

ESTITHMAR HOLDING Q.P.S.C.
DOHA – STATE OF QATAR

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

ESTITHMAR HOLDING Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS
ESTITHMAR HOLDING Q.P.S.C.**

Opinion

We have audited the consolidated financial statements of Estithmar Holding Q.P.S.C. (the "Company" or "legal parent") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, including material accounting information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

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

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (Continued)

Impairment assessment of goodwill

Refer note 02.1 and 37 to the consolidated financial statements:

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>As of December 31, 2023, the goodwill amounted to QAR 3,240 Mn. And which is approximately 36% of the total assets as of the same date.</p> <p>Annual impairment assessment of goodwill was a significant risk due to the following:</p> <ul style="list-style-type: none"> • Management hired an independent consultant to perform the impairment test. • Also taking into consideration the resolution by H.E. the Minister of Economy and Commerce, determining the Company's share capital by the full value according to the valuation including the goodwill resulted from the valuation and the approval of the authorities of the Ministry of Economy and Commerce, Qatar Financial Markets Authority and Qatar Stock Exchange. • The goodwill was recognized after the verification from the issuance of the updated Commercial Registration for the Company with new share capital amounting to QAR 3,404 Mn. based on the valuation for the Company and its subsidiaries and the related assumptions. • Judgement is required in identifying indicators of impairment and required the management to make various assumptions in the formal estimate. 	<p>Our audit procedures focused on assessing the reasonableness of key assumptions used by management in conducting the impairment assessment.</p> <p>These procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's impairment assessment process. • Evaluating the reasonableness of the Group's key assumptions and justifications for the initial allocation of goodwill to the respective cash-generating units ("CGU"). • Evaluating the reasonableness of the Group's key assumptions and justifications for its formal estimate of recoverable amount. • Considering the adequacy of the Group disclosures in note 02.1 and 37 to the consolidated financial statements in respect of impairment testing.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (Continued)

Recognition and measurement of group revenue

Refer to Note 23 and Note 38 of the consolidated financial statements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>The major components of Group's revenue comprise of revenue from construction contracting and industries amounting to QAR 1,237 Mn. for the year ended December 31, 2023.</p> <p>Revenue was a key audit matter due to the following:</p> <ul style="list-style-type: none"> • Construction contracting and industries revenue is recognized overtime by reference to the Group's progress toward completing the contracts. Management judgement is required to estimate the total contracting costs, variations or claims recognized as contract revenue, and provision for liquidated damages that will affect the measure of progress and revenue and profit margins recognized from specialized contracting contracts. • Revenue recognition is inherently subjective and requires significant management judgement and errors in the recognition of revenue could have a material impact on the Group's profit for the year. 	<p>We identified specialized contracting and industries segment with significant revenue streams and performed procedures including the following to address specific risks identified in relation to revenue.</p> <p>These procedures included:</p> <ul style="list-style-type: none"> • Obtaining and understanding of and assessing the design, implementation and operating effectiveness of the management's key internal controls over revenue recognition. • Discussing with the Group management and project managers the performance of the major contracts in progress during the year and comparing the contract revenue recognized for a sample of contracts in progress during the year with certifications from quantity surveyors appointed by the customers or payment applications from the in-house surveyor. • On a sample basis, inspecting of project contract agreements with customers and subcontractors to identify key terms and conditions, including contracting parties, contract period, contract sum, scope of the work and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue and cost to complete under the forecasts of contracts.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (Continued)

Impairment allowance for accounts receivable

Refer note 14 to the consolidated financial statements:

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>The Group accounts receivable are stated in the consolidated statement of financial position at their fair value less any provision for impairment. As of December 31, 2023, net of accounts and notes receivable was QAR 720 Mn., after provisions for impairment of QAR 111 Mn.</p> <p>The impairment allowance for accounts receivable of the Group was a significant risk due to the following:</p> <ul style="list-style-type: none"> • There are inherent risks relating to customer's credit risk profile which varies due to the size of each customer and the industries that the customers operate in. The risk is whether the accounts receivable is recoverable and determining an appropriate provision for potentially impaired accounts receivable requires significant management judgement. • Impairment allowances represent management's best estimate of the losses expected within receivables as at the reporting date. Management has assessed the receivable balances individually based on the age of debts to identify any objective evidence of impairment. • Given the level of subjectivity nature of significant management judgements involved and transition adjustments are likely to be subject to scrutiny from investors/regulators resulted in impairment of accounts receivable. 	<p>Our audit procedures focused on assessing the reasonableness of key assumptions used by management in conducting the impairment allowance for accounts receivable.</p> <p>These procedures included:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of the valuation of trade debtors, which included credit control procedures and the application of the Group's doubtful debt provisioning policy. • On sample basis circularized trade receivables confirmations to verify existence and tested the reconciliation where discrepancies were identified and testing the subsequent collections for outstanding trade receivables, where applicable. • Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes. • Assessing the adequacy of consolidated financial statements disclosure as per the required accounting standards.

Other information

The Board of Directors are responsible for the other information. The other information comprises the information included in the annual report for the financial year 2023 but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

Responsibilities of the management and those charged with governance for the consolidated financial statements

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and applicable provisions of Qatar Commercial Companies' Law and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the management and those charged with governance for the consolidated financial statements (Continued)

In preparing the consolidated financial statements, 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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors 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.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

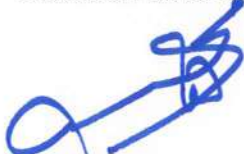
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations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

Report on other legal and regulatory requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021, we also report that:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- The Group has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Group.
- Furthermore, the physical count of the Group's inventories was carried out in accordance with established principles.
- We are not aware of any violations of the applicable provisions of the Qatar Commercial Companies Law, or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Group's consolidated financial position or performance as at and for the year ended December 31, 2023.

For Russell Bedford and Partners
Certified Public Accountants



Hani Mukhaimer
License No. (275)
QFMA License No. (1202013)



Doha, State of Qatar
February 21, 2024

ESTITHMAR HOLDING Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

		December 31,	
	Notes	2023 QAR	2022 QAR
ASSETS:			
Non-current assets:			
Property, plant and equipment	5	1,853,209,438	1,941,507,342
Investment property	6	320,307,755	90,777,427
Intangible assets	7	34,780,635	39,948,659
Goodwill	37 b	3,240,035,090	3,240,035,090
Right-of-use assets	8 a	257,579,878	98,926,054
Investments in equity accounted investees	9	29,750,017	-
Retention receivables	10	50,899,584	43,833,031
Financial assets at fair value through profit or loss	11	31,000,000	31,000,000
Total non-current assets		5,817,562,397	5,486,027,603
Current assets:			
Inventories	12	220,059,754	233,936,325
Retention receivables	10	83,602,803	92,059,563
Contract assets	13 a	524,938,701	951,742,831
Trade and other receivables	14	1,429,270,209	1,306,488,357
Due from related parties	15 a	743,217,067	490,804,199
Cash and bank balances	16	197,483,131	167,486,943
Total current assets		3,198,571,665	3,242,518,218
TOTAL ASSETS		9,016,134,062	8,728,545,821
EQUITY AND LIABILITIES:			
Equity:			
Share capital	17	3,404,037,500	3,404,037,500
Legal reserve	18	56,870,749	56,870,749
Other reserve		3,923,960	3,923,960
Reserve for renewal of furniture, fixtures and equipment	19	705,908	484,072
Retained earnings		1,342,495,037	1,003,436,506
Total equity attributable to owners' of the company		4,808,033,154	4,468,752,787
Non-controlling interests		(4,454,954)	(9,126,097)
Total equity		4,803,578,200	4,459,626,690
Non-current liabilities:			
Lease liabilities	8 c	253,444,149	69,374,812
Loan from a related party	15 d	29,521,473	28,783,355
Employees' end of service benefits	20	98,623,756	99,594,790
Loans and borrowings	21	1,279,700,075	915,781,502
Retention payable		1,332,267	1,327,992
Total non-current liabilities		1,662,621,720	1,114,862,451
Current liabilities:			
Lease liabilities	8 c	16,761,370	24,655,280
Contract liabilities	13 a	16,348,145	125,225,186
Due to related parties	15 c	125,301,539	110,125,451
Loans and borrowings	21	807,840,143	887,629,574
Income tax liability		4,315,286	3,470,880
Trade and other payables	22	1,579,367,659	2,002,950,309
Total current liabilities		2,549,934,142	3,154,056,680
Total liabilities		4,212,555,862	4,268,919,131
TOTAL EQUITY AND LIABILITIES		9,016,134,062	8,728,545,821

These consolidated financial statements were approved by the Board of Directors and signed on their behalf by the following on February 21, 2024:

Ramez Mohamed Ruslan Al Khayyat
Group Vice Chairman



Mohamed Badr Al-Sadah
Group CEO

The accompanying notes 01 to 45 form an integral part of these consolidated financial statements.

ESTITHMAR HOLDING Q.P.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	Year ended December 31,	
		2023 QAR	2022 QAR
Revenue	23	2,919,078,392	4,237,021,731
Cost of operations	24	(2,117,809,453)	(3,617,069,156)
Gross profit		801,268,939	619,952,575
Other income		96,589,821	57,001,527
General and administrative expenses	25	(432,307,840)	(256,313,571)
Reversal/ (impairment provision) for financial assets	26	25,186,505	(21,896,901)
Management fees		(4,395,945)	(2,338,715)
Share of results of equity accounted investee (net of tax)	9 c	385,904	-
Reserve for renewal of furniture, fixtures and equipment	19	(465,613)	(484,072)
Operating profit		486,261,771	395,920,843
Finance costs	27	(129,179,959)	(67,501,274)
Profit for the period before tax		357,081,812	328,419,569
Income tax expenses		(4,816,329)	(3,371,855)
Net profit for the year		352,265,483	325,047,714
Other comprehensive income		-	-
Total comprehensive income for the year		352,265,483	325,047,714
Total comprehensive income attributable to:			
Owners of the Company		347,752,340	338,178,389
Non-controlling interests		4,513,143	(13,130,675)
Total comprehensive income for the year		352,265,483	325,047,714
Basic and diluted earnings per share (Attributable to the owners' of the Company)	28	0.102	0.107



The accompanying notes 01 to 45 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

