Salam International Investment Limited Q.P.S.C.

Consolidated financial statements

31 December 2019

Salam International Investment Limited Q.P.S.C.

Consolidated financial statements
For the year ended 31 December 2019

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Salam International Investment Limited Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Salam International Investment Limited Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International standard on Auditing (ISA). 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 ethical requirements that are relevant to our audit of the Company's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Salam International Investment Limited Q.P.S.C.

Key Audit Matters (continued)

<table>
<tr><th>Description of key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Adoption of IFRS 16 'Leases' effective from 1 January 2019 – refer to note 9 in the consolidated financial statements</td></tr>
<tr><td>We focused on this area because:

IFRS 16 'Leases' which the Group implemented on 1 January 2019;

• requires complex accounting treatments, including use of significant estimates such as lease terms and judgements for the determination of transition options and practical expedients; and

• the transition of which, gave rise to a right of use assets of QR 80,476,612 and resultant lease liabilities of QR 82,247,239 which are material to the consolidated financial statements.

Accordingly, we have considered this to be a key audit matter.</td><td>Our audit procedures in this area included, among others:

- Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 16, our business understanding and industry practice;

- Considering the appropriateness of the transition approach and practical expedients applied;

- Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments;

- Assessing the completeness of the IFRS 16 lease population by inspecting relevant contracts that may contain a lease and testing the lease payments;

- Evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments, specifically around estimation of the lease terms; and

- Evaluating the completeness, accuracy and relevance of the transition disclosures including key judgements and estimate in line with IFRS 16.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Salam International Investment Limited Q.P.S.C.

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
IFRS 15 "Revenue from contracts with customers" and revenue recognition - refer to note 5 and 7 (c) in the consolidated financial statements.	
We focused on this area because: • The Group has entered various new contracts during the year in multiple revenue streams which could lead to inappropriate assessment of performance obligations and recognition of revenue under IFRS 15. • The Group makes significant assumptions / judgements to measure and recognise revenue (e.g. estimating costs to complete) and corresponding contract assets, hence we considered this as a key audit matter.	Our audit procedures in this area included, among others: - Evaluating the appropriateness of the selection of accounting policies for the new contracts entered during the year based on the requirements of IFRS 15 and our understanding of the different sources of revenue of the Group; - Assessing the appropriateness of management's revenue recognition under IFRS 15 across significant revenue streams for a sample of new contracts entered during the year; - Assessing the appropriateness of the key inputs and assumptions used by the management to allocate contract revenue over performance obligations for a sample of new contracts entered during the year; - Assessing the appropriateness of assumptions and judgements made to measure and assess the transaction price and its allocation over performance obligations for a sample of new contracts entered during the year based on our experience and industry practice; - Challenging the reasonableness of estimates made regarding the cost of completion, profit margins for each contracts based on our experience and industry benchmarks; - Assessing whether the Group's policies and processes for making these estimates are appropriate and are applied consistently to all contracts of a similar nature; and - evaluating the adequacy of the financial statement disclosures including key assumptions and judgements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Salam International Investment Limited Q.P.S.C.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report (the 'Annual Report') but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 on the other information that we have obtained prior to the date of this auditor's report, 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 Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors 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.

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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISA 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Salam International Investment Limited Q.P.S.C.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

- Identify and assess the risk of material misstatements 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 the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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 audit'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 presentations.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities 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 the timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Salam International Investment Limited Q.P.S.C.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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.

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 regulation precludes public disclosure 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

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. 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 Company. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2019.

13 February 2020
Doha
State of Qatar

Yacoub Hobeika
KPMG
Audit Registration No.289
Licensed by QFMA: External
Auditor's license No. 120153

Consolidated statement of financial position
As at 31 December 2019

In Qatari Riyals

	Note	2019	2018
Assets			
Right-of-use assets	9	80,476,612	-
Property, plant and equipment	10	384,614,380	457,474,867
Intangible assets and goodwill	11	96,293,049	108,524,617
Investment properties	12	1,535,515,926	1,564,076,952
Equity-accounted investees	13	141,058,081	142,114,589
Other investments	14	168,514,493	182,622,386
Retention receivables	15(a)	114,501,360	131,325,656
Loans to associate companies		18,447,057	20,977,414
Other assets	17	77,497,023	80,721,974
Non-current assets		**2,616,917,981**	2,687,838,455
Inventories	18	359,517,299	455,253,483
Other assets	17	169,476,794	167,368,623
Due from related parties	19(a)	246,302,302	250,365,734
Retention receivables	15(a)	94,717,437	108,029,725
Contract assets	16	706,888,185	652,910,715
Other investments	14	294,699	1,187,214
Trade and other receivables	20	450,485,159	452,430,935
Cash and bank balances	21	97,982,958	171,089,432
Current assets		**2,125,664,833**	2,258,635,861
Total assets		**4,742,582,814**	4,946,474,316

The notes from 1 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of financial position (continued)
As at 31 December 2019

