MEKDAM HOLDING GROUP – Q.P.S.C.

DOHA – STATE OF QATAR

INTERIM CONDENSED COMBINED FINANCIAL STATEMENT FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

TOGETHER WITH

INDEPENDENT AUDITORS' REVIEW REPORT

MEKDAM HOLDING GROUP – Q.P.S.C.
DOHA – STATE OF QATAR

INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

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Russell Bedford
taking you further

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INDEPENDENT AUDITOR'S REPORT (REVIEW) OF INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS
MEKDAM HOLDING GROUP – Q.P.S.C.
DOHA – STATE OF QATAR

Introduction

We have reviewed the accompanying interim condensed combined financial statements of Mekdam Holding Group – Q.P.S.C. (the "Parent Company") and its subsidiaries (together the "Group") as of September 30, 2021, comprising of the interim condensed combined statement of financial position as of September 30, 2021 and related interim condensed combined statements of profit or loss and other comprehensive income, interim condensed combined statement of changes in shareholders' equity and interim condensed combined statement of cash flows for the Nine-month period then ended, and related explanatory notes.

Management responsibility for the interim condensed combined financial statements

The management is responsible for the preparation and presentation of these interim condensed combined financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed combined financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed combined financial statements are not prepared, in all material aspects, in accordance with IAS 34.

For Russell Bedford & Partners
Certified Public Accountants

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

Doha – Qatar
October 21, 2021

MEKDAM HOLDING GROUP – Q.P.S.C.
DOHA – STATE OF QATAR

INTERIM CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2021

	Notes	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
ASSETS:			
Non-current assets:			
Property and equipment	3	31,077,743	30,657,342
Available for sale investment		-	240,392
Right of use assets	4a	3,331,139	4,288,532
Total non-current assets		**34,408,882**	**35,186,266**
Current assets:			
Inventories	5	6,772,471	4,355,456
Due from related parties		-	54,527
Accounts receivable and other debit balances	6	87,378,244	44,592,917
Contract assets		18,071,662	4,477,136
Cash and bank balances	7	4,785,019	14,790,116
Total current assets		**117,007,396**	**68,270,152**
TOTAL ASSETS		**151,416,278**	**103,456,418**
SHAREHOLDERS' EQUITY AND LIABILITIES:			
Shareholders' equity:			
Share capital	8	50,000,000	10,000,000
Legal reserve	9	-	4,211,638
Retained earnings		28,194,370	45,611,885
Total shareholders' equity		**78,194,370**	**59,823,523**
Non-current liabilities:			
Loans and borrowings	10	5,961,896	11,357,050
Provision for employees' end of service benefits	11	3,191,973	2,435,820
Lease liability	4b	1,901,549	2,818,178
Total non-current liabilities		**11,055,418**	**16,611,048**
Current liabilities:			
Loans and borrowings	10	9,240,848	3,941,040
Accounts payable and other credit balances	12	51,496,052	21,610,453
Lease liability	4b	1,429,590	1,470,354
Total current liabilities		**62,166,490**	**27,021,847**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**151,416,278**	**103,456,418**

The Chief Finance Officer and the Chief Executive Officer attest to the accuracy and completeness of the interim condensed combined financial statements and the interim condensed combined financial information of this report as at September 30, 2021.

.....
Mohamed Mudassir Ali
Group CFO

مجموعة مقدام القابضة ش.م.ع.ق
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ص.ب: ١٧٦٥٤
الدوحة - قطر

.....
Ehab Naser
Group CEO

The interim condensed combined financial statements were approved to issue by the board of directors on October 21, 2021 and signed on behalf of the board of directors by:

.....
Sheikh Mohamed Nawaf NBK Al-Thani
Chairman

Russell Bedford & Partners
Certified Public Accountants
FOR IDENTIFICATION PURPOSES ONLY
C.R. No.: 143061 | Doha - State of Qatar
رسل بدفورد وشركاه

The accounting policies and notes as set out in pages 05 to 14 form an integral part of these interim condensed combined financial statements.