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ESTITHMAR HOLDING Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	Year ended December 31,	
		2023	2022
		QAR	QAR
Cash flows from operating activities:			
Net profit before tax		357,081,812	328,419,569
Adjustments for:			
Depreciation of property, plant and equipment	5	129,675,430	97,812,939
Depreciation transferred to capital work in progress		(14,687)	-
Impairment of property, plant and equipment	5	10,632,997	-
(Gain)/ loss on disposals of property plant and equipment		(3,377,933)	2,105,018
Fair value gain on investment property	6	(267,031)	-
Amortization of intangible assets	7	8,767,084	1,645,988
Depreciation of right-of-use assets	8 a	20,963,789	22,422,544
Interest expenses on lease liabilities	8 c	3,512,685	2,710,702
Share of results of equity accounted investees	9 a	(385,904)	-
Net effect of derecognition of lease contract		(1,113,372)	53,704
Provision for impairment for slow moving inventories	12 a	10,324,483	2,426,080
(Reversal)/ provision for trade and other receivables	27	(25,507,471)	21,896,901
Provision for employees' end of service benefits	20	33,314,373	33,822,621
Interest expenses on loan and borrowings		125,667,274	64,790,572
Reserve for renewal of furniture, fixtures and equipment		465,613	484,072
Operating income before changes in working capital		669,739,142	578,590,710
Changes in:			
Inventories		3,552,088	143,153,030
Retention receivables		1,390,207	(74,367,140)
Contract assets		426,804,130	(566,163,229)
Trade and other receivables		(97,274,393)	(451,613,850)
Due from related parties		(252,184,123)	(14,993,818)
Retention payable		4,275	1,327,992
Contract liabilities		(108,877,041)	8,052,960
Due to related parties		16,365,976	17,453,336
Trade and other payables		(432,276,459)	893,035,821
Cash generated from operating activities		227,243,802	534,475,812
Employees' end of service benefits paid	20	(34,285,407)	(40,822,435)
Income tax paid		(3,971,923)	(384,816)
Net cash generated from operating activities		188,986,472	493,268,561
Cash flows from investing activities			
Acquisition of property, plant and equipment		(290,247,454)	(1,260,866,810)
Acquisition of investment property	6	(7,621,650)	(327,678)
Investments in equity accounted investee	9	(29,364,113)	-
Acquisition of intangible assets	7	-	(2,107,762)
Proceeds from sale of property, plant and equipment		34,399,407	1,509,247
Proceeds from sale of investment property		254,842	-
Utilization of reserve for renewal of furniture and fixtures		(243,777)	-
Net cash flow on business combination		-	128,809,495
Net cash used in investing activities		(292,822,745)	(1,132,983,508)
Cash flows from financing activities			
Net movement in loans and borrowings		284,129,142	1,075,472,284
Net movement in bank balances restricted as collateral		(3,883,313)	397,263
Principal payment of lease liabilities	8	(21,116,722)	(23,285,655)
Transaction cost of share issuance		-	(19,454,867)
Interest paid		(129,179,959)	(67,501,274)
Net cash generated from financing activities		129,949,148	965,627,751
Net increase in cash and cash equivalents		26,112,875	325,912,804
Cash and cash equivalents at January 01,	16 a	166,586,164	(159,326,640)
Cash and cash equivalents at December 31,	16 a	192,699,039	166,586,164

The accompanying notes 01 to 45 form an integral part of these consolidated financial statements.



ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION:

Estithmar Holding Q.P.S.C. (the "Company" or "legal parent") was established on May 11, 2008 and registered in the State of Qatar under Commercial Registration number 39127. On May 11, 2017, the legal status of the Company was converted from Limited Liability Company to Qatari Public Shareholding Company.

The shareholders of the Estithmar Holding Q.P.S.C., were resolved in their Extraordinary General Meeting (EGM) was held on April 12, 2022 the acquisition of Elegancia Group W.L.L ("Elegancia Group" or "legal subsidiary") by way of share swap (the "Transaction") 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, increase of the authorized and paid up share capital of the Company by QAR 2,574,037,500 (from QAR 830,000,000 to QAR 3,404,037,500) and the issuance of new shares of the Company to the Elegancia Group owners in consideration for their shares in Elegancia Group on the basis of every 1 share, the Elegancia Group owners will be receive 3.10125 new shares of the Company. The acquisition of Elegancia Group by the Company is deemed to be a reverse acquisition under the provisions of IFRS 3 "*Business Combinations*".

Considering the above representation in the Company's new combined share capital.

DESCRIPTION	AMOUNT QAR
Implied value of Elegancia Group W.L.L. (*)	2,667,000,000
New shares issued	2,574,037,500
New combined share capital	3,404,037,500
Legal parent's representation in the new combined share capital	24.383%
Legal subsidiary's representation in the new combined share capital	75.617%

*According to IFRS 3 para 33, the most reliable measure in reverse acquisition transactions in which acquirer and acquiree exchange only equity interests is the fair value of legal acquiree at the acquisition date.

The Group is engaged in various types of investments inside the State of Qatar in accordance with sound commercial and economic practices. The Company's official registered office and place of business is located at Street 303, Lusail City, P.O. Box No. 147966, Doha, State of Qatar.

The consolidated financial statements as at and for the year ended December 31, 2023, comprise the assets, liabilities, and results of operations of below listed subsidiaries. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals to the voting rights held by Group:

NAME OF THE SUBSIDIARY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	ULTIMATE EFFECTIVE OWNERSHIP INTEREST	
			DECEMBER 31, 2023	DECEMBER 31, 2022
Elegancia Group W.L.L.	The Group is engaged in various types of investments inside the State of Qatar in accordance with sound commercial and economic practices.	Qatar	100%	100%
Elegancia Facilities Management W.L.L. (Formerly Elegancia Hospitality and Facility Management Services W.L.L.)	Provision of facility management and hospitality services, trading and installation of video and audio equipment and planning and organizing public concerts.	Qatar	100%	100%

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION (CONTINUED):

NAME OF THE SUBSIDIARY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	ULTIMATE EFFECTIVE OWNERSHIP INTEREST	
			DECEMBER 31, 2023	DECEMBER 31, 2022
Elegancia Arabia Limited W.L.L.	Dealing with electronics items	Kingdom of Saudi Arabia	100%	-
Messaied Hotels Suites W.L.L.	Managing tourist resorts	Qatar	100%	-
Elegancia Gabro Trading and Transport W.L.L. (Formerly known as Gabro Mix Trading and Transport W.L.L.)	Trading Gabro materials and transport services.	Qatar	100%	100%
Elegancia Human Resources and Contracting W.L.L. (Formerly Challenger Trading and Contracting W.L.L.)	General contracting, trading in building materials, building maintenance, electrical contracting, electronic works and manpower supply.	Qatar	100%	100%
Elegancia Catering Services W.L.L.	Providing catering services and ready meals supply and catering for large events and gatherings.	Qatar	100%	100%
Yemek Doha Catering Services W.L.L.	Providing catering services and ready meals supply and catering for large events and gatherings.	Qatar	95%	95%
Cuizina Doha Catering Services W.L.L.	Providing Catering service at events and occasions.	Qatar	70%	-
Touchwood Hospitality & Public Events Mgt W.L.L.	Preparing and organizing public art events and hospitality services.	Qatar	51%	-
Elegancia Events W.L.L.	Preparing and organizing of concerts and public art events.	Qatar	100%	100%
Elegancia Electromechanical Services W.L.L. (Formerly Radiant Engineering Enterprises W.L.L.)	Electrical and sanitary contracting, installation of electromechanical equipment, installation, maintenance and repair of elevators, fire warning devices, air conditioning and refrigeration system	Qatar	100%	100%
Elegancia Landscape and Water Solutions W.L.L. (Formerly Elegancia Landscape W.L.L.)	Investment and management of agricultural projects, agricultural consulting, parks management, landscaping, agricultural equipment and material trading, trading of plants and trading of irrigation equipment.	Qatar	100%	100%
Elegancia Modular Trading W.L.L.	Trade in mechanical devises and tools	Qatar	100%	-
Elegancia Steel Ducts Trading and Contracting W.L.L. (Formerly Techno Ducts Trading and Contracting W.L.L.)	Manufacturing, trading and installation of air conditioning ducts.	Qatar	100%	100%

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION (CONTINUED):

NAME OF THE SUBSIDIARY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	ULTIMATE EFFECTIVE OWNERSHIP INTEREST	
			DECEMBER 31, 2023	DECEMBER 31, 2022
Elegancia Arabia Trading W.L.L.	construction and maintenance services	Kingdom of Saudi Arabia	100%	-
Elegancia Marine Offshore Services W.L.L. (Formerly Marine Master Offshore Services Company W.L.L.)	Supply of services across a range of marine industries such as offshore services, marine construction, shipping and acting as a shipping agent.	Qatar	100%	100%
Elegancia Marine Agency W.L.L. (Formerly Giants Marine Services W.L.L.)	Providing agency services to vessel owners and marine mediator services.	Qatar	100%	100%
Elegancia Data Center W.L.L.	Website design and Data entry services	Qatar	100%	-
Elegancia Contracting W.L.L. (Formerly Elegancia Design for Trading and Contracting W.L.L.)	Construction and general contracting, execution of internal design works, interiors design activities and building materials trade.	Qatar	100%	100%
Elegancia Joinery W.L.L. (Formerly Zebrano Wood Works W.L.L.)	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.	Qatar	100%	100%
Al Wakra Water Treatment Plant W.L.L.	Trading water pumping equipment and installation, work.	Qatar	100%	-
Elegancia Kitchens for Kitchen Equipments Trading and Maintenance W.L.L.	Trade in heating equipment, maintenance of kitchen and restaurant equipment.	Qatar	100%	100%
Elegancia Stones for Marble & Granite Trading W.L.L. (Formerly Marble Stone for Marble & Granite Trading W.L.L.)	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.	Qatar	100%	100%
Elegancia Stones for Marble and Gypsum Manufacturing W.L.L.	Cutting and forming marble and granite, production of gypsum boards and gypsum power production.	Qatar	100%	100%
Elegancia Structural Steel Factory W.L.L. (Formerly Stone Factory for Marble and Tile Production W.L.L.)	Marble production (bricks, interlock, and tile), cutting natural stones and marble cutting, sawing, polishing, forming, and installations	Qatar	100%	100%
Elegancia Ventures Real Estate Development W.L.L.	Construction and general contracting, execution of internal design works, interiors design activities and building materials trade.	Qatar	100%	100%

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION (CONTINUED):

NAME OF THE SUBSIDIARY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	ULTIMATE EFFECTIVE OWNERSHIP INTEREST	
			DECEMBER 31, 2023	DECEMBER 31, 2022
Al Maha Island W.L.L.	Trading and processing games, water games, administration of restaurant services	Qatar	100%	-
Destinations Development and Events W.L.L.	Tickets selling organizing public concerts and events	Qatar	100%	-
Estithmar Properties W.L.L. (Formally known as Consolidated Supplies Company W.L.L.)	Trading of electrical and construction materials.	Qatar	100%	100%
Mirage Resorts W.L.L.	Managing tourist resorts	Qatar	100%	-
Venture Royal Resort W.L.L.	Managing tourist resorts	Qatar	90%	-
Tilal Hotel W.L.L.	Operating a five-star hotel.	Qatar	100%	100%
The Palace Hotel W.L.L.	Operating a five-star hotel.	Qatar	100%	100%
Saddle House for Hospitality W.L.L.	Providing hospitality services.	Qatar	100%	100%
Royal Resorts VRR W.L.L.	Managing tourist resorts	Qatar	90%	-
Elegancia Health Care W.L.L.	Providing management consulting services, facility management services, management and operating of professional labour.	Qatar	100%	100%
The View Hospital - W.L.L.	The main activities of the Company are executing specialized health centers related to health and beauty, skin diseases, single day surgery, treatment by laser, eyes diseases, nose ear and throat, urinary channels, birth and microscopic injection, diet, dermatology and a general hospital.	Qatar	100%	100%
Korean Medical Center W.L.L.	The main activities of the business consist of executing special health centers for dermatologists, nose, ear and throat, single day surgery, skin diseases, diet, medical laboratories, family medicine, Chinese acupuncture, physical therapy, internal, urinary channels, eyes diseases, treatment by laser, helping to giving birth and microscopic injection, health and beauty, diagnostic x-ray laboratory, diabetics, endocrine glands, diagnostic x- ray, pediatrics and spinal column and teeth complex.	Qatar	100%	100%