In Qatari Riyals

	Note	2019	2018
Equity			
Share capital	22	1,143,145,870	1,143,145,870
Legal reserve	23	431,181,937	431,181,937
Fair value reserve	14	(20,986,023)	(18,664,340)
Accumulated losses		(550,383,318)	(417,838,216)
Equity attributable to owners of the Company		1,002,958,466	1,137,825,251
Non-controlling interests	24	171,825,782	172,121,511
Total equity		**1,174,784,248**	1,309,946,762
Liabilities			
Borrowings	25	1,605,169,988	1,518,020,300
Lease liabilities	9 (ii)	52,524,680	-
Employees' end of service benefits	26	72,703,458	78,052,087
Retention payables	15(b)	25,483,478	32,547,161
Other liabilities	27	10,476,593	7,545,667
Non-current liabilities		**1,766,358,197**	1,636,165,215
Due to related parties	19(b)	3,827,875	3,606,765
Bank overdrafts	21	101,329,601	127,683,776
Borrowings	25	935,972,166	1,005,457,768
Lease liabilities	9 (ii)	29,722,559	-
Notes payable		27,822,576	39,666,294
Retention payables	15(b)	28,172,596	35,108,291
Advances from customers		89,337,231	111,591,634
Contract liabilities		23,720,889	49,622,035
Other liabilities	27	266,382,349	325,970,346
Trade and other payables		295,152,527	301,655,430
Current liabilities		**1,801,440,369**	2,000,362,339
Total liabilities		**3,567,798,566**	3,636,527,554
Total equity and liabilities		**4,742,582,814**	4,946,474,316

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 13 February 2020.

Abdul Salam Issa Abu Issa
Chief Executive Officer & Board Member

Hekmat Abdel Fattah Younis
Chief Financial Officer

The notes from 1 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
For the year ended 31 December 2019

In Qatari Riyals

	Note	2019	2018
Operating revenue	29	2,220,018,002	2,646,393,436
Operating cost	30	(1,735,715,755)	(2,076,405,211)
Gross profit		484,302,247	569,988,225
Investment income	31	3,748,841	3,508,660
Other operating income		8,180,770	3,758,431
Service and consultancy income		1,527,691	1,797,424
Other income	32	57,577,726	38,973,601
Salaries and staff benefits		(232,900,849)	(270,262,110)
General and administrative expenses	33	(122,049,113)	(221,054,206)
Allowance for impairment of financial assets and contract assets	38	(61,101,470)	(8,196,187)
Depreciation of right-of-use-assets	9	(53,545,261)	-
Depreciation of property, plant and equipment	10 (iii)	(71,513,100)	(75,813,713)
Amortisation of intangible assets	11 (ii)	(3,230,968)	(2,859,565)
Property, plant and equipment written off		(7,062,945)	(8,227,115)
Goodwill written off	11 (i)	(10,850,481)	(4,845,447)
Finance costs		(117,417,744)	(111,873,938)
Investment in equity-accounted investees written off	13	-	(2,744,949)
Share of result from equity–accounted investees, net	13	(1,860,938)	(7,476,728)
Loss before executive managers' bonus		(126,195,594)	(95,327,617)
Executive managers' bonus	19(c)	(3,458,553)	(1,584,016)
Loss		**(129,654,147)**	(96,911,633)
Attributable to:			
Owners of the Company		(128,452,258)	(99,403,701)
Non-controlling interests	24	(1,201,889)	2,492,068
Loss		**(129,654,147)**	(96,911,633)
Basic and diluted earnings per share	35	**(0.11)**	(0.08)

The notes from 1 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2019 In Qatari Riyals

	Note	2019	2018
Loss		**(129,654,147)**	(96,911,633)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Net movement in cumulative changes in fair value and loss on sale of equity investments - FVOCI	14	(7,890,574)	(11,070,318)
Other comprehensive income		**(7,890,574)**	(11,070,318)
Total comprehensive income		**(137,544,721)**	(107,981,951)
Attributable to:			
Owners of the Company		(136,342,832)	(110,474,019)
Non-controlling interests	24	(1,201,889)	2,492,068
Total comprehensive income		**(137,544,721)**	(107,981,951)

The notes from 1 to 39 form an integral part of these consolidated financial statements.

Salam International Investment Limited Q.P.S.C.

Consolidated statement of changes in equity
For the year ended 31 December 2019

In Qatari Riyals

31 December 2019	Attributable to owners of the Company						
	Share capital	Legal reserve	Fair value reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	1,143,145,870	431,181,937	(18,664,340)	(417,838,216)	1,137,825,251	172,121,511	1,309,946,762
Loss	-	-	-	(128,452,258)	(128,452,258)	(1,201,889)	(129,654,147)
Other comprehensive losses							
Net movement in cumulative changes in fair value and loss on sale of equity securities – FVOCI	-	-	(7,890,574)	-	(7,890,574)	-	(7,890,574)
Total comprehensive losses	-	-	(7,890,574)	(128,452,258)	(136,342,832)	(1,201,889)	(137,544,721)
Transactions with owners of the Company							
Contribution and distribution							
Net movement in non-controlling interests (Note 24)	-	-	-	-	-	916,589	916,589
Total contribution and distribution	-	-	-	-	-	916,589	916,589
Changes in ownership interests							
Acquisition of non-controlling interests without a change in control	-	-	-	51,373	51,373	(200,346)	(148,973)
Acquisition of non-controlling interests (Note 28)	-	-	-	99,998	99,998	-	99,998
Incorporation of subsidiary with non-controlling interests	-	-	-	-	-	48,000	48,000
Disposal of equity share of a subsidiary to non-controlling interest without a change in control	-	-	-	1,324,676	1,324,676	141,917	1,466,593
Total change in ownership interest	-	-	-	1,476,047	1,476,047	(10,429)	1,465,618
Total transactions with owners of the company	-	-	-	1,476,047	1,476,047	906,160	2,382,207
Other movement							
Reclassification of loss on sales of equity security – FVOCI (Note 14)	-	-	5,568,891	(5,568,891)	-	-	-
Balance at 31 December 2019	**1,143,145,870**	**431,181,937**	**(20,986,023)**	**(550,383,318)**	**1,002,958,466**	**171,825,782**	**1,174,784,248**