MEKDAM HOLDING GROUP – Q.P.S.C.
DOHA – STATE OF QATAR

INTERIM CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Notes	Nine-months period ended September 30, 2021 QAR	Nine-months period ended September 30, 2020 QAR
Revenue	13	180,412,318	104,944,512
Cost of operations	14	(141,885,659)	(69,369,898)
Gross profit		**38,526,659**	**35,574,613**
Other Income		710,308	545,863
General and adminstration expenses	15	(18,440,987)	(17,461,735)
Impairment losses on financial assets		-	(750,000)
Operating profit for the period		**20,795,980**	**17,908,741**
Finance cost		(366,024)	(951,165)
Listing expenses		(2,059,110)	(158,700)
Net profit for the period		**18,370,847**	**16,798,876**
Other comprehensive income		-	-
Total comprehensive income for the period		**18,370,847**	**16,798,876**
Basic earning per share	16	0.367	0.336

The accounting policies and notes as set out in pages 05 to 14 form an integral part of these interim condensed combined financial statements.

MEKDAM HOLDING GROUP – Q.P.S.C.
DOHA – STATE OF QATAR

INTERIM CONDENSED COMBINED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Share capital	Legal reserve	Shareholders' current accounts	Retained earnings	Total
	QAR	QAR	QAR	QAR	QAR
Balance at January 1, 2020 (Audited)	10,000,000	1,384,933	22,640,086	41,439,673	75,464,692
Net profit for the period	-	-	-	16,798,876	16,798,876
Profit distribution	-	-	-	(16,579,099)	(16,579,099)
Net movement in shareholders' current accounts	-	-	(7,488,250)	-	(7,488,250)
Balance at September 30, 2020 (Reviewed)	**10,000,000**	**1,384,933**	**15,151,836**	**41,659,451**	**68,196,220**
Balance at January 1, 2021 (Audited)	10,000,000	4,211,638	-	45,611,885	59,823,523
Net profit for the period	-	-	-	18,370,847	18,370,847
Transferred to increase share capital	40,000,000	(4,211,638)	-	(35,788,362)	-
Balance at September 30, 2021 (Reviewed)	**50,000,000**	**-**	**-**	**28,194,370**	**78,194,370**

The accounting policies and notes as set out in pages 05 to 14 form an integral part of these interim condensed combined financial statements.

MEKDAM HOLDING GROUP – Q.P.S.C.
DOHA – STATE OF QATAR

INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Notes	Nine-months period ended September 30, 2021 QAR	Nine-months period ended September 30, 2020 QAR
Cash flows from operating activities:			
Net profit for the period		18,370,847	16,798,876
Adjustments for:			
Depreciation of property and equipment	3	974,892	915,399
Gain on disposal		(800)	-
Provision for allowance for impairment of recivables		-	750,000
Provision for slow moving and obsolete inventories		-	1,000,000
Provisions for employee end of service benefits	11	908,033	1,170,743
Finance cost		366,024	-
Operating Income before changes in working capital		**20,618,996**	**20,635,017**
Changes in:			
Inventories	5	(2,417,015)	(2,295,832)
Due from related parties		54,527	(1,031,000)
Accounts receivable and other debit balances	6	(42,785,328)	4,495,380
Contract assets		(13,594,526)	8,525,460
Accounts payable and other credit balances	12	29,885,598	(4,909,056)
Due to related parties		-	(4,149)
Cash (used in) generated from operating activities		**(8,237,748)**	**25,415,820**
Payments for employees' end of service benefits	11	(151,880)	(265,826)
Finance cost		(366,024)	-
Net cash (used in) generated from operating activities		**(8,755,652)**	**25,149,994**
Cash flows from investing activities			
Acquisition of property and equipment	3	(1,395,292)	(910,352)
Proceeds from disposal of property and equipment		800	-
Net movements in available for sale		240,392	-
Net cash used in investing activities		**(1,154,100)**	**(910,352)**
Cash flows from financing activities			
Net movement in loans and borrowings	10	(95,346)	(3,093,963)
Dividend payments		-	(16,579,099)
Net movement in shareholders' current accounts		-	(7,488,250)
Net Movement in restricted cash		3,520,857	6,370,074
Net cash generating from (used in) financing activities		**3,425,511**	**(20,791,237)**
Net (decrease)increase in cash and cash equivalents		**(6,484,241)**	**3,448,405**
Cash and cash equivalents - at January 1,		10,035,904	3,831,549
Cash and cash equivalents - at September 30,		**3,551,663**	**7,279,954**

The accounting policies and notes as set out in pages 05 to 14 form an integral part of these interim condensed combined financial statements.

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1. THE GROUP FORMATION AND ACTIVITIES:

Mekdam Holding Group – Q.P.S.C. ("the Parent Company") and its subsidiaries (together referred as the "Group"). The Parent Company is domiciled in the State of Qatar under the Commercial Registration number 115142. The parent Company's registered office is at P.O. Box 17654, Doha, State of Qatar. The Parent Company acts as a holding Company.

