>
As at 1 January	1,480,892	1,370,821
Provided during the year	136,208	134,821
Payments during the year	-	(24,750)
As at 31 December	<u>1,617,100</u>	<u>1,480,892</u>

**11 TRADE AND OTHER PAYABLES**

	<u>2020</u>	<u>2019</u>
	<i>QR</i>	<i>QR</i>
Dividends payable	12,565,796	12,060,394
Accruals and other payables	796,036	856,121
Trade payables	3,355	3,365
Payable to social and sport contribution fund	167,582	215,669
	<u>13,532,769</u>	<u>13,135,549</u>

**12 SHARE CAPITAL**

	<u>2020</u>	<u>2019</u>
	<i>QR</i>	<i>QR</i>
<i>Authorized, issued and fully paid share capital:</i>		
<i>315,000,000 shares with a value of QR 1 per share (2019: 315,000,000</i>	<u>315,000,000</u>	<u>315,000,000</u>
<i>with a value of QR 1 per share)</i>		

**13 LEGAL RESERVE**

As required by the Qatari Commercial Company's law no. 11 of 2015 and the Company's articles of association, 10% of the profit is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the issued share capital. The Company has transferred an amount of QR 670,329 to the legal reserve for the year ended 31 December 2020 (2019: QR 862,675). This reserve is not available for distribution except in circumstance stipulated in the above mention law.

**14 DIVIDENDS**

The Board of Directors proposed in its meeting held on 22 March 2021 not to distribute dividend for the year ended December 31, 2020 and carry forward the net profits to the retained earnings for the next year (2019: proposed a dividend 2% of the paid-up capital, amounting to QR 6,300,000). This proposal is subject to approval at the Company's General Assembly Meeting.

A cash dividend of 2% for the year 2019 (2018: 3% cash dividends), was approved at the Annual General Assembly held on 24 march 2020 and distributed to shareholders.

Qatar Oman Investment Company Q.P.S.C.

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2020

15 NET INCOME FROM FINANCIAL ASSETS

	<u>2020</u>	<u>2019</u>
	<u>QR</u>	<u>QR</u>
Dividend income	4,186,435	4,599,899
Net gain on sale of financial assets at fair value through profit or loss	5,798,826	1,217,879
Interest income	191,627	252,287
Unrealized loss on financial assets at fair value through profit or loss	(282,304)	-
	<u>9,894,584</u>	<u>6,070,065</u>

16 GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2020</u>	<u>2019</u>
	<u>QR</u>	<u>QR</u>
Staff costs	3,097,101	3,101,041
Board of directors' allowance	740,000	627,500
Rent (1)	363,750	421,875
Maintenance	326,817	331,474
Qatar exchange fees	275,461	228,050
Professional fees	154,500	314,800
End of service benefits (Note 10)	136,208	134,821
Advertisement expenses	77,434	93,694
Governmental fees	42,530	60,030
Travel and transportation	20,783	144,877
Hospitality expenses	12,746	33,957
Miscellaneous expenses	95,419	116,834
	<u>5,342,749</u>	<u>5,608,953</u>

(1) Rent expenses are related to short term leases.

17 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year as follows:

	<u>2020</u>	<u>2019</u>
	<u>QR</u>	<u>QR</u>
Net profit for the year	<u>6,703,292</u>	<u>8,626,751</u>
Weighted average number of shares (Note 12)	<u>315,000,000</u>	<u>315,000,000</u>
Basic and diluted earnings per share	<u>0.021</u>	<u>0.027</u>



Qatar Oman Investment Company Q.P.S.C.

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2020

**18 RELATED PARTIES DISCLOSURES**

Related parties represent the major shareholders, directors, and key management personnel of the Company and companies controlled, jointly or significantly influenced by those parties.

The remuneration and benefits of key management during the year were as follows:

	<i>2020</i>	<i>2019</i>
	<i>QR</i>	<i>QR</i>
Short-term benefits	1,524,000	1,524,000
Long-term benefits	80,000	80,000
	<u>1,604,000</u>	<u>1,604,000</u>

**19 SEGMENT ANALYSIS**

For management purposes, the Company is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Real estate investing activities comprise investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.
- Equity and other investing activities comprise participation in financial and real estate funds and managing the Company's liquidity requirements.

<i>31 December 2020</i>	<i>Real estate investing activities</i>	<i>Equities and other investing activities</i>	<i>Unallocated</i>	<i>Total</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Segment revenue - net	<u>1,833,550</u>	<u>9,894,584</u>	<u>401,988</u>	<u>12,130,122</u>
Segment expense - net	<u>(396,323)</u>	<u>-</u>	<u>(5,030,507)</u>	<u>(5,426,830)</u>
Segment profit / (loss)	<u>1,437,227</u>	<u>9,894,584</u>	<u>(4,628,519)</u>	<u>6,703,292</u>
Segment assets	<u>49,060,394</u>	<u>225,246,048</u>	<u>49,835,274</u>	<u>324,141,716</u>
Segment liabilities	<u>-</u>	<u>-</u>	<u>15,149,869</u>	<u>15,149,869</u>
<i>31 December 2019</i>	<i>Real estate investing activities</i>	<i>Equities and other investing activities</i>	<i>Unallocated</i>	<i>Total</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Segment revenue -net	<u>2,199,220</u>	<u>11,977,292</u>	<u>206,682</u>	<u>14,383,194</u>
Segment expense - net	<u>(451,574)</u>	<u>-</u>	<u>(5,304,869)</u>	<u>(5,756,443)</u>
Segment profit / (loss)	<u>1,747,646</u>	<u>11,977,292</u>	<u>(5,098,187)</u>	<u>8,626,751</u>
Segment assets	<u>49,129,900</u>	<u>197,989,992</u>	<u>71,660,115</u>	<u>318,780,007</u>
Segment liabilities	<u>-</u>	<u>-</u>	<u>14,616,441</u>	<u>14,616,441</u>

**20 FAIR VALUE DISCLOSURES**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, trade and other receivables, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Financial liabilities consist of trade payables, accruals and other payables.

**Fair value hierarchy**

As at 31 December 2020, the Company held financial assets at fair value through other comprehensive income investments and financial assets at fair value through profit or loss measured at fair value. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument (observable inputs).

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial assets, the Company determines fair values using valuation techniques.

Valuation techniques include, comparison to similar assets for which market observable prices exist, and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial assets at the reporting date, that would have been determined by market participants acting at arm's length.

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	<i>Level 1</i> <i>QR</i>	<i>Level 2</i> <i>QR</i>	<i>Level 3</i> <i>QR</i>	<i>Total</i> <i>QR</i>
<i>31 December 2020</i>				
Investment property	-	49,060,394	-	49,060,394
Financial assets at fair value through other comprehensive income	88,004,078	10,245,541	-	98,249,619
Financial assets at fair value through profit or loss: quoted equity shares	15,856,160	-	-	15,856,160
<i>31 December 2019</i>				
Investment property	-	49,129,900	-	49,129,900
Financial assets at fair value through other comprehensive income	76,604,182	10,245,541	-	86,849,723

During the reporting year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

**21 COMPARATIVE FIGURES**

The comparative figures for the prior year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported net profit, net equity or net assets of the Company.

**22 SUBSEQUENT EVENTS**

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