The notes from 1 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)
For the year ended 31 December 2019

In Qatari Riyals

31 December 2018	Attributable to owners of the Company						
	Share capital	**Legal reserve**	**Fair value reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2018 (Audited)	1,143,145,870	431,181,937	(11,861,086)	(82,967,488)	1,479,499,233	165,985,666	1,645,484,899
Adjustment on initial application of IFRS 9							
- Equity investments at FVOCI (AFS investments under old IAS 39)	-	-	(11,988,307)	31,097,384	19,109,077	1,317,322	20,426,399
- Financial assets and contract assets	-	-	-	(235,535,245)	(235,535,245)	(542,355)	(236,077,600)
Adjustment on initial application of IFRS 15	-	-	-	(14,773,795)	(14,773,795)	-	(14,773,795)
Adjusted balance as at 1 January 2018	1,143,145,870	431,181,937	(23,849,393)	(302,179,144)	1,248,299,270	166,760,633	1,415,059,903
Loss	-	-	-	(99,403,701)	(99,403,701)	2,492,068	(96,911,633)
Other comprehensive losses							
Net movement in cumulative changes in fair value and loss on sale of equity securities – FVOCI	-	-	(11,070,318)	-	(11,070,318)	-	(11,070,318)
Total comprehensive income / (losses)	-	-	(11,070,318)	(99,403,701)	(110,474,019)	2,492,068	(107,981,951)
Transactions with owners of the Company							
Contribution and distribution							
Net movement in non-controlling interests (Note 24)	-	-	-	-	-	3,635,492	3,635,492
Dividend distributed to non-controlling interests	-	-	-	-	-	(766,682)	(766,682)
Total transactions with owners of the company	-	-	-	-	-	2,868,810	2,868,810
Other movement							
Loss from sale of equity security – FVOCI (Note 14)	-	-	16,255,371	(16,255,371)	-	-	-
Balance at 31 December 2018	1,143,145,870	431,181,937	(18,664,340)	(417,838,216)	1,137,825,251	172,121,511	1,309,946,762

The notes from 1 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2019

In Qatari Riyals

	Note	2019	2018
Cash flows from operating activities			
Loss		(129,654,147)	(96,911,633)
Adjustments for :			
- Depreciation of right-of-use-assets	9	58,829,388	-
- Depreciation of property, plant and equipment	10	84,421,845	89,100,723
- Amortisation of intangible assets	11	3,230,968	2,859,565
- Property, plant and equipment written off		7,062,945	8,227,115
- Intangible assets written off	33	280,867	22,754
- Goodwill written off	11	10,850,481	4,845,447
- Depreciation of investment properties	12	39,469,160	36,735,865
- Provision for slow moving inventories	18	26,855,307	40,528,536
- Allowance for impairment of financial assets and contract assets	38	61,101,470	8,196,187
- Provision for employees' end of service benefits	26	20,709,620	19,302,603
- Unrealised loss on investments at FVTPL	31	9,437	192,122
- Net finance costs		134,181,159	133,397,246
- Interest income	31	(636,131)	(1,843,131)
- Dividend income	31	(1,147,645)	(1,857,651)
- Loss / (gain) on sale of property, plant and equipment	32	765,406	(357,665)
- Write off of an equity-accounted investee	13	-	2,744,949
- Share of results of equity-accounted investees	13	1,860,938	7,476,728
- Gain on disposal of an equity-accounted investees	31	(1,974,502)	-
Operating profit before working capital changes		316,216,566	252,659,760
Changes in:			
- Inventories		68,880,877	78,474,029
- Other assets		1,116,780	(50,501,192)
- Due from related parties		4,063,432	(49,696,015)
- Retentions receivables		30,136,584	(24,398,939)
- Contract assets		(53,977,470)	(2,215,270)
- Trade and other receivables		(59,155,694)	95,222,389
- Due to related parties		221,110	759,685
- Notes payable		(11,843,718)	35,518,150
- Retention payables		(13,999,378)	4,380,671
- Advances from customers		(22,254,403)	(24,646,872)
- Contract liabilities		(25,901,146)	(11,811,251)
- Trade and other payables and other liabilities		(63,179,043)	21,358,373
Cash generated from operating activities		170,324,497	325,103,518
Employees' end of service benefits paid	26	(26,058,249)	(16,586,282)
Net cash from operating activities		**144,266,248**	308,517,236

The notes from 1 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)
For the year ended 31 December 2019

In Qatari Riyals

	Note	2019	2018
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(30,300,003)	(34,364,843)
Proceeds from sale of property, plant and equipment		449,628	732,069
Acquisition of investment properties	12	(538,001)	(8,274,581)
Acquisition of other investment		(8,267,559)	(10,385,710)
Proceeds from sale of other investment		15,367,958	9,984,740
Acquisition of intangible assets	11	(2,040,217)	(6,960,174)
Acquisition of shares in equity-accounted investees	13	-	(123,763)
Payment for acquisition of a subsidiary	28	-	(2,582,737)
Proceeds from disposal of equity-accounted investee		1,000	-
Dividends received from equity accounted investees	13	1,386,139	2,772,277
Dividends received	31	1,147,645	1,857,651
Interest received	31	636,131	1,843,131
Net cash used in investing activities		**(22,157,279)**	(45,501,940)
Cash flows from financing activities			
Net movement in borrowings	25(e)	5,915,148	(181,499,188)
Net movement in non-controlling interests	24	916,589	2,868,810
Acquisition of non-controlling interests without a change in control		(148,973)	-
Incorporation of subsidiary with non-controlling interests		48,000	-
Acquisition of non-controlling interests		(98,000)	-
Disposal of equity share of a subsidiary to non-controlling interest without a change in control		1,466,593	-
Finance costs paid	25(e)	(117,863,719)	(133,397,246)
Payment of lease liabilities	9	(61,627,263)	-
Movement in loan to associate companies		2,530,357	1,261,963
Net cash used in financing activities		**(168,861,268)**	(310,765,661)
Net decrease in cash and cash equivalents		**(46,752,299)**	(47,750,365)
Cash and cash equivalents at 1 January		43,405,656	91,156,021
Cash and cash equivalents at 31 December	21	**(3,346,643)**	43,405,656

Non cash transactions:

Acquisition of subsidiary		-	13,357,275

The notes from 1 to 39 form an integral part of these consolidated financial statements.