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION (CONTINUED):

NAME OF THE SUBSIDIARY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	ULTIMATE EFFECTIVE OWNERSHIP INTEREST	
			DECEMBER 31, 2023	DECEMBER 31, 2022
EWS Management and Consultancy and Medical Services - W.L.L.	Managing and operating the professionals, labours, and facility management.	Qatar	100%	100%
Elegancia Healthcare LIBQ Services W.L.L.	Facility managing and managing nursing services and home health consulting.	Qatar	100%	-
Elegancia Healthcare ALQ Services W.L.L.	Facility managing and managing nursing services and home health consulting.	Qatar	100%	-
Elegancia Galvanization Steel Manufacture Metals and Cables W.L.L. (Formerly Galva Steel Manufacture Metals and Cables W.L.L.)	Production and formation of metals, production of steel sections and production of cable carriers and accessories.	Qatar	100%	100%
Elegancia Steel Trading W.L.L. (Formerly known as Steel Master Limited for Trading W.L.L.)	Fabrication, erection and trading of steel bars which include services for the alteration in the size and shape of the steel bars.	Qatar	100%	100%
Steel Tech Trading and Contracting W.L.L.	Manufacturing, trading and installation of fabricated doors, conditioning ducts, windows and cabinets.	Qatar	100%	100%
Elegancia Steel Tech Factory W.L.L.	Manufacturing, trading and installation of fabricated doors, windows, cabinets, and air-conditioning ducts.	Qatar	100%	100%
Elegancia Steel Doors Trading and Contracting W.L.L. (Formerly Techno Doors Trading and Contracting W.L.L.)	Manufacturing and installation of fabricated doors.	Qatar	100%	100%
Elegancia Steel Factory W.L.L.	Importing raw materials for factory products, manufacturing trailers, production of (normal and painted aluminum sectors, raw materials templates and aluminum alloy cylinders, stainless steel handrails, doors and windows, metal structures and constructions, and stainless steel requirements for kitchens.	Qatar	100%	100%
Electro Mechanical Engineering Company W.L.L.	Installation and maintenance of electro-mechanical works.	Qatar	68.5%	68.5%
Trelco Building Materials Company W.L.L.	Trading of wood, steel, and other building materials.	Qatar	85%	85%
Trelco Limited Company W.L.L.	Trading of food items, chemicals, IT services, etc.	Qatar	100%	100%
Debbas Enterprises (Qatar) W.L.L.	Trading of electrical equipment, switchgear, light and instrument, electrical tools, electromechanical equipment installation and maintenance works.	Qatar	51%	51%
Consolidated Engineering Systems Company W.L.L.	Trading of fire alarms, security systems and related contracting activities.	Qatar	100%	100%

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION (CONTINUED):

NAME OF THE SUBSIDIARY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	ULTIMATE EFFECTIVE OWNERSHIP INTEREST	
			DECEMBER 31, 2023	DECEMBER 31, 2022
Construction Development Contracting and Trading Company W.L.L. (Note i)	Contracting and maintenance activities.	Qatar	51%	-
Two Sigma Education Center for Mental Math W.L.L.	Mental sports training	Qatar	100%	-
Trelco Technical Services W.L.L.	Trading of electrical devices	Qatar	100%	-
Watermaster Qatar W.L.L. (Note i)	Water treatment and contracting activities.	Qatar	63.3%	-

Note i:

The Group owns indirect ownership percentage equal to the voting rights in Watermaster Qatar W.L.L. and Construction Development Contracting and Trading Company W.L.L., equivalent to 36.7% and 49% respectively, through its subsidiary, Trelco Limited Company W.L.L. which is fully owned by the legal parent.

The consolidated financial statements as at and for the year ended December 31, 2023, comprise of below listed associate/ joint venture companies of the Group which have been accounted for under the equity method of accounting are:

NAME OF THE ASSOCIATES/ JOINT VENTURES	COUNTRY OF INCORPORATION
Al Bidda Switchgear W.L.L.	Qatar
CME Wakra Water W.L.L.	Qatar
Mena Facilities Management W.L.L.	Jordan

2. BASIS OF PREPARATION:

Subsequent to the EGM held on April 11, 2022, the Company acquired the 100% of the issued share capital of Elegancia Group by issuing 2,574,037,500 new shares to the owners of the Elegancia Group, satisfied through a share-for-share swap and became the legal parent of Elegancia Group. The acquisition of Elegancia Group by the Company is deemed to be a reverse acquisition under the provisions of IFRS 3 "Business Combinations". In accounting for a reverse acquisition, the consolidated financial statements are deemed to be a continuation of the books of the Elegancia Group (the "legal subsidiary") rather than a continuation of those of the Company (the "legal parent"). The overall effect is that the consolidated financial statements are prepared from the legal subsidiary perspective rather than the legal parent, and in summary this means:

- the result for the period and consolidated cumulative retained earnings is those of the Elegancia Group plus the post-acquisition results of the Company and its subsidiaries;
- EPS calculation is based on the outstanding number of shares of the Company and the Comparative information presented in the Group's consolidated financial statements is retroactively adjusted to reflect the legal capital of the Company;
- goodwill arises on the reverse acquisition when comparing the consideration of the Company acquiring the shares of Elegancia Group;
- a goodwill on reverse acquisition amounting to QAR 3,240,035,090 has been identified; and
- the Group incurred share issue costs of QAR 19,454,867 in respect of the fund raising in relation to the reverse acquisition.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. BASIS OF PREPARATION (CONTINUED):

The consolidated financial statements for the year ended December 31, 2023, have been prepared in accordance with International Financial Reporting Standards (IFRSs) and have been presented in Qatari Riyals which is the functional and presentation currency of the Group.

2.1. The calculation of goodwill resulting from the transaction is as follows:

	QAR
New shares issued	2,574,037,500
Add: Legal parent's share capital	830,000,000
Less: Legal subsidiary's share capital	(10,000,000)
Total equity of the legal parent as of April 12, 2022	3,394,037,500
Share capital	(830,000,000)
Net retained earnings (*)	552,971,828
Legal reserves	(14,684,499)
Miscellaneous other reserves	138,909,704
Non-controlling interest	(1,199,443)
Goodwill	3,240,035,090

*The net retained earnings amount represented the reported retained earnings of Investment Holding Group Q.P.S.C. (Subsequently "Estithmar Holding Q.P.S.C.") as of April 12, 2022, amounting of QAR 158,520,661 in addition to elimination of existing goodwill of Estithmar amount of QAR (711,429,489).

2.2. Share capital:

	Number of shares	Issued share capital QAR
Legal parent's share capital	830,000,000	830,000,000
New shares issued	2,574,037,500	2,574,037,500
Total share capital As at December 31, 2023	3,404,037,500	3,404,037,500

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS:

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new and amended standards effective as noted below.

3 a) Newly effective standards and amendments to standards:

The following amendments to standards apply for the first time in 2023 and have been applied by the Group in preparation of these consolidated financial statements.

TOPIC	EFFECTIVE DATE
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 01, 2023
Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"	January 01, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 01, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 01, 2023

The adoption of the above amendments and interpretations to the standards did not result in any changes in the previously reported net profit or equity of the Group, but they may result in additional disclosures at the year-end.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

3 b) 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 ending December 31, 2023, are not effective until a later period, and have not been applied in preparing these consolidated financial statements:

TOPIC	EFFECTIVE DATE
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 01, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 01, 2024
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 01, 2024
Amendments to IAS 21 "Lack of Exchangeability"	January 01, 2025

4. MATERIAL ACCOUNTING POLICIES:

4 a) Basis of accounting:

These consolidated financial statements have been prepared on historical cost basis except for goodwill, investment properties and financial assets fair value through profit or loss which are stated at fair value and lease liabilities which are measured at the present value of the lease payments discounted using the Company's incremental borrowing rate. The entity's consolidated financial statements are presented in Qatari Riyal, which is the Company's functional currency. All amounts have been rounded to the nearest Qatari Riyals, unless otherwise indicated.

4 b) Statement of compliance:

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015, as amended by Law No. 8 of 2021.

4 c) 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 statement of profit or loss.

4 d) Basis of consolidation:

The consolidated financial statements incorporate the consolidated financial statements of the Company and entities controlled by the Company made up to December 31 each year. Control is achieved where the Company has:

- power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting or similar rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other voted holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 d) Basis of consolidation (Continued):

The Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including (Continued):

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the net assets of the consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to the transactions between the members of the Group are eliminated on consolidation. The consolidated financial statements provide comparative information in respect of the previous year.

Changes in the Group's ownership interests in certain subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in those subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Group. When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

4 e) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 e) Interests in equity-accounted investees (Continued):

In case the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent the Group has an obligation to the equity accounted investee or has made payments to third parties on behalf of the equity accounted investee.

4 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.

ii) *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly. Any gain arising on this re-measurement is recognized in profit or loss to the extent that it reverses a previous impairing loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve. Any loss is recognized in profit or loss.

iii) *Derecognition*

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Profit or losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts and is included in profit and loss account.

iv) *Subsequent expenditure*

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

v) *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 Company 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:

Building improvements	5 - 50 years
Furniture and fixtures	3 - 5 years
Machinery and equipment	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
Tents and shades	5 years
IT equipment	3 - 5 years
Electric equipment	3 - 5 years
Leasehold improvements	5 - 10 years

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

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 g) Capital work in progress:

All expenditures and costs incurred in the development during construction phase are capitalized and are initially recorded as capital work in progress. These costs will be transferred to property, plant and equipment when the assets are ready for their intended use.

4 h) Intangible assets and goodwill:

i) Other intangible assets

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

ii) 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 goodwill and brands, is recognized in profit and loss as incurred.

iii) 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 profit or loss. Goodwill is not amortized.

The estimated useful lives are as follows:

Franchise right	5 years
Manufacturing license	3 - 5 years
IT Software	5 years

Amortization method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4 i) Investment properties:

Investment property is initially measured at cost and subsequently measured at fair value 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.

4 j) Financial instruments:

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

i) Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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 Group 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 amortized 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 j) Financial instruments (Continued):

i) Initial recognition and measurement (Continued):

The Group'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.

Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

ii) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified by the Group as follows:

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes accounts receivable and certain accounts of other debit balances, contract assets, due from related parties and retention receivables.