Mekdam Holding Group was approved by QFMA on July 8, 2021, to be listed on the Venture Market – Qatar- stock Exchange. Therefore, it was changed into a Public Shareholding Company by the Minster of Commerce and Industry resolution number 45 for the year 2021 issued on June 30,2021.

The main activities of the Group are the patent for the inventions, Commercial business, privileges and other intangible rights with utilizing from them and leasing them to the affiliate companies or others, participation in the management of the subsidiaries or which it has shares in, providing the necessary support to its subsidiaries, owning movables and real estate businesses within the limits permitted by law and investing its funds in shares, bonds and securities.

"The Interim Condensed Financial Statements of following entities which are currently fully owned by Mekdam Holding Group are combined in these "Interim Condensed Combined Financial Statements" as special purpose report."

NAME OF COMPANY	COMMERCIAL REGISTER	YEAR OF INCORPORATION	ACTIVITY NAME	OWNERSHIP
Mekdam Technology – W.L.L.	103277	2017	• Extension of electrical networks • Information technology consultancy • Designing production programs of oil and gas fields • Testing and operation the equipment and electrical appliances	100% Mekdam Holding Group
Mekdam CAMS – W.L.L.	103562	2017	Installation and maintenance of alarm safety materials and equipment	100% Mekdam Holding Group
Mekdam Technical Services – W.L.L.	103070	2017	Managing and operating the professionals' labours	100% Mekdam Holding Group
Gulf Security System – W.L.L.	103565	2017	Installation, operation and maintenance of cameras and security surveillance	• 50% Mekdam Technology • 50% Mekdam Technical Services

The interim condensed combined financial statements were approved and signed on behalf of the Group on October 14, 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES:

The interim condensed combined financial statements for the nine-months period ended September 30, 2021, have prepared in accordance with IAS 34 Interim Financial Reporting under the historical cost convention.

The interim condensed combined financial statements do not include all information and disclosures require by the annual financial statements and should be read in conjunction with the Group's annual combined financial statements as of December 31, 2020. In addition, results for the nine-months period ended September 30, 2021, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

The preparation of the interim condensed combined financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the combined financial statements for the year ended December 31, 2020.

The Group's financial risk management objectives and policies are consistent with those disclosed in the combined financial statements for the year ended December 31, 2020.

The following amendments to standards have been applied by the Group in preparation of these interim condensed combined financial statements. The amendments to the below standards did not have any material impact to the Group, but they may result in additional disclosures at year end:

a) New and amended IFRS and IFRIC Interpretations effective in 2021:

During the current period, the Group adopted the same amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on January 01, 2020 which were applied on the combined financial statements for the year ended December 31, 2020.

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

b) Standards Issued but not yet effective:

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

TOPIC	EFFECTIVE DATE
Amendments to IAS 1 *"Classification of Liabilities as Current or Non-Current"*	January 01, 2022
Amendments to IFRS 3 *"Reference to the Conceptual Framework"*	January 01, 2022
Amendments to IAS 16 *"Property, Plant and Equipment — Proceeds before Intended Use"*	January 01, 2022
Amendments to IAS 37 *"Onerous Contracts — Cost of Fulfilling a Contract"*	January 01, 2022
Annual Improvements to IFRS Standards 2018–2020 *"Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41"*	January 01, 2022
IFRS 17 *"Insurance Contracts"*	January 01, 2023

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. PROPERTY AND EQUIPMENT:

	Furniture, fixtures and office equipment	Motor vehicles	Tools and equipment	Capital work in progress	Land	Total
	QAR	QAR	QAR		QAR	QAR
Cost:						
Balance at January 1, 2020	2,436,643	323,500	168,219	-	27,272,000	30,200,362
Additions during the year	1,219,255	1,431,256	60,294	-	-	2,710,805
Balance at January 1, 2021	**3,655,898**	**1,754,756**	**228,513**	**-**	**27,272,000**	**32,911,167**
						-
Additions during the period	232,517	1,002,669	55,624	104,482	-	1,395,292
Disposals during the period	(5,399)		-	-	-	(5,399)
Balance at September 30, 2021	**3,883,016**	**2,757,425**	**284,137**	**104,482**	**27,272,000**	**34,301,061**
Accumulated depreciation:						
Balance at January 1, 2020	888,060	54,596	28,040	-	-	970,696
Charge for the year	1,056,578	165,895	60,656	-	-	1,283,129
Balance at January 1, 2021	**1,944,638**	**220,491**	**88,696**	**-**	**-**	**2,253,825**
						-
Charge for the period	651,806	261,610	61,477	-	-	974,892
Related to disposal during the period	(5,399)		-	-	-	(5,399)
Balance at September 30, 2021	**2,591,045**	**482,101**	**150,172**	**-**	**-**	**3,223,318**
		-				
Net book value:						
At December 31, 2020	1,711,260	1,534,265	139,817	-	27,272,000	30,657,342
						-
At September 30, 2021	**1,291,971**	**2,275,324**	**133,965**	**104,482**	**27,272,000**	**31,077,743**
Depreciation rates	20%-35%	20-25%	20%-35%			