1 Reporting entity

Salam International Investment Limited Q.P.S.C. (the "Company or SIIL") is a public shareholding company incorporated in the State of Qatar under Amiri Decree No. (1) on 14 January 1998. The registered address of the Company is PO Box 15224, Doha, State of Qatar. The commercial registration number of the Company is 20363.

These consolidated financial statements as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as "the Group" and individually "Group entities").

The main activities of the Company are to establish, incorporate, acquire, and own enterprises in the contracting, energy and industry, consumer and luxury products, technology, realestate and development sectors, and to invest in securities in local and overseas market.

2 Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised for issue by the Company's board of directors on 13 February 2020.

Details of the Group's accounting policies are included in Note 7.

This is the first set of the Group's annual financial statements in which IFRS 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 6.

3 Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals ("QR"), which is the Company's functional currency. All amounts have been rounded to the nearest Qatari Riyals, unless otherwise indicated.

4 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the equity securities at FVOCI and equity securities at FVTPL which are measured on fairvalue basis on reporting date.

5 Use of judgements and estimates

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

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

Information about critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows.

Revenue from contract with customers
The Group makes judgments in determining the performance obligations that exist in contract with the customers. Judgments are also applied in determining timing of transfer of control at a point in time or over time, cost to complete and percentage of completion. Where the standalone selling price is applicable, management uses estimates to determine it based on the cost plus mark-up depending on the nature of goods and services to be provided to different customers.

Provision for slow moving inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually 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 ageing or obsolescence, based on anticipated selling prices.

5 Use of judgements and estimates (continued)

Useful lives of property, plant and equipment and investment properties
The Group's management determines the estimated useful lives of its property, plant and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

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

Allowance for impairment of trade receivables and contract assets
As per IFRS 9 "Financial Instruments", an 'expected credit loss' (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Valuation of lease liabilities and right-of-use assets
The application of IFRS 16 requires the Group to make judgements and estimates that affect the valuation of the lease liabilities and right-of-use assets. These include determining the contracts in scope of IFRS 16, determining the contract term and the finance cost rate used for discounting of future cash flows.

The lease term determine by the Group comprises the non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Group is certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The present value of the lease payment is determined using the discount rate representing the rate of finance cost swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified.

Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

5 Use of judgements and estimates (continued)

Measurement of fair values (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on the observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6 Changes in significant accounting policies

New standards, amendments and interpretations effective from 1 January 2019

The Group initially applied IFRS 16 *Leases* from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's consolidated financial statements.

The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated-i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosures requirements in IFRS 16 have not generally been applied to comparative information.

a. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assess whether a contract is or contains a lease based on the new definition of a lease, as explained in Note 7 (o).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

b. As a lessee

As a lessee, the Group leases many assets including property. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards incidental to ownership of the underlying assets to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-financial position.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

6 Changes in significant accounting policies (continued)

New standards, amendments and interpretations effective from 1 January 2019 (continued)

b. As a lessee (continued)

i. Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

ii. Leases classified as finance leases under IAS 17

The Group does not have any assets obtained under finance lease.

c. As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right- of-use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16.

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

d. Impact on consolidated financial statements

i. Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets, including investment property, and additional lease liabilities. The impact on transition is summarised below.

Right-of-use assets	**139,306,000**
Lease liabilities	**139,306,000**

6 Changes in significant accounting policies (continued)

New standards, amendments and interpretations effective from 1 January 2019 (continued)

d. Impact on consolidated financial statements (continued)

i. Impact on transition (continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5%.

Operating lease commitment at 31 December 2018 as disclosed under IAS 17 in the Group's consolidated financial statements	303,138,822
Discounted using the incremental borrowing rate at 1 January 2019	119,229,925
- Recognition exemption for leases of low-value assets	(21,084,086)
- Recognition exemption for leases with less than 12 months of lease term at transition	(571,056)
- Lease extension	41,731,217
Lease liabilities recognised at 1 January 2019	139,306,000

For the impact of IFRS 16 on segment information see Note 37.

For the details of accounting policies under IFRS 16 and IAS 17 see Note 7 (o)

The assessment has been made on the basis of the facts and circumstances that existed at the date of initial application.

New standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has preferred to adopt from effective date the following new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

Effective date	**New standards or amendments**
1 January 2020	*Amendments to References to Conceptual Framework in IFRS Standards*
	Definition of a Business (Amendments to IFRS 3)
	Definition of Material (Amendments to IAS 1 and IAS 8)
1 January 2021	IFRS 17 *Insurance Contracts*

7 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise:

(a) Basis of consolidation

i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Details of changes in Group's subsidiaries are disclosed in Note 28.

iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Details of changes in Group's interest in subsidiaries are disclosed in Note 28.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

7 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

v) 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 initially recognised 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 other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within other income.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:
- an investment in equity securities designated at FVOCI
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint ventures while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

7 Significant accounting policies (continued)

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product / services	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policies
Rendering of services	Revenue is recognised over time as those services are provided. Since the customer consumes the benefits as and when services are rendered by the Group. Invoices are usually issued upon completion of the job.	Revenue is recognised 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 recognised in profit or loss when they are incurred.
Technology contracts	The Group has determined that for technology contracts, the customer controls all of the work in progress as the hardware/ software are being manufactured/ developed / purchased. This is because under those contracts, hardware / software are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to the contractual terms.	Revenue from these contracts and the associated costs are recognised over time – i.e. before the goods are delivered to the customer's premises. Progress is determined based on the cost to cost method. The total consideration in the contract is allocated between all goods and services based on their stand-alone selling prices. In case where the stand-alone selling price is not applicable, it is determined based on the cost plus mark-up depending on the nature of goods and services to be provided to different customers. Un-invoiced amounts are presented as contract assets.
Construction Contracts	The Group builds civil construction and fit-out works for customers based on their designs and 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 recognised over time based on the cost-to-cost method. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.
Revenue from sale of goods	Revenue is recognised when the control of the goods are transferred to the buyer. Invoices are generated and revenue is recognised at that point in time. Some contracts permit the customer to return an item. Return goods are exchanged only for new goods. i.e. no cash refunds are offered.	Revenue was recognised when the goods are delivered and have been accepted by the customers. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

7 Significant accounting policies (continued)

(d) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- net gain or loss on financial assets at FVTPL; and
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(e) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

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 recognised in consolidated statement of profit or loss. Land is not depreciated.

7 Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

Depreciation (continued)

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

Building	10-20 years
Leasehold improvement	3-4 years
Furniture and fixtures	4-7 years
Motor vehicles	5 years
Equipment and tools	3-5 years

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

Capital work in progress
Capital work in progress represents projects in the course of construction for the purposes of use in future. Capital work in progress is carried at cost, less any recognized impairment loss. Upon completion these projects will be transferred to property, plant and equipment.

(f) Intangible assets and goodwill

Recognition and measurement

Goodwill
Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development
Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

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

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

Development cost	3-5 years

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

7 Significant accounting policies (continued)

(g) Investment property

Recognition and measurement
Land and building is considered as investment properties only when they are held to earn rentals or for long term capital appreciation or both.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes all directly attributable costs including the borrowing costs that are directly attributable to the construction of the assets and excludes the cost of day to day servicing of an investment property.

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

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

Depreciation
Land is not depreciated. Depreciation on buildings classified as investment properties is calculated to write off the cost of buildings less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of investment properties for the current and comparative years are as follows:

Buildings and villas	10-23 years
Salam Tower and The Gate	50 years
Salam Plaza	10-20 years

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

Capital work in progress
Property that is being constructed for future use as investment property is accounted for as investment property. Property under construction is designated as investment property only if there are unambiguous plans by management to subsequently utilize the property for rental activities upon completion of development.

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

(h) Inventories

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

7 Significant accounting policies (continued)

(i) Cash and cash equivalents

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

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

(j) Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

7 Significant accounting policies (continued)

(j) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

7 Significant accounting policies (continued)

(j) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

7 Significant accounting policies (continued)

(j) Financial instruments (continued)

iii) Derecognition (continued)

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(k) Impairment

Non-derivative financial assets

Financial instruments and contract assets
The Group recognises loss allowances for ECLs on:
- financial assets measured at amortised cost; and
- contract assets.

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Impairment allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held), or the financial asset is more than 730 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

7 Significant accounting policies (continued)

(k) Impairment (continued)

Non-derivative financial assets (continued)

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

ECLs are discounted at the effective interest rate of the financial asset.

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 730 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

7 Significant accounting policies (continued)

(k) Impairment (continued)

Non-derivative financial assets (continued)

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Qatar labour law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to the General Pension Fund Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

(m) Provision

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Income tax

Taxes are calculated based on tax laws and regulations in jurisdictions in which the Group operates. A tax provision is made based on an evaluation of the expected tax liability.

(o) Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

7 Significant accounting policies (continued)

(o) Leases (continued)

Policy applicable from 1 January 2019

At the inception of a contract, the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

7 Significant accounting policies (continued)

(o) Leases (continued)

Policy applicable from 1 January 2019 (continued)

i. As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Right-of-use assets that meet the definition of investment property are presented within investment property.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

7 Significant accounting policies (continued)

(o) Leases (continued)

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i. As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's consolidated statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

ii. As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

(p) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

8 Financial risk and capital management

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

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

Risk management framework
The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set 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.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) 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, and arises principally from the Group's receivables from customers and investments in debt securities.

Trade and other receivables and contract assets
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 Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Further information about the Group's exposure to credit risk are provided in Note 38.

ii) 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. 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 and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Further information about the Group's exposure to liquidity risk are provided in Note 38.

iii) 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 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.

8 Financial risk and capital management (continued)

iii) Market risk (continued)

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

The Group's exposure to currency risk on transactions with related parties and borrowings that are denominated in a currency other than the respective functional currency are limited to those currencies which are pegged against USD such as AED, RO, JD etc. The Group's exposure to other currency risk is minimal.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level.

Interest rate risk
Interest rate risk is the probability of a decline in the value of an asset resulting from unexpected fluctuations in interest rates.

The Group adopts a policy of ensuring that majority of its interest rate risk exposure is at a fixed rate.

Equity price risk
Equity price risk is the risk that the fair values of equity decreases as a result of changes in price indices of investments in other entities' equity instruments as part of the Group's investment portfolio.