Financial assets at fair value through profit or loss

The Group's investment in unquoted equity instrument cannot be classified as an instrument within a cash flow and business model to hold to collect solely payments of principal and interest nor held to collect solely payments of principal and interest and sell. Accordingly, as permitted by IFRS 9, the Group has measured the instrument at fair value through profit or loss (FVTPL). Management of the Group used earnings-based valuation methods for valuing its unlisted equity shares and the fair value gains/ losses from this valuation has been recognized directly in the statement of profit or loss.

iii) Impairment of financial instruments

The Group recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

The Group considers a financial asset to be in default in case of:

- a) Default or delinquency by a debtor;
- b) Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- c) Indications that a debtor will enter bankruptcy; or
- d) 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 amortized cost comprise of trade receivables and cash at bank 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 certain financial assets at an amount equal to lifetime ECLs. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 j) Financial instruments (Continued):

iii) *Impairment of financial instruments*

Financial assets measured at amortized cost (Continued)

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days in average past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default.
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term.
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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 of the financial asset.

Presentation of impairment

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used. The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 j) Financial instruments (Continued):

iv) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

v) Derecognition of financial assets and liabilities

The Group 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 Group is recognized as a separate asset or liability. The Group 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 Group 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.

4 k) Inventories:

Inventories are stated at the lower of cost and net realizable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method for construction materials, spares and merchandise. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4 l) Construction contracts in progress:

Construction contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured costs incurred plus profits recognized to date less progress billing and recognized losses. In the statement of financial position, construction contracts in progress for which costs incurred plus recognized profits exceed progress billing and recognized losses are presented as accounts and other receivables. Contracts for which progress billing and recognized losses exceed costs incurred plus recognized profits are presented as deferred income / revenue. Advances received from customers are presented as deferred income / revenue.

4 m) 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.

4 n) Leases:

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 Group 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 Group.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 n) Leases (Continued):

- the Group 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 Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group as a lessee

At lease commencement date, the Group recognizes 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). The Group 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group 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 Group'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 Group 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 Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative year. As a lessor the Group 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. Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

4 o) 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 billed or not to the Group.

4 p) 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.

4 q) 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.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 r) 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 No. 14 of 2004.

4 s) Contract balances:

Contract assets and contract liabilities

The Group has determined that contract assets and liabilities are to be recognized at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

4 t) Current vs. non-current classification:

The Group presents assets and liabilities 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;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period (or receivable on demand); or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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 payable on demand); or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

4 u) Revenue recognition:

Revenue from contracts with customers

The Group is in the business of contracting, specialized contracting, maintenance service, sale of goods, chemicals, security equipment (fire alarm, CCTV), electrical material, building material, installation, real estate property renting and providing project management services, hotel operations, entertainment, and healthcare services. Revenue from these sources is recognized in the consolidated statement of profit or loss and other comprehensive income by the Group as follows:

TYPE OF SERVICE	NATURE, TIMING AND SATISFACTION OF PERFORMANCE OBLIGATIONS	REVENUE RECOGNITION
Construction contracts	The Group builds civil construction and electro-mechanical works for customers based on the design on their premises. Each project commences on receipt of advances from a customer and its length depends on the complexity of the design.	Revenue is recognized over time using an input method usually percentage of completion to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances a customer-controlled asset.
Revenue from sale of goods	These are arising from sale of electrical materials, building materials, food items and trading goods.	Revenue is recognized when control over the goods is transferred to the buyer.
Sales of security equipment	These are revenue from sale of and installation of security equipment which are completed over time.	Revenue is recognized over time, using an input method to measure progress towards complete satisfaction of the service.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 u) Revenue recognition (Continued):

TYPE OF SERVICE	NATURE, TIMING AND SATISFACTION OF PERFORMANCE OBLIGATIONS	REVENUE RECOGNITION
Installation services	The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.	The Group recognizes revenue from installation services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.
Rendering of services	These are revenue from rendering of services. Since the customer consumes the benefits as and when services are rendered by the Group. Invoices are usually issued upon completion of the job as agreed in the specific contract.	Revenue is recognized over time as the services are provided. The stage of completion for determining the amount of revenue is assessed based on the input method. The related costs are recognized in the statement of profit or loss when they are incurred.
Investment property rental income	These are revenue arising from renting investment property.	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	These are dividend income arising from equity investments.	Dividend income 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.

4 v) 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.

4 w) Finance costs:

The Group's finance costs include interest expense. Interest expense is recognized using the effective interest method.

4 x) Critical accounting judgments and key sources of estimation uncertainty:

In the application of the Group's accounting policies, which are described in Note 4, 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 associates assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimated. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimated 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. The Group has been profitable, and it had positive net assets, working capital and cash flow positions as at December 31, 2023. 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.

Useful lives, residual values and related depreciation charges of property, plant and equipment

Management determines the estimated useful lives and residual values of its property, plant and equipment to calculate the depreciation. This estimate is determined after considering the expected usage of the asset and intangibles, physical wear and tear. Management reviews the residual value and useful lives annually. Future depreciation charge would be adjusted where management believes the useful lives differ from previous estimates.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED):

4 x) Critical accounting judgments and key sources of estimation uncertainty (Continued):

Useful lives of intangible assets

Management determines the estimated useful lives of its intangible assets for calculating amortization. This estimate is determined based on the expected pattern of consumption of future economic benefits embodied in the assets.

Lease period

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 are only included in lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the leases. During the year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognized lease liabilities and right-of-use assets.

Determining the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Impairment of financial assets

The Group's management 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.

Fair value of investment property

The fair value of investment property is determined by valuation from an external professional real estate valuer using recognized valuation technique and the principles of IFRS 13 "Fair Value Measurement". These valuations entail significant estimates and assumptions about the future.

Goodwill

Management tests annually whether goodwill has endured any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in use calculations. These calculations required the use of estimates.

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.

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 IAS 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.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. PROPERTY, PLANT AND EQUIPMENT:

Cost:

Balance as at January 01, 2023

Additions during the year

Transfer from investment properties

Transfer to intangible assets

Transfer from investment properties

Transfer to investment properties

Disposals/ write off during the year

Balance as at December 31, 2023

Accumulated depreciation:

Balance as at January 01, 2023

Charge during the year

Transfer from investment properties

Transfer to investment properties

Related to disposals/ write off during the year

Balance as at December 31, 2023

Impairment:

Impairment of property, plant and equipment

Balance as at December 31, 2023

Net book value:

At December 31, 2023

Cost:

Balance as at January 01, 2023

Acquisition through business combination

Additions during the year

Transfers during the year

Disposals/ write off during the year

Balance as at December 31, 2023

Accumulated depreciation:

Balance as at January 01, 2023

Charge during the year

Transfer from investment properties

Transfer to investment properties

Disposals/ write off during the year

Balance as at December 31, 2023

Net book value:

At December 31, 2023

Depreciation rates

2% - 20%

20% - 33.33%

33.33% - 50%

50% - 50%

50% - 50%

50% - 50%

50% - 50%

50% - 50%

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Year ended December 31,

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5 a) Depreciation charge for the year was presented in the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2023	
	QAR	
Cost of operations (Note 24)	103,048,688	85,085,785
General and administrative expenses (Note 25)	28,611,045	12,202,003
Transferred to capital work in progress	14,687	-
Total	139,675,430	97,287,788

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6. INVESTMENT PROPERTY:	2023 QAR	2022 QAR
Cost:		
Balance at the beginning of the year	259,277,427	256,419,541
Transfer resulting from the business combination	-	2,530,208
Transfer to property, plant and equipment	(257,076,721)	-
Transfer from property, plant and equipment	310,473,210	-
Addition during the year	7,621,650	327,678
Disposal during the year	(254,842)	-
Gain on fair value changes in investment property	267,031	-
Balance at the end of the year	320,307,755	259,277,427
Accumulated depreciation:		
Balance at the beginning of the year	168,500,000	168,500,000
Transfer to property, plant and equipment	(168,500,000)	-
Balance at the end of the year	-	168,500,000
Fair value/ net book value at the end of the year	320,307,755	90,777,427

6 a) Group Investment property comprise follows property which are renting out,

- High-end and casual restaurants located in Al Maha Island, Doha, State of Qatar amounted to QAR 318,000,000
- Several investment property situated outside Qatar to QAR 2,307,755.

6 b) Investment properties are recorded at fair value, which has been determined based on valuation performed by accredited independent valuator as of December 31, 2023. The valuator is an accredited independent consultant with recognised and relevant credentials and with recent experience in the location and category of the investment property being valued.

The Company's management confirms that the assumptions used in the valuation of investment properties performed by the consultant is in-line with current market assumptions applicable to the prevailing real estate market in the State of Qatar.

6 c) Amounts included in the statement of profit or loss and other comprehensive income in respect of this property is as follows:

	Year ended December 31,	
	2023 QAR	2022 QAR
Rent income	40,610,809	6,497,352
Fair value gain on investment property	267,031	-

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

7. INTANGIBLE ASSETS:	Franchise right QAR	License QAR	IT software QAR	Total QAR
Cost:				
Transfer resulting from the business combination	-	1,542,288	7,612,302	9,154,590
Additions during the year	34,439,120	-	2,107,762	36,546,882
Balance at December 31, 2022	34,439,120	1,542,288	9,720,064	45,701,472
Transferred from work in progress	-	3,595,244	-	3,595,244
Transfer from a related party	-	-	7,666	7,666
Balance at December 31, 2023	34,439,120	5,137,532	9,727,730	49,304,382
Accumulated amortization:				
Transfer resulting from the business combination	-	1,020,090	2,561,584	3,581,674
Amortization during the year	525,151	184,832	1,461,156	2,171,139
Balance at December 31, 2022	525,151	1,204,922	4,022,740	5,752,813
Amortization during the year	6,980,904	219,520	1,566,660	8,767,084
Transfer from a related party	-	-	3,850	3,850
Balance at December 31, 2023	7,506,055	1,424,442	5,593,250	14,523,747
Carrying amounts:				
At December 31, 2022	33,913,969	337,366	5,697,324	39,948,659
At December 31, 2023	26,933,065	3,713,090	4,134,480	34,780,635

7 a) Amortization expenses for the year was presented in the consolidated financial statements as follows:

	Year ended December 31,	
	2023	2022
	QAR	QAR
Cost of operations (Note 24)	7,126,960	423,668
General and administrative expenses (Note 25)	1,640,124	1,747,471
Total	8,767,084	2,171,139

8. LEASES:

8 a) Right-of-use assets	2023 QAR	2022 QAR
Balance at the beginning of the year	98,926,054	27,951,550
Transfer resulting from the business combination	-	13,766,954
Additions during the year	216,472,643	81,485,821
Modification to the lease contracts during the year	-	455
Depreciation of right-of-use assets (Note 8 b)	(20,963,789)	(22,347,990)
Depreciation expenses transferred	(74,561)	(74,554)
Depreciation expenses transferred to a capital work in progress	(8,407,278)	-
Derecognition due to early termination of the lease contract	(28,373,191)	(1,856,182)
Balance at the end of the year	257,579,878	98,926,054

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

8. LEASES (CONTINUED):

8 b) Depreciation of right-of-use assets for the year was presented in the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2023	2022
	QAR	QAR
Cost of operations (Note 24)	1,060,162	2,561,871
General and administrative expenses (Note 25)	19,903,627	19,786,119
Total	20,963,789	22,347,990

8 c) Lease liabilities

	December 31,	
	2023	2022
	QAR	QAR
Balance at the beginning of the year	94,030,092	20,565,598
Transfer resulting from the business combination	-	17,061,064
Additions during the year	216,472,631	81,486,276
Interest expense for the year	3,512,685	2,710,702
Interest expenses transferred	451,770	-
Interest expenses transferred to a capital work in progress	9,854,311	-
Payments during the year	(24,629,407)	(25,991,070)
Derecognition due to early termination of the lease contract	(29,486,563)	(1,802,478)
Balance at the end of the year	270,205,519	94,030,092

The lease liabilities are presented as follows:

Non-current	253,444,149	69,374,812
Current	16,761,370	24,655,280
Total	270,205,519	94,030,092

8 d) Interest expense on finance lease arrangements

	Year ended December 31,	
	2023	2022
	QAR	QAR
Interest expense for the year	3,512,685	2,710,702

8 e) Group entered into lease contracts with various landlords for lease of varies premises. These lease liabilities are repayable by rental obligations which varies based on the terms of contracts with the various landlords, and usually for a period between 2 to 25 years, bears an implicit interest rate of 5% to 6% per annum, and is effectively secured as the rights to the leased assets revert to the lessor in the event of default.

9. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES:

	December 31,	
	2023	2022
	QAR	QAR
Investment acquisitions during the year	29,364,113	-
Share of results of equity accounted investees (net of tax) (Note 9 c)	385,904	-
Balance at the end of the year (Note 9 b)	29,750,017	-

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

9. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (CONTINUED):

9 b) Investment in equity accounted investees comprise investment in joint ventures and an associate. The details of the investment in equity account investees as of December 31, 2023 are as follows:

Name of Company	Place of incorporation	Participating interest %	December 31,	
			2023 QAR	2022 QAR
Al Bidda Switchgear W.L.L.	Qatar	50%	27,620,326	-
CME Wakra Water W.L.L.	Qatar	40%	1,757,780	-
Mena Facilities Management W.L.L.	Jordan	50%	371,911	-
Total			29,750,017	-

9 c) The details of the share of results of equity accounted investees (net of tax) for the year ended December 31, 2023 are as follows:

Name of Company	Place of incorporation	Participating interest %	Year ended December 31,	
			2023 QAR	2022 QAR
Al Bidda Switchgear W.L.L.	Qatar	50%	(1,379,674)	-
CME Wakra Water W.L.L.	Qatar	40%	1,655,780	-
Mena Facilities Management W.L.L.	Jordan	50%	109,798	-
Share of results of equity accounted investees (net of tax)			385,904	-

10. RETENTION RECEIVABLES:

Retention receivables
Less: impairment of retention receivables (Note 10 b)
Net value of retention receivables

December 31,	
2023 QAR	2022 QAR
138,027,526	141,410,901
(3,525,139)	(5,518,307)
134,502,387	135,892,594

For the presentation purposes, the retention receivable is disclosed as follows:

Non-current
Current
Total

December 31,	
2023 QAR	2022 QAR
50,899,584	43,833,031
83,602,803	92,059,563
134,502,387	135,892,594

10 a) 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.

10 b) Movement in impairment of retention receivables is presented as follows:

Balance at the beginning of the year
Transfer resulting from the business combination
Provision for impairment of retention during the year (Note 26)
Written off during the year
Transfer to account receivables
Balance at the end of the year

December 31,	
2023 QAR	2022 QAR
5,518,307	671,628
-	4,423,161
320,966	423,518
(1,706,169)	-
(607,965)	-
3,525,139	5,518,307

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:

	December 31,	
	2023	2022
	QAR	QAR
Investment in unquoted shares	31,000,000	31,000,000
Balance at the end of the year	31,000,000	31,000,000

11 a) Investment in securities refers to investment in unquoted shares representing 2.5% shareholding in Doha Cables Qatar W.L.L. The fair value of the unquoted shares were determined based on appropriate equity pricing model that takes into account the investee's net asset, earnings and market values of the same type of business entity.

11 b) Management believes that there is no significant change in the fair value of these shares. Accordingly, no changes in fair values were recognized in the consolidated statement of profit or loss during the year.

12. INVENTORIES:

	December 31,	
	2023	2022
	QAR	QAR
Electrical and electronic materials	32,589,146	57,533,768
Raw materials	77,029,397	63,656,241
Supplies and consumables	58,141,657	55,132,281
Finished goods	49,527,581	50,780,576
Other materials	23,087,933	21,223,817
Steel bars	4,504,310	5,308,330
Spare parts	1,460,708	53,918
	246,340,732	253,688,931
Less: impairment for slow moving inventories (Note 12 a)	(26,280,978)	(19,752,606)
Total	220,059,754	233,936,325

12 a) Movement in impairment provision for slow moving inventories is presented as follows:

	December 31,	
	2023	2022
	QAR	QAR
Balance at the beginning of the year	19,752,606	13,595,822
Transfer resulting from the business combination	-	3,730,704
Provision for impairment for slow moving inventories (Note 25)	10,324,483	2,426,080
Written off during the year	(3,796,111)	-
Balance at the end of the year	26,280,978	19,752,606

13. CONTRACT ASSETS AND LIABILITIES:

	December 31,	
	2023	2022
	QAR	QAR
Contracts valued at cost plus attributable profit	1,800,254,899	2,344,023,636
Less: Progress billings	(1,291,664,343)	(1,517,505,991)
Total	508,590,556	826,517,645

13 a) The amounts have been presented in the consolidated statement of financial position as follows:

	December 31,	
	2023	2022
	QAR	QAR
Contract assets	524,938,701	951,742,831
Contract liabilities	(16,348,145)	(125,225,186)
Total	508,590,556	826,517,645

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

14. TRADE AND OTHER RECEIVABLES:

	December 31,	
	2023	2022
	QAR	QAR
Accounts receivable	723,126,862	833,049,631
Notes receivables	107,809,755	104,159,522
Total accounts and notes receivables	830,936,617	937,209,153
Less: allowance for impairment of accounts and notes receivables (Note 14 b)	(110,840,817)	(143,054,264)
Net accounts and notes receivables	720,095,800	794,154,889
Advances paid to suppliers (Note 14 c)	294,509,561	299,382,783
Accrued revenue	231,621,491	55,831,288
Prepayments	41,271,233	92,305,328
Refundable deposits	5,237,668	7,970,630
Due from staff	1,244,849	1,046,649
Other receivables (Note 14 d)	135,289,607	55,796,790
Total	1,429,270,209	1,306,488,357

14 a) The aging of the receivable is as follows:

	December 31,	
	2023	2022
	QAR	QAR
i) Aging of neither past due nor impaired Up to 90 days	458,090,337	572,713,263
ii) Aging of past due but not impaired 91 - 180 days	67,078,522	62,374,070
Above 180 days	194,926,941	159,067,556
	262,005,463	221,441,626
iii) Aging of past due impaired Above 180 days	110,840,817	143,054,264
Total	830,936,617	937,209,153

14 b) Movement in allowance for impairment of accounts and notes receivables is presented as follows:

	December 31,	
	2023	2022
	QAR	QAR
Balance at the beginning of the year	143,054,264	116,932,938
Transfer resulting from the business combination	-	15,609,076
(Reversal)/ provision for impairment of accounts receivables (Note 26)	(25,507,471)	11,586,718
Transfers from retention receivables	607,965	-
Written off during the year	(7,313,941)	(1,074,468)
Balance at the end of the year	110,840,817	143,054,264

14 c) Advances paid to suppliers are presented as follows:

	December 31,	
	2023	2022
	QAR	QAR
Advances paid to suppliers	295,752,777	300,625,999
Less: provision for impairment of advance paid to suppliers	(1,243,216)	(1,243,216)
Net advance paid to suppliers	294,509,561	299,382,783

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

14. TRADE AND OTHER RECEIVABLES (CONTINUED):

14 d) Other receivables are presented as follows:

	December 31,	
	2023	2022
	QAR	QAR
Other receivables	143,578,435	64,085,618
Less: provision for impairment of other receivables	(8,288,828)	(8,288,828)
Net other receivables	135,289,607	55,796,790

14 e) In determining the recoverability of accounts receivable, the Group 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 impairment debts.

15. RELATED PARTIES TRANSACTIONS AND BALANCES:

These represent transactions with related parties, i.e. major shareholders, joint ventures, directors and senior management of the group of the companies, and the companies in which they are principal owners. Pricing policies and terms of these transactions are approved by the respective management.

15 a) Due from related parties

	December 31,	
	2023	2022
	QAR	QAR
Shareholders		
Mr. Moutaz Al Khayyat	-	4,259,643
Mr. Ramez Al Khayyat	-	7,393,110
Urbacon Trading and Contracting W.L.L.	66,537,241	219,226,692
Affiliates		
REE Asyad JV	307,553,934	28,553,807
UCC-Bahadir-Tedeschia Joint Venture	58,318,823	65,690,444
Urbacon Workshop Department	45,574,652	14,052,894
Aura Hospitality W.L.L.	37,959,845	-
Infraroad Trading and Contracting Co. W.L.L.	27,380,561	14,675,267
Power International Holding Co. W.L.L.	34,011,993	-
Urbacon Holding W.L.L.	22,295,064	199,698
Aura International – W.L.L.	19,790,096	-
Electromech Contracting and Trading W.L.L.	14,697,189	-
Yemek Istanbul Catering Services Hizmetleri Sanayi	13,287,245	-
Pentagram Design Trading and Contracting W.L.L.	13,088,703	13,111,423
Assets Properties Management W.L.L.	13,025,986	8,648,078
Golden Bay Contracting and trading W.L.L.	12,683,631	23,371,727
Prolines - W.L.L.	10,123,770	1,412,411
Aura Entertainment Services W.L.L.	8,564,908	29,347,757
UCC Promar JV	5,494,287	5,089,534
Stark Securities Company W.L.L.	5,412,749	-
Al-Khayyat Trading and Contracting Co. W.L.L.	5,279,186	6,908,926
UCC Acciona JV	4,065,271	7,810,683
Urbacon And Infraroad Joint Venture	2,963,778	-
Mina Facilities Management (Jordan)	2,828,605	-
Al Hodaifi Group W.L.L.	2,586,299	2,490,299
Lusail Queen Yacht	2,373,495	407,863
UCC Promar Marine Contracting W.L.L.	1,112,385	320,296
Subtotal carried forward	737,009,696	452,970,552

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

15. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED):

15 a) Due from related parties (Continued)