4. LEASES:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
4 a) Right of-use asset		
Balance at the beginning of the period/year	4,288,532	4,413,932
Accumulated amortization of right of-use asset	(957,393)	(125,400)
Balance at the end of the period/year	**3,331,139**	**4,288,532**
4 b) Lease liability		
Balance at the beginning of the period/year	4,288,532	4,413,932
Lease Liability settled during the period/year	(957,393)	(125,400)
Balance at the end of the period/year	**3,331,139**	**4,288,532**

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Lease liability - non-current liabilities	1,901,549	2,818,178
Lease liability - current liabilities	1,429,590	1,470,354
Total lease liability	**3,331,139**	**4,288,532**

5. INVENTORIES:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Materials stocks	7,982,901	6,455,456
Less: Provision for impairment of inventories	(1,210,429)	(2,100,000)
Total	**6,772,471**	**4,355,456**

5 a) Movement in provision for impairment of inventories is presented as follows:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Balance at the beginning of the period/year	2,100,000	1,000,000
Movements during the period /year	-	1,100,000
Written off during the period/year	(889,571)	-
Balance at the end of the period/year	**1,210,429**	**2,100,000**

6. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Accounts receivable	75,498,994	40,020,132
Advances paid to suppliers	7,249,225	1,654,079
Advances paid to subcontractors	2,997,129	2,516,419
Retentions receivable	7,835,292	2,487,202
Notes receivable	500,000	4,174,167
Prepaid expenses	894,866	667,161
Due from staff	16,045	18,000
Other debit balances	232,766	1,005,756
	95,224,317	**52,542,917**
Less: Allowance for impairment of receivables	(7,846,073)	(7,950,000)
Total	**87,378,244**	**44,592,917**

6 a) The average credit period on invoicing is 90 days.

6 b) Movement in allowance for impairment of receivables is presented as follows:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Balance at the beginning of the period/year	7,950,000	7,350,000
Written-off during the period /year	(103,928)	(55,265)
Provision for the period /year	-	655,265
Balance at the end of the period /year	**7,846,073**	**7,950,000**

6 c) 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.

7. CASH AND BANK BALANCES:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Cash in hand	4	4
Cash at bank - current accounts	3,345,433	10,016,144
- credit card accounts	206,226	19,755
Cash margin held against bank guarantees-restricted cash	1,233,356	4,754,213
Total	**4,785,019**	**14,790,116**

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

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Total cash and cash equivalents	4,785,019	14,790,116
Restricted cash (Cash margin held against bank guarantees)	(1,233,356)	(4,754,213)
Net cash available for use	**3,551,663**	**10,035,904**

8. SHARE CAPITAL:

The Group's issued share capital as per Commercial registration number 115142 is QAR 50,000,000 and is fully paid as at September 30, 2021.

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Balance at the beginning of the period/year	10,000,000	10,000,000
Increase during the period/year	40,000,000	-
Total	**50,000,000**	**10,000,000**

9. LEGAL RESERVE:

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

The opening balance of the legal reserve was used during the period to increase the share capital as stated in Note (8).

10. BANK LOANS AND BORROWING:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Non-Current portion of secured bank loans	5,961,896	11,357,050
Current portion of secured bank loans	9,240,848	3,941,040
Total bank loans and borrowing	**15,202,744**	**15,298,090**

10 a) Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value	(Carrying value) September 30, 2021 (Reviewed) QAR	(Carrying value) December 31, 2020 (Audited) QAR
Term loan	QAR	5.75%	2022	25,000,000	4,969,673	8,197,190
Loan against trust receipt	QAR	5.75%	2022	3,132,171	3,132,171	-
Government support loan (Covid-19)	QAR	4.50%	2024	7,100,900	7,100,900	7,100,900
Total					**15,202,744**	**15,298,090**

11. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Balance at the beginning of the period/year	2,435,820	1,039,335
Provision for the period/year	908,033	1,787,043
Payments made during the period/year	(151,880)	(390,558)
Balance	**3,191,973**	**2,435,820**

12. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Accounts payable	32,715,260	9,991,763
Accrued expenses	537,742	661,921
Provision of contingencies	4,927,122	4,927,122
Retention payable	937,646	185,455
Advances received from customers	8,815,262	3,332,318
Notes Payables	3,473,824	2,506,847
Other credit balances	89,195	5,027
Total	**51,496,052**	**21,610,453**

13. REVENUE:

	Nine-months period ended September 30,	
	2021 (Reviewed) QAR	2020 (Reviewed) QAR
Extra low voltage	79,872,537	48,462,806
Engineering and MEP	45,060,467	9,566,029
Manpower outsourcing services	39,980,675	22,616,988
Others services	15,498,639	24,298,689
Total	**180,412,318**	**104,944,512**

14. COST OF OPERATTIONS:

	Nine-months period ended September 30,	
	2021 (Reviewed) QAR	2020 (Reviewed) QAR
Cost of materials and subcontracting	86,207,447	37,364,847
Cost of labour	46,094,301	29,033,707
Cost of other direct expenses.	9,583,911	2,971,345
Total	**141,885,659**	**69,369,898**

15. GENERAL AND ADMINISTRATIVE EXPENSES:

	Nine-months period ended September 30,	
	2021 (Reviewed) QAR	2020 (Reviewed) QAR
Employees' expenses	13,087,726	11,732,339
Office and occupancy expenses	3,402,041	3,044,190
Business development expenses	751,577	853,618
Provision of slow moving and obsolete inventories	-	1,000,000
Other expenses	1,199,643	831,589
Total	**18,440,987**	**17,461,735**

16. BASIC EARNINGS PER SHARE:

	Nine-months period ended September 30,	
	2021 (Reviewed) QAR	2020 (Reviewed) QAR
Profit for the period/year attributable to the Shareholders of the Group	18,370,847	16,798,876
Weighted average number of shares	50,000,000	50,000,000
Basic earnings per share	**0.367**	**0.336**

17. COMMITMENTS AND CONTINGENCIES:

There were no commitments and contingencies as of the report date except follows:

	September 30, 2021 (Reviewed) QAR	December 31, 2020 (Audited) QAR
Performance bond	81,875,831	54,292,427
Advance payment guarantee	25,308,295	5,840,274
Tender bond	23,289,343	17,096,749
Other guarantee	4,182,012	8,650,000
Total letter of guarantee	**134,655,480**	**85,879,450**
Letter of credit	6,772,443	4,460,826
Total contingencies	**141,427,923**	**90,340,276**

18. FINANCIAL RISK MANAGEMENT:

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

18 a) Credit risk
18 b) Liquidity risk
18 c) Market risk

Risk management framework

The Group's board of directors has 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 analyse the risks faced by the Group, to set the appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

18. FINANCIAL RISK MANAGEMENT (CONTINUED):

18 a) Credit risk

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

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

Accounts and other receivables

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

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

18 b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by cash or another financial asset. The Group'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 an stressed conditions, with out incurring unacceptable losses or risking damage to the Group's reputation.

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

18 c) Market risk

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

Currency risk

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

19. CAPITAL RISK MANAGEMENT:

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

20. EVENTS AFTER THE REPORTING PERIOD:

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

21. FAIR VALUES OF FINANCIAL INSTRUMENTS:

Financial instruments include financial assets and liabilities.

21. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED):

Financial assets consist of bank balances and cash, account receivables and other debit balances. Financial liabilities consist of loan and borrowings, accounts payables and other credit balances.

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

	September 30, 2021		December 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
	QAR	QAR	QAR	QAR
Accounts receivable and other debit	95,224,317	87,378,244	52,542,917	44,592,917

22. COMPARATIVE FIRGURES:

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

23. IMPACT OF COVID-19:

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

The Group will continue to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in 2021.

COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the financial statements. The Group's business operations remain largely unaffected by the current situation.

Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing a material adjustment to the interim condensed combined financial statements:

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

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at September 2021. The Group has updated the relevant forward-looking information of its international operations with respect to; the weightings of the relevant macroeconomic scenarios of the respective market in which it operates; significant increase in credit risk; and assessing the indicators of impairment for the exposures in potentially affected sectors.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from December 31, 2020. As a result, these financial statements have been appropriately prepared on a going concern basis. The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its 'operations and financial performance' in 2021.