Further information about the Group's exposure to market risk are provided in Note 38.

Capital management
The Group manages its capital to ensure that it will be able to continue on a going concern basis while maximizing the return to stakeholders through the optimization of the debt and equity balance.

Gearing ratio
The Group's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratios at the year end are as follows:

	2019	2018
Debt	2,642,471,755	2,651,161,844
Cash and bank balances (Note 21)	(97,982,958)	(171,089,432)
Net debt (a)	**2,544,488,797**	2,480,072,412
Equity (b)	**1,174,784,248**	1,309,946,762
Net debt to equity	**216.59%**	189.33%

(a) Net debt is defined as long and short term borrowing, net of cash and cash equivalents as detailed in Note 25, and 21.

(b) Equity includes all share capital, reserves and accumulated loss of the Group.

9 Leases

See accounting policy in Note 7 (o).

A. Leases as lessee (IFRS 16)

The Group leases many assets including property. The leases typically run for a period up to 23 years. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group leases property with the contract terms of less than one year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

The Group presents right-of-use assets that do not meet the definition of investment property as separate presentation in the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within investment property. The carrying amounts of right-of-use assets are as below:

	Right-of-use assets		
	Land	**Property**	**Total**
Cost			
Balance at 31 December 2018	-	-	-
Capitalisation on initial application of IFRS 16	24,956,238	114,349,762	139,306,000
Balance at 1 January 2019	24,956,238	114,349,762	139,306,000
Addition during the year	-	-	-
Balance at 31 December 2019	24,956,238	114,349,762	**139,306,000**
Accumulated depreciation			
Balance at 1 January 2019	-	-	-
Depreciation charge for the year*	1,854,790	56,974,598	58,829,388
Balance at 31 December 2019	**1,854,790**	**56,974,598**	**58,829,388**
Carrying amounts			
At 31 December 2019	**23,101,448**	**57,375,164**	**80,476,612**
At 1 January 2019	24,956,238	114,349,762	139,306,000

* Depreciation charge has been allocated as follows:

	2019	2018
Operating cost	1,508,101	-
Staff cost (accommodation expenses)	3,776,026	-
Depreciation expenses	53,545,261	-
	58,829,388	-

ii. Lease liabilities

	Lease liabilities
2019	
Lease liabilities recognised on adoption of IFRS 16	139,306,000
Interest on lease liabilities	4,568,502
Repayment during the year	(61,627,263)
Balance at 31 December	**82,247,239**

9 Leases (continued)

A. Leases as lessee (IFRS 16) (continued)

ii. Lease liabilities (continued)

Lease liabilities has been presented in the consolidated statement of financial position as under:

	2019
Current	29,722,559
Non-current	52,524,680
	82,247,239

iii. Amounts recognised in profit or loss

	2019
2019-Leases under IFRS 16	
Interest on lease liabilities	4,568,502
Depreciation of right-of-use assets	58,829,388
Income from sub-leasing right-of-use assets presented in "other revenue"	(570,168)
Expenses relating to short-term leases	21,062,901
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	21,185
	83,911,808

	2018
2018- Operating leases under IAS 17	
Lease rent expenses	89,573,348
Sub lease income presented in 'other revenue'	(5,237,284)
	84,336,064

iv. Amounts recognised in statement of cash flows

	2019
Lease principal payment	57,058,761
Interest on lease liabilities	4,568,502
Total cash out flow for leases	**61,627,263**

B. Leases as lessor

(i) Operating lease
The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2019 was QR 119,992,016 (2018: QR 129,290,987) and was included in revenue. Maintenance expenses included in the cost of sales was QR 7,234,403 (2018: QR 13,534,769).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2019
2019 - Operating leases under IFRS 16	
Less than one year	69,345,458
One to two years	46,874,310
Two to three years	26,285,888
Three to four years	18,591,863
Four to five years	5,567,221
More than five years	-
Total	**166,664,740**

9 Leases (continued)

B. Leases as lessor (continued)

(i) Operating lease (continued)

	2018
2018 - Operating leases under IAS 17	
Less than one year	119,992,016
Between one and five years	161,097,519
More than five years	5,567,221
Total	286,656,756

The Group does not have any assets under finance lease.