<i>Affiliates (Continued)</i>	December 31,	
	2023 QAR	2022 QAR
Subtotal brought forward	737,009,696	452,970,552
UCC Infraroad Limak JV	1,227,439	-
Trelco Security Equipment Services W.L.L.	1,136,562	1,136,562
Ithaafushi Investment (Private) Limited	991,599	-
Pizza One	592,658	14,722
Ithaafushi Maldives Projects	441,758	954,078
Syrian American Medical Centre	420,827	485,396
Debbas Holding Co	316,783	320,093
Servicom - W.L.L.	308,651	10,123,770
Damasca One Restaurant W.L.L.	295,510	-
ETA – PCS Switchgear L.L.C.	292,856	292,856
Baladna for Animal Production W.L.L.	246,001	133,200
Mr. Hamad Al - Hodaifi	240,000	-
Touchwood SAL	98,000	-
United Foods Services W.L.L.	69,905	65,800
Temasq Beauty Lounge &Spa	61,585	77,435
Cuizina SAL Offshore	60,000	-
Building Development Technology Company W.L.L.	59,306	59,306
Em Sherif by the Sea - Al Maha	51,178	-
Union Iron and Steel Company L.L.C	47,591	66,891
Aura Lifestyle - W.L.L.	35,798	-
Moka Caffè	34,802	-
Debbas Enterprise (Lebanon)	31,031	31,031
Levant Restaurants W.L.L	26,550	26,550
Basta Restaurant W.L.L	25,218	18,250
Gemini Hospitality W.L.L	23,707	-
Foodmania Restaurant W.L.L	13,750	3,500
I Shield W.L.L.	9,702	9,702
Mr.Sultan Bin Ghanem Al Hodaifi	3,000	4,500
Elegancia Hospitality and Facility Management Services L.L.C (OMAN)	500	-
Cuizina Aldoha Catering Services W.L.L.	-	1,263,619
Profession Aluminium Co. W.L.L	-	472,905
Arab Builders Company W.L.L.	-	13,054,071
The Canteen W.L.L.	-	4,298,112
UCC Infraroad Yuksil JV	-	3,264,488
The Eight Hotel W.L.L	-	974,536
Assets Hotels and Resort Management	-	467,513
Industrial Development Trading Company W.L.L.	-	436,400
Snathe Qatar - W.L.L.	-	308,651
Dimension Group - W.L.L.	-	291,624
Palma Group W.L.L.	-	78,850
Global Construction Equipment Company W.L.L.	-	54,132
Total	744,171,963	491,759,095
Less: allowance for impairment of due from related parties (Note 15 b)	(954,896)	(954,896)
Net due from related parties	743,217,067	490,804,199

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

15 a) Due from related parties (Continued)

15 b) Movement in allowance for impairment of due from related parties is presented as follows:

	December 31,	
	2023	2022
	QAR	QAR
Balance at the beginning of the year	954,896	-
Transfer resulting from the business combination	-	600,275
Provision for impairment of due from related parties (Note 27)	-	354,621
Balance at the end of the year	954,896	954,896

15 c) Due to related parties

	December 31,	
	2023	2022
	QAR	QAR
Assets Real Estate Development W.L.L.	33,522,125	24,444,580
CME Wakra Water W.L.L.	44,831,966	-
Urbacon Plant, Machinery and Vehicle	13,350,000	35,296,919
Baladna Food Industries W.L.L.	9,122,656	9,695,376
Assets Hotels and Resort Management	4,786,389	-
Credo Trading Co. W.L.L.	4,461,430	4,760,875
International Design & Consultant Company W.L.L.	3,770,604	123,904
Cesar Debbas and Fils W.L.L.	2,662,686	2,662,686
Loyalty for Business Development and Investment Holding W.L.L.	2,400,000	3,000,000
Gilifushi Maldives	1,200,602	-
Lacasa - W.L.L.	1,290,934	-
Joury Tours And Travels W.L.L.	972,686	295,808
Gymkhana - W.L.L.	763,085	-
Forad SARL	308,824	308,824
The Eight Hotel W.L.L.	268,142	-
Orient Pearl Restaurant W.L.L.	245,535	23,502
Consolidated Security Services Co. W.L.L.	230,560	-
Printshop For Printing Services W.L.L.	190,060	709,622
Joury Logistic Company W.L.L.	189,958	189,958
Global Tourist & Travels W.L.L.	185,333	374,858
Trelco Customs Clearance Co.	164,148	-
The Canteen W.L.L.	155,838	-
Arab builders Company W.L.L.	118,915	-
Elan London Cafe - W.L.L.	82,182	-
UCC-SACYR	10,144	10,145
Palma Group W.L.L.	7,374	-
Premiere Events	5,145	-
Qatar Duct	4,218	4,218
Louloat Alsharq Restaurant W.L.L.	-	70,879
Damasca One Restaurant W.L.L.	-	10,696
Power International Holding Company W.L.L.	-	10,733,931
Aura Lifestyle W.L.L.	-	3,594,872
Other related parties	-	692,231
Ithaafushi Investment (Private) Limited	-	480,153
Aura Hospitality W.L.L.	-	4,922,095
Stark Securities Company W.L.L.	-	7,719,319
Total	125,301,539	110,125,451

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

15. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED):

15 d) Loan from a related party

The Group has obtained a loan from Credo Trading W.L.L. as a part of the Group's restructuring plan. 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. Movement of the loan from a related party as follows:

	December 31,	
	2023	2022
	QAR	QAR
Balance at the beginning of the year	28,783,355	27,829,520
Interest expense for the year (Note 27)	738,118	953,835
Balance at the end of the year	29,521,473	28,783,355

15 e) Transactions with related parties

	Year ended December 31,	
	2023	2022
	QAR	QAR
Revenue	895,741,143	2,321,452,207
Expenses	232,434,545	1,039,424,501

15 f) 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. 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:

	Year ended December 31,	
	2023	2022
	QAR	QAR
Short term benefits	14,589,707	11,350,820
Post employment benefits	650,931	532,294
Total	15,240,638	11,883,114

16. CASH AND BANK BALANCES:

	December 31,	
	2023	2022
	QAR	QAR
Cash in hand	3,118,266	1,851,624
Cash at bank - current accounts	189,580,773	165,635,319
- cash margin held against letter of guarantees	4,784,092	-
Total	197,483,131	167,486,943

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

	December 31,	
	2023	2022
	QAR	QAR
Total cash and cash equivalents	197,483,131	167,486,943
Restricted cash (cash margin held against bank guarantees)	(4,784,092)	(900,779)
Net cash and cash equivalents	192,699,039	166,586,164

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

17. SHARE CAPITAL:

	December 31,	
	2023	2022
	QAR	QAR
Authorized and issued share capital (Note 17 a)	3,404,037,500	3,404,037,500
Total	3,404,037,500	3,404,037,500

17 a) 3,404,037,500 ordinary shares of QAR 1 per share.

18. LEGAL RESERVE:

In accordance with Qatar Commercial Companies Law No. 11 of 2015 whose certain provision were subsequently amended by law No. 8 of 2021 and the Company's Articles of Association, 10% of net income for the year is required to be transferred to the legal reserve, the Company 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.

19. RESERVE FOR RENEWAL OF FURNITURE, FIXTURES AND EQUIPMENT:

In accordance with the Hotel Management Agreements ("the HMA") relating to The Palace Hotel W.L.L. and Tilal Hotel W.L.L., expenditure on replacement of furniture, fixtures and equipment are charged to a reserve for renewal of furniture, fixtures and equipment. This reserve is established through an annual charge in the statement of profit or loss at an agreed rate of 1% of gross revenue effective from 2023. (2022: 4% of gross revenue).

20. EMPLOYEES' END OF SERVICE BENEFITS:

	December 31,	
	2023	2022
	QAR	QAR
Balance at the beginning of the year	99,594,790	86,946,928
Transfer resulting from the business combination	-	20,238,623
Provision for the year	33,314,373	33,822,621
Payments made during the year	(34,285,407)	(40,822,435)
Transfer to related parties	-	(590,947)
Balance at the end of the year	98,623,756	99,594,790

21. LOANS AND BORROWINGS:

	December 31,	
	2023	2022
	QAR	QAR
Term loans (Note 21 a)	1,552,189,099	1,066,611,212
Demand loans (Note 21 b)	37,370,017	78,577,889
Factor finance (Note 21 c)	87,036,409	91,897,053
Projects finance (Note 21 d)	148,809,112	197,723,384
Murabaha (Note 21 e)	115,443,842	152,591,996
Short term financing facilities (Note 21 f)	146,691,739	216,009,542
Total loan and borrowings	2,087,540,218	1,803,411,076

The interest-bearing borrowings are presented in the consolidated statement of financial position as follows:

	December 31,	
	2023	2022
	QAR	QAR
Non-current	1,279,700,075	915,781,502
Current	807,840,143	887,629,574
Total	2,087,540,218	1,803,411,076

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

21. LOANS AND BORROWINGS (CONTINUED):

21 a) Term loans

Term loans consists of a number of commercial and term loans used for various purposes. These loans are secured by personal and corporate guarantees. Term loans have different maturity dates and bears interest rate of 5.5% per annum.

21 b) Demand loans

Demand loan represents loans obtained from a local bank to finance working capital requirements. This loan bear an interest rate of 4.5% per annum. The loan is backed by certified project receivables and undertaking by the JV partners that no fund will be drawn from the project by way of dividends or profit sharing until the project is complete.

21 c) Factor finance

The Group has entered into a credit facility agreement with a local bank. Under the facility, the Group discounts its invoices for a maximum of 150 days by transferring the approved customer's invoice payment to local bank. Maximum loan amount is 90% of the invoice value. The bills discounted are against personal guarantee of the shareholders and corporate guarantee. Further, the credit facilities are also secured by certain guarantee cheques, letters of assignment agreement.

21 d) Projects finance

The Group obtained facilities with a local bank to finance its existing project from the progress payments to be paid by customers for that project. The facilities are secured by corporate and personal guarantees of the subsidiary and assignment of contract payments from the customer to route all contract proceeds with the bank. These facilities bear interest rate of minimum 4.5%.

21 e) Murabaha

Murabaha represent facilities obtained from a local Islamic bank for the purchase of materials and issuing letters of credit to suppliers. These loans bear an average profit rate of 4.5% to 6.5% annually and have maturities ranging from 270 to 360 days.

21 f) Short term financing facility

The Group has engaged in multiple credit facility agreements with local banks to fulfill their day-to-day working capital needs. These loans carry an average interest rate of QMRL + 0.75% per annum and interest is accrued daily and compounded monthly.

22. TRADE AND OTHER PAYABLES:

	December 31,	
	2023 QAR	2022 QAR
Accounts payable	468,971,920	803,344,552
Accrued expenses	389,710,071	502,955,939
Advances from customers	322,012,854	219,293,131
Notes payable	73,286,009	175,465,358
Provisions for leave salary, air ticket and others	70,617,840	80,949,252
Provision for maintenance cost	39,608,845	18,896,355
Retentions payables	23,616,239	27,666,801
Social and sport funds contribution (Note 30)	8,693,809	8,126,193
Due to staff	873,026	1,821,583
Other payables	181,977,046	164,431,145
Total	1,579,367,659	2,002,950,309

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

23. REVENUE:

	Year ended December 31,	
	2023	2022
	QAR	QAR
Revenue from contract with customer	2,878,467,583	4,230,524,379
Rental income from investment property	40,610,809	6,497,352
Total	2,919,078,392	4,237,021,731

23 a) Following sub notes illustrates the disaggregation of disclosure by timing of revenue recognitions, type of customers and primary geographical markets of the Groups revenue for the year ended December 31, 2023:

	Year ended December 31,	
	2023	2022
	QAR	QAR
<i>i) Timing of revenue recognitions</i>		
Product transferred at a point in time	1,794,371,707	1,031,202,611
Product transferred over the time	1,124,706,685	3,205,819,120
Total revenue	2,919,078,392	4,237,021,731

<i>ii) Type of customers</i>		
External parties	2,023,337,249	1,915,569,524
Related parties	895,741,143	2,321,452,207
Total revenue	2,919,078,392	4,237,021,731

<i>iii) Revenue by primary geographical markets</i>		
Local operations	2,807,621,551	4,212,400,929
Foreign operations	111,456,841	24,620,802
Total revenue	2,919,078,392	4,237,021,731

24. COST OF OPERATIONS:

	Year ended December 31,	
	2023	2022
	QAR	QAR
Salaries and other benefits to employees	932,038,875	1,085,157,774
Direct materials	332,012,844	1,281,372,359
Subcontractor costs	320,947,673	345,067,648
Depreciation of property, plant and equipment (Note 5 a)	103,049,698	85,085,785
Rent expenses	48,713,420	38,597,813
Repairs and maintenance expenses	41,586,995	33,067,137
Transportation chargers	36,579,727	84,527,609
Site overhead costs	27,636,289	77,060,849
Government expenses	13,094,064	21,323,845
Professional fees	7,909,512	5,680,853
Amortization of intangible assets (Note 7 a)	7,126,960	423,668
Depreciation of right-to-use assets (Note 8 a)	1,060,162	2,561,871
Machinery hiring chargers	-	21,579,803
Other direct costs	246,053,234	535,562,142
Total	2,117,809,453	3,617,069,156

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

25. GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31,	
	2023	2022
	QAR	QAR
Salaries and other benefits to employees	167,404,129	119,517,250
Professional fees expenses	39,056,128	23,240,273
Group shared expenses	48,000,598	31,018,218
Depreciation of property, plant and equipment (Note 5 a)	26,611,045	12,202,003
Depreciation of right-of-use assets (Note 8 b)	19,903,627	19,786,119
Marketing and development expenses	18,164,872	12,578,732
Impairment loss on property, plant and equipment	10,632,997	-
Facility services expenses	10,517,410	-
Provision for slow moving inventories	10,324,483	2,426,080
Utilities expenses	9,675,579	2,395,888
IT Expenses	9,276,231	-
Repair and maintenance expenses	5,468,046	4,753,762
Rent expenses	3,717,470	2,922,960
Bank commission and charges	1,792,641	1,087,501
Amortization of intangible assets (Note 7 a)	1,640,124	1,747,471
Communication charges	1,339,584	494,985
Loss on disposal of property and equipments	-	2,105,018
Miscellaneous expenses	48,782,876	20,037,311
Total	432,307,840	256,313,571

26. REVERSAL/ (IMPAIRMENT PROVISION) FOR FINANCIAL ASSETS:

	Year ended December 31,	
	2023	2022
	QAR	QAR
(Reversal)/ provision for impairment of accounts receivables (Note 14 b)	(25,507,471)	11,586,718
Impairment provision for retention receivables (Note 10 b)	320,966	423,518
Impairment provision for other receivables (Note 14 d)	-	8,288,828
Impairment provision for advance paid to suppliers (Note 14 c)	-	1,243,216
Impairment provision for due from related parties (Note 15 b)	-	354,621
Total	(25,186,505)	21,896,901

27. FINANCE COST:

	Year ended December 31,	
	2023	2022
	QAR	QAR
Interest expenses on loans and borrowings	124,929,156	63,836,737
Interest expenses on leases (Note 8 d)	3,512,685	2,710,702
Interest expenses on loans from a related party (Note 15 d)	738,118	953,835
Total	129,179,959	67,501,274

28. BASIC AND DILUTED EARNINGS PER SHARE:

The calculation of basic earnings per share ("EPS") is arrived by dividing the profit attributable to the shareholders of the Parent Company for the period by the weighted average number of ordinary shares outstanding during the year.

	Year ended December 31,	
	2023	2022
	QAR	QAR
Profit for the period attributable to shareholders of the parent (QAR)	347,752,340	338,178,389
Weighted average number of shares outstanding during the year *	3,404,037,500	3,174,366,267
Basic earnings per share (Qatari Riyals per share)	0.102	0.107

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

28. BASIC AND DILUTED EARNINGS PER SHARE (CONITINUED):

* The weighted average number of shares outstanding for the year ended December 31, 2022 was adjusted for the reverse acquisition treatment in accordance with IFRS 3 "Business Combinations".

29. COMMITMENTS AND CONTINGENCIES:

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

	December 31,	
	2023	2022
	QAR	QAR
Performance Bonds	579,353,774	291,396,557
Advance Payment Guarantees	463,062,534	186,967,924
Retention Bonds	320,000	150,000
Tender Bonds	50,456,019	29,649,286
Letter of Credits	13,514,149	54,006,421
Post Dates Cheques Payables	295,257,763	28,394,943
Corporate Gurantees	-	284,234,270

30. SOCIAL AND SPORTS FUND CONTRIBUTION

Pursuant to the requirements of Law No.13 of 2008, the Group recognizes provision for the support of sports, social, cultural and charitable activities equal to 2.5% of the consolidated net profit attributable to the shareholders of the Company. The Group transferred from its retained earnings and accrued as at December 31, 2023 an amount of QAR 8,693,809. (2022: QAR 8,126,193)

31. FINANCIAL RISK MANAGEMENT:

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

- 31 a) Credit risk
- 31 b) Liquidity risk
- 31 c) Market risk
- 31 d) Interest rate risk

This note presents information about the Group's exposure to each of the above risks, the Group'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 Group's risk management framework. The Group's risk management policies are established to identify and analysed the risks faced by the Group and to monitor risks.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

31 a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group'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.

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

31. FINANCIAL RISK MANAGEMENT:

31 a) Credit risk (Continued)

The tables below detail the gross maximum exposure to credit risk of the Group's financial assets:

	December 31,	
	2023	2022
	QAR	QAR
Trade and other receivables (except non-financial assets)	1,093,489,415	1,214,183,029
Due from related parties	743,217,067	490,804,199
Contract assets	524,938,701	951,742,831
Retention receivables	134,502,387	135,892,594
Financial assets at fair value through profit or loss	31,000,000	31,000,000
Cash at banks	194,364,865	165,635,319
Total	2,721,512,435	2,989,257,972

The Group limits its exposure to credit risk from trade receivables by:

- Evaluating the creditworthiness of each counter-party prior to entering into contracts;
- Establishing sale limits for each customer, which are reviewed regularly;
- Establishing maximum payment periods for each customer, which are reviewed regularly; and
- Periodically reviewing the collectability of its trade receivables for identification of any impaired amounts.

Measurement of ECLs

The table in note 14 a) to the consolidated financial statements provides information about exposure to credit risk and ECL for trade and other debit balances as at December 31, 2023 and December 31, 2022.

Cash at banks

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

	December 31,	
	2023	2022
	QAR	QAR
Cash at banks	194,364,865	165,635,319

The Group'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 immaterial.

31 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 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 Group's reputation. The table below summarizes the contractual maturities of the Group's financial liabilities at the reporting date.

December 31, 2023

	Contractual cash flows		
	Carrying amount	Within one year	Above 1 year
	QAR	QAR	QAR
Non-derivative financial liabilities			
Loans and borrowings	2,087,540,218	807,840,143	1,279,700,075
Lease liabilities	270,205,519	16,761,370	253,444,149
Loan from a related party	29,521,473	-	29,521,473
Due to related parties	125,301,539	125,301,539	-
Retention payables	24,948,506	23,616,239	1,332,267
Trade and other payables	1,555,751,420	1,555,751,420	-
Total	4,093,268,675	2,529,270,711	1,563,997,964

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

31. FINANCIAL RISK MANAGEMENT (CONTINUED):

31 b) Liquidity risk (Conitnued)

December 31, 2022

	Contractual cash flows		
	Carrying amount	Within one year	Above 1 year
	QAR	QAR	QAR
Non-derivative financial liabilities			
Loans and borrowings	1,803,411,076	887,629,574	915,781,502
Lease liabilities	94,030,092	24,655,280	69,374,812
Loan from a related party	28,783,355	-	28,783,355
Due to related parties	110,125,451	110,125,451	-
Retention payables	28,994,793	27,666,801	1,327,992
Trade and other payables	1,975,283,508	1,975,283,508	-
Total	4,040,628,275	3,025,360,614	1,015,267,661

31 c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group'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.

31 d) 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.

Interest rate sensitivity analysis

The Group is exposed to interest rate risk mainly on bank borrowing and overdrafts. A 1% increase or decrease is used when reporting interest rate risk to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If the interest rates had been 1% higher/lower and all other variables were held constant, the Group's net income would be impacted as follows:

	December 31,	
	2023	2022
	QAR	QAR
Term loans (Note 21 a)	1,552,189,099	1,066,611,212
Demand loans (Note 21 b)	37,370,017	78,577,889
Factor finance (Note 21 c)	87,036,409	91,897,053
Projects finance (Note 21 d)	148,809,112	197,723,384
Murabaha loans (Note 21 e)	115,443,842	152,591,996
Short term financing facilities (Note 21 f)	146,691,739	216,009,542
Total bank exposure subject to interest rate risk	2,087,540,218	1,803,411,076
1% increase/ decrease effect on net income	20,875,402	18,034,111

32. 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 share capital, reserves and retained earnings.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

33. EVENTS AFTER THE REPORTING PERIOD:

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

33 a) On January 23, 2024, Estithmar Holding Q.P.S.C. announces the establishment of a QAR 3.4 billion Trust Certificate Issuance Programme for trust certificates to be issued by Estithmar Sukuk Limited LLC. The Programme which has been rated qaBBB with a stable outlook at the national scale, is expected to be admitted to the London Stock Exchange's International Securities Market (ISM).

The establishment of this program is in line with Estithmar Holding's regional and international business expansion plan in key strategic growing sectors as it aims to attract additional funds that will further support the company's strategic planned financial growth.

The program, which is designed to support the company's multifaceted ventures in Qatar, Iraq, Algeria, Kazakhstan, Maldives, and beyond, reflects the organization's commitment to sustained growth and to reinforcing its position as a strategic player in key growing sectors such as healthcare and hospitality in the global landscape.

34. FAIR VALUES OF FINANCIAL INSTRUMENTS:

Financial instruments include financial assets and liabilities.

Financial assets consist of financial assets at fair value through profit or loss, amounts due from related parties, retention receivables, contract assets, bank balances and cash, trade receivable and other debit balances. Financial liabilities consist of amounts due to related parties, trade payable and other credit balances, retention payables, lease liabilities and interest-bearing loans and borrowings.