10 Property, plant and equipment

	Land and building	Leasehold improvement	Furniture and fixtures	Motor vehicles	Equipment and tools	Capital work in progress	Total
Cost							
Balance at 1 January 2018	294,551,106	104,891,013	467,346,950	56,486,237	254,916,202	66,208,936	1,244,400,444
Additions	-	3,088,780	13,860,022	4,405,678	6,762,408	6,247,955	34,364,843
Disposals / write off	(33,984)	(6,049,913)	(77,427,028)	(3,399,199)	(10,635,248)	(3,000,000)	(100,545,372)
Transfers	2,373,357	364,478	38,567,562	-	1,706,413	(43,011,810)	-
Balance at 31 December 2018	296,890,479	102,294,358	442,347,506	57,492,716	252,749,775	26,445,081	1,178,219,915
Balance at 1 January 2019	296,890,479	102,294,358	442,347,506	57,492,716	252,749,775	26,445,081	1,178,219,915
Additions	-	6,205,562	1,860,746	7,596,242	8,304,584	6,332,869	30,300,003
Disposals / write off	(103,592)	(25,356,511)	(106,111,859)	(11,149,359)	(41,537,922)	(775,925)	(185,035,168)
Transfers (v)	(6,895,612)	241,104,650	(229,619,246)	-	(4,992,240)	(12,136,053)	(12,538,501)
Balance at 31 December 2019	**289,891,275**	**324,248,059**	**108,477,147**	**53,939,599**	**214,524,197**	**19,865,972**	**1,010,946,249**
Accumulated depreciation							
Balance at 1 January 2018	98,539,222	68,044,941	315,838,468	41,699,224	195,250,818	-	719,372,673
Depreciation (iii)	11,335,009	11,514,253	38,550,085	5,548,396	22,152,980	-	89,100,723
Disposals / write off	-	(5,710,403)	(69,896,655)	(3,341,077)	(8,780,213)	-	(87,728,348)
Balance at 31 December 2018	109,874,231	73,848,791	284,491,898	43,906,543	208,623,585	-	720,745,048
Balance at 1 January 2019	109,874,231	73,848,791	284,491,898	43,906,543	208,623,585	-	720,745,048
Depreciation (iii)	10,658,626	38,220,746	10,442,632	5,678,576	19,421,265	-	84,421,845
Disposals / write off	(103,592)	(23,279,748)	(102,843,950)	(10,600,988)	(39,928,910)	-	(176,757,188)
Transfers (v)	(2,056,322)	111,505,785	(106,812,269)	-	(4,715,030)	-	(2,077,836)
Balance at 31 December 2019	**118,372,943**	**200,295,574**	**85,278,311**	**38,984,131**	**183,400,910**	**-**	**626,331,869**
Carrying amounts							
At 31 December 2019 (iv)	**171,518,332**	**123,952,485**	**23,198,836**	**14,955,468**	**31,123,287**	**19,865,972**	**384,614,380**
At 31 December 2018 (iv)	187,016,248	28,445,567	157,855,608	13,586,173	44,126,190	26,445,081	457,474,867
	(i) & (ii)						

10 Property, plant and equipment (continued)

(i) This includes buildings costing QR 146,869,738 (2018: QR 153,765,350) that have been constructed on lands leased from the Governments of Qatar and Dubai, UAE.

(ii) This also includes part of Salam Plaza Building and Land that is being utilized by the Group entities. This property along with Salam Plaza Land under investment properties (Note 12) are mortgaged in favor of one of the local banks as security for term loans.

(iii) Depreciation charge has been allocated as follows:

	2019	2018
Operating cost (Note 30)	12,908,745	13,287,010
Depreciation expenses	71,513,100	75,813,713
	84,421,845	89,100,723

(iv) Management is of the opinion that the recoverable amounts of the property, plant and equipment are higher than their carrying amounts.

(v) This includes labour camp transferred during the year to investment property (Note 12).

11 Intangible assets and goodwill

	2019	2018
Goodwill (i)	60,625,515	71,475,996
Development cost (ii)	35,667,534	37,048,621
	96,293,049	108,524,617

(i) Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The allocations of the carrying amounts of goodwill to the Company's CGU's (the subsidiary companies) are as follows:

	2019	2018
International Trading and Contracting Company W.L.L., Qatar**	-	4,845,447
Qatar Gardens Company W.L.L., Qatar*	4,646,571	4,646,571
Salam Technology W.L.L., Qatar	9,596,160	9,596,160
Salam Industries W.L.L., Qatar	7,531,543	7,531,543
Salam Petroleum Services W.L.L., Qatar	12,937,048	12,937,048
Stream Industries and Engineering Company W.L.L., Qatar	15,178,083	15,178,083
Salam Entreprises W.L.L., Qatar	1,615,149	1,615,149
Atelier 21 L.L.C., UAE*	10,711	10,711
Modern Decoration Company L.L.C., UAE*	6,193,199	6,193,199
Salam Enterprises Company L.L.C., UAE	11,062,279	11,062,279
Qatari German Switchgear Company W.L.L.	2,705,253	2,705,253
	71,475,996	76,321,443
Goodwill written off	**(10,850,481)**	(4,845,447)
	60,625,515	71,475,996

* During the year 2019, the Group written off goodwill amounting to QR 10,850,481 based on the impairment assessment.

** In 2018, the Group written off goodwill amounting to QR 4,845,447 based on the impairment assessment.

11 Intangible assets and goodwill (continued)

(i) Goodwill (continued)

Impairment testing of goodwill

The principal assumptions used in the projections relate to revenue, margins, WACC, terminal growth rates and working capital. The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and take into account anticipated efficiency improvements over the forecasted period.

Discount rates reflect management's estimate of the risks specific to each unit. Discount rates are based on a weighted average cost of capital for each CGU. Discount rates relevant to CGU range from 9% to 10%.

Growth rate estimates for the periods beyond that covered by the projections, long-term growth rates are based on management's best estimates of the growth rates relevant to CGU range from 5% to 25%.

(ii) Development cost

Development costs include costs incurred for computer software and branding and developing of policies and procedures. The costs incurred for computer software are amortised over a period of three years while the costs related to branding and developing of policies and procedures manual are amortised over a period of five years, being their expected useful lives.