The fair values of financial instruments are not materially different from their carrying values except for the following:

	December 31, 2023		December 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
	QAR	QAR	QAR	QAR
Accounts receivables and notes receivables (Note 14)	830,936,617	720,095,800	937,209,153	794,154,889
Retention receivables (Note 10)	138,027,526	134,502,387	141,410,901	135,892,594
Other receivables (Note 14 c)	143,578,435	135,289,607	64,085,618	55,796,790
Due from related parties (Note 15 a)	744,171,963	743,217,067	491,759,095	490,804,199

35. LEGAL CASES:

35.1. Debbas Enterprises Qatar W.L.L.

- A. Prior to the reverse-acquisition, one of the Group's subsidiaries, Debbas Enterprises Qatar W.L.L. ("Debbas") has entered into a Joint Venture with ETA Star Engineering and Contracting W.L.L. (Under liquidation) ("EDJV") in February 2011 to carry out the electromechanical works of Doha Exhibition and Convention Center for the main contractor Midmac Contracting/ Six Construct JV ("SMJV"), with a total contract value of QAR 430,000,000 to be executed within 22 months.
- B. EEDJV has obtained a credit facility from Al Ahli Bank Q.P.S.C. ("Al Ahli Bank") in 2011 to finance this project and the total outstanding balance including accrued interest as of December 31, 2020 amounted to QAR 152,696,565 (2019: QAR 148,463,224).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

35. LEGAL CASES (CONTINUED):

35.1. Debbas Enterprises Qatar W.L.L. (Continued)

- C. Al Ahli Bank filed a lawsuit No. 2926/2018 against EDJV and other, requesting to pay an amount of QAR 178,529,133 plus accrued interest to cover the outstanding loan balance that was obtained from Al Ahli Bank to finance the project construction works.
- D. Accordingly, the EDJV filed a lawsuit No. 568/2018 against SMJV and Qatari Diar "(the client)" requesting them to pay an amount of QAR 625,861,657 being the remaining costs of the original contract, the additional works carried out based on the site instructions, extensions of time, and compensation for the opportunity costs.
- E. On March 21, 2019, the Court of First Instance decided to combine the two cases, such as case numbers 568/18 and 2926/2018. Subsequently, on April 30, 2019, the Court decided to delegate the case to a panel of experts.
- F. On September 29, 2022 the Court resolved that EDJV should pay to Al Ahli Bank QAR 156,045,152 against the amount outstanding on loans and bank facilities, which includes outstanding principal interest on those facilities. In addition, the Court rules that the SMJV should pay to EDJV amounted to QAR 63,096,261 against all outstanding balances and performance bond of QAR 43,000,000 should be returned to the Al Ahli Bank.

On September 29, 2022 the Court resolved that EDJV should pay to Al Ahli Bank QAR 156,045,152 against the amount outstanding on loans and bank facilities, which includes outstanding principal interest on those facilities. In addition, the Court rules that the SMJV should pay to EDJV amounted to QAR 63,096,261 against all outstanding balances and performance bond of QAR 43,000,000 should be returned to the Al Ahli Bank.

During the interim period the legal case in relation to Debbas Enterprises Qatar W.L.L. (disclosed above A to F), a settlement agreement was signed between the Group and Al Ahli Bank, according to which the existing dispute with Al Ahli Bank was settled in return for the Group paying QAR 120 million and the Al Ahli Bank waived the rest of the adjudged amount.

35.2. Other litigations

1.) Dukhan Bank Q.P.S.C. against IHG and other defendants

IHG (the "Company") signed with International Bank of Qatar (currently Dukhan Bank Q.P.S.C.) in December 2012 a banking facility agreement and it was agreed upon in accordance with the aforementioned agreement between the Dukhan Bank and the Company and a list of subsidiary Companies that were specified in a separate annex to grant the Company and some subsidiary companies, including Falcon Ready Mix Concrete Company, banking facilities. Falcon used an amount of QAR 12,550,994 and stopped paying.

The Dukhan Bank filed a lawsuit against the Company and Falcon Ready Mix Concrete W.L.L. ("Falcon") before the Civil Court of First Instance with the number 3110/2020 claiming for the amount due on Falcon despite its issuance of a letter on July 25, 2017 confirming that the Dukhan Bank took note of the change in the legal form of the Company and the amendment of the list of binding subsidiaries.

On April 13, 2023 the first instance court issued a judgment which decided that Estithmar Holding Q.P.S.C. , Al Hudaifi Group and Falcon should jointly pay the amount claimed by the bank, and the aforementioned ruling has been appealed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

35. LEGAL CASES (CONTINUED):

35.2. Other litigations (Continued)

2.) A lawsuit has been from QDSBG against Debbas Enterprises (one of Estithmar subsidiaries) to demand the completion of the work of the LCP project and hand over to the project owner the spare parts and guarantees necessary to issue the accreditation certificate, in addition to 69,498,491 riyals, the value of the additional amounts paid in excess to Debbas Company, in addition to delay fines. QDSBG is claiming Debbas to pay an amount of 109,508,421 QAR, the value of the additional amount paid in excess to the defendant, in addition to the amount allocated to complete the work subject to the contract through subcontractors. In addition to an amount of 5,000,000 QAR compensation.

A sub-suit was filed by Debbas demanding the following: - Obliging QDSBG to pay an amount of QAR 227,161,704, , as a result of the time extension.

On 9/11/2023 the first instance issued its judgment in fav or of Debbas obliging QDSBG to pay QAR 82.000.000.

We submitted an appeal and QDSBG as well an d the case is till on going.

36. COMPARATIVE FIGURES:

Certain comparative figures have been reclassified in accordance with International Financial Reporting Standards (IFRS) in order to conform with the presentation of the consolidated financial statements for the year ended December 31, 2023. Such reclassifications did not have any effect on the net profit and equity of the comparative year.

37. BUSINESS COMBINATION:

On April 12, 2022 the Company obtained Qatar Financial Markets Authority (QFMA) approval on reverse acquisition transaction, the transaction was executed by issuing 2,574,037,500 newly issued shares of "Estithmar Holding" by QAR 1 in share swap transaction as each Elegancia Group shareholder will get worth of share equal to 3.10125 for each share of Estithmar.

37 a) The share capital of the Company was determined to be QAR 3,404,037,500 to reflect its value as per evaluation and not as per book value of partners' equity as of reversal acquisition date, due to legal considerations represented by determining the Company's share capital at QAR 3,404,037,500 by H.E the Minister of Commerce and Industry and consequent approvals by the Ministry of Commerce and Industry, Qatar Financial Markets Authority (QFMA) and Qatar Stock Exchange on the share capital of the reverse acquisition transaction in which the Prospectus took a similar approach. Therefore, the shareholders approved the same in their Constituent General Assembly. Due to all of these approvals and to this reverse acquisition transacation, it resulted with a goodwill amounted to QAR. 3,240,035,090.

37 b) Management impairment assessment on Goodwill

Goodwill acquired in a business combination is allocated to each of the acquirer's CGUs or a group of CGUs that is expected to benefit from the synergies of the combination, management is undergoing the reorganization of the current operating segment's structure post-acquisition and there is expected to be a change in the composition of the segments and the CGUs, accordingly, the goodwill amounted to QAR 3,240,035,090 cannot be reliably allocated to the CGUs as of December 31, 2023.

The recoverable amount of the CGU was determined based on fair value less cost of disposal calculated using the CGU's share market price as of December 31, 2023. The fair value less cost of disposal of the CGU is significantly higher than the carrying value of the CGU, therefore it is assumed to be the recoverable amount, and thus no impairment exists.

Further, based on guidelines provided in IAS 36, since the fair value is higher than the carrying value, it is not required to calculate the value in the use of the CGUs.

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38. 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 five 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 Group's have recognized five reportable segments which are corporate, contracting and industries, services, healthcare and 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 operating profit or loss and measured consistently with operating profit or loss in the consolidated financial statements.

The following table summarizes the performance of the operating segments in the Group for the period ended December 31, 2023 and 2022:

December 31, 2023	Corporate QAR	Contracting and industries		Services QAR	Healthcare QAR	Ventures QAR	Eliminations and adjustments		Total QAR
		QAR	QAR				QAR	QAR	
Revenue									
External customers	-	492,393,243		1,082,721,272	304,417,599	143,805,135	-		2,023,337,249
Inter-segment	-	744,227,929		524,026,366	-	34,384,523	(406,897,675)		895,741,143
Total revenue	-	1,236,621,172		1,606,747,638	304,417,599	178,189,658	(406,897,675)		2,919,078,392
Segment profit	(17,302,037)	130,940,314		366,398,479	(64,634,923)	(63,984,916)	848,566		352,265,483
Income/ (expenses)									
Other income	85,028,010	25,969,417		11,526,684	25,717,380	40,501,128	(92,152,798)		96,589,821
Cost of operation:	-	(974,350,860)		(1,185,586,087)	(190,257,215)	(200,230,345)	432,615,054		(2,117,809,453)
General and administrative expenses (including impairment provision)	(88,572,892)	(128,190,912)		(23,874,181)	(196,439,635)	(36,079,133)	66,035,418		(407,121,335)
Management fee	-	(1,491,022)		-	-	(2,904,923)	-		(4,395,945)
Total assets	5,349,146,097	2,786,042,106		2,143,302,552	711,837,320	1,284,849,752	(3,259,043,765)		9,016,134,062
Total liabilities	1,686,849,263	1,945,484,026		1,142,254,058	756,752,644	553,341,887	(1,872,126,016)		4,212,555,862

ESTITHMAR HOLDING Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

38. OPERATING SEGMENTS (CONTINUED):

December 31, 2022	Corporate QAR	Contracting and industries QAR	Services QAR	Healthcare QAR	Ventures QAR	Eliminations and adjustments QAR	Total QAR
Revenue							
External customers	-	572,649,160	1,222,392,651	37,099,987	85,732,454		1,917,874,252
Inter-segment	-	1,813,716,825	1,077,878,317	-	18,148,927	(590,596,590)	2,319,147,479
Total revenue	-	2,386,365,985	2,300,270,968	37,099,987	103,881,381	(590,596,590)	4,237,021,731
Segment profit/ (loss)	62,648,504	93,535,949	284,098,900	2,743,708	15,569,454	(133,548,801)	325,047,714
Income/ (expenses)							
Other income	184,282,445	10,663,709	3,891,888	-	40,000,000	(181,836,515)	57,001,527
Cost of operations	-	(2,188,763,177)	(1,867,746,297)	(28,714,402)	(100,605,653)	568,760,373	(3,617,069,156)
General and administrative expenses (including impairment provision)	(113,167,777)	(94,857,400)	(111,165,862)	(4,263,946)	(21,090,527)	66,335,040	(278,210,472)
Management fees	-	-	-	-	(1,007,453)	(1,331,262)	(2,338,715)
Total assets	4,944,139,520	2,551,347,125	2,041,807,493	278,322,865	1,232,925,240	(2,319,996,422)	8,728,545,821
Total liabilities	1,255,846,838	1,889,218,390	1,396,978,316	155,357,396	1,216,672,262	(1,645,154,071)	4,268,919,131