	2019	2018
Cost		
Balance at 1 January	75,094,226	68,196,938
Additions	2,040,217	6,960,174
Transfers	90,531	-
Write off / disposal (Note 33)	(1,017,717)	(62,886)
Balance at 31 December	**76,207,257**	75,094,226
Accumulated amortisation		
Balance at 1 January	38,045,605	35,226,172
Amortisation	3,230,968	2,859,565
Write off / disposal (Note 33)	(736,850)	(40,132)
Balance at 31 December	**40,539,723**	38,045,605
Carrying amount at 31 December	**35,667,534**	37,048,621

In Qatari Riyals

12 Investment properties

	Land in Palestine	Land and building in United Arab Emirates	Land and buildings in Qatar: Salam Tower	Salam Plaza	Villas and Amjad factory	The Gate Towers and Mall	Property under construction	Total
Cost								
Balance at 1 January 2018	4,817,416	264,400,501	87,088,451	258,140,587	33,751,400	1,048,400,568	64,555,154	1,761,154,077
Acquisitions through business combinations (Note 28 (b))	-	-	-	-	15,940,012	-	-	15,940,012
Additions*	-	-	-	-	-	203,573	8,763,548	8,967,121
Transfer	-	-	-	-	-	72,437,877	(72,437,877)	-
Balance at 31 December 2018	4,817,416	264,400,501	87,088,451	258,140,587	49,691,412	1,121,042,018	880,825	1,786,061,210
Balance at 1 January 2019	4,817,416	264,400,501	87,088,451	258,140,587	49,691,412	1,121,042,018	880,825	1,786,061,210
Additions	-	-	-	-	-	208,891	329,110	538,001
Transfer**	-	12,426,455	-	-	-	952,040	(952,040)	12,426,455
Balance at 31 December 2019	**4,817,416**	**276,826,956**	**87,088,451**	**258,140,587**	**49,691,412**	**1,122,202,949**	**257,895**	**1,799,025,666**
Accumulated depreciation								
Balance at 1 January 2018	-	32,426,082	24,572,295	-	1,480,025	126,769,991	-	185,248,393
Depreciation (Note 30)	-	7,521,053	1,663,041	-	845,069	26,706,702	-	36,735,865
Balance at 31 December 2018	-	39,947,135	26,235,336	-	2,325,094	153,476,693	-	221,984,258
Balance at 1 January 2019	-	39,947,135	26,235,336	-	2,325,094	153,476,693	-	221,984,258
Transfer**	-	2,056,322	-	-	-	-	-	2,056,322
Depreciation (Note 30)	-	8,142,375	1,663,041	-	845,069	28,818,675	-	39,469,160
Balance at 31 December 2019	**-**	**50,145,832**	**27,898,377**	**-**	**3,170,163**	**182,295,368**	**-**	**263,509,740**
Carrying amounts								
At 31 December 2019	**4,817,416**	**226,681,124**	**59,190,074**	**258,140,587**	**46,521,249**	**939,907,581**	**257,895**	**1,535,515,926**
At 31 December 2018	4,817,416	224,453,366	60,853,115	258,140,587	47,366,318	967,565,325	880,825	1,564,076,952
	(i)	(ii)	(iii)	(iv)	(v)	(iv)	(iv)	

* It includes finance cost capitalized amounting to QR 692,540.

** During the year, labour camp at Dubai was transferred from property, plant and equipment (Note 10) and categorised as investment properties.

12 Investment properties (continued)

(i) This land was acquired in Ramallah, Palestine for the purpose of constructing an international trade center. Until the date of these consolidated financial statements, this project has not commenced. The fair value of the land was QR 21,627,742 (2018: QR 20,571,926) based on a valuation carried out on 23 December 2019 by an independent external valuer based in Palestine. The original cost of this land was QR 4,817,416.

(ii) These properties comprise the following:

a) Four plots of land in Dubai, UAE. The fair value of the first plot of land was QR 3,847,501 (2018: QR 4,064,262) based on a valuation carried out on 17 January 2020 by an external independent valuer based in Dubai, UAE. The original cost of this plot of land was QR 3,775,694.

The remaining represents the three plots of lands purchased during 2008 from Salam Bounian Development Company (Salam Bounian), an associate at the time of purchase and currently a subsidiary for QR 85,922,962 as per the three "sale and development" agreements entered between the Company and Salam Bounian. According to these agreements, the Company purchased three plots of land in Jumeirah Village-Dubai, UAE, which were originally purchased by Salam Bounian from a developer in Dubai. The Company reimbursed Salam Bounian for the installments already made by them in addition to interest. The Company has paid the remaining installments directly to the developer in Dubai.

According to the agreements, if the Company decides to develop and sell these three plots, Salam Bounian will share 30% of the resulting net profit with the Company. If the Company decides to sell the three plots of land without development, Salam Bounian will share 60% of the resulting net profit.

The original sale agreement with the developer is still in the name of Salam Bounian. Title of these plots is still with the developer and expected to be transferred to Salam Bounian once the development in that area is completed. Pre-registration document were received in 2016 and the registration is under process.

In 2017, the Company and Salam Bounian agreed to transfer back the three plots of lands to Salam Bounian at the original cost of acquisition by the Company.

The fair value of these three plots of land was QR 86,178,038 (2018: QR 85,285,473) based on a valuation carried out on 17 January 2020 by an external independent valuer based in Dubai, UAE.

b) Building at Dubai Investment Park – This building is being leased as business office and warehouse. The fair value of this property was QR 52,871,287 (2018: QR 55,445,545) based on a valuation carried out on 17 January 2020 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 47,215,259 (2018: QR 50,735,186).

c) Grosvenor Business Bay Tower 1 – This represents one floor of office leased to third parties. The fair value of this property was QR 24,657,515 (2018: QR 25,438,228) based on a valuation carried out on 17 January 2020 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 22,617,227 (2018: QR 23,136,199).

d) Al-Quoz labour camp (plot # 0264-0431) in Dubai – This labour camp is purchased in 2015 and leased to a third party. The fair value of this property was QR 17,198,020 (2018: QR 17,920,792) based on a valuation carried out on 17 January 2020 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 15,527,619 (2018: QR 16,498,594).

e) Al-Quoz labour camp in Dubai (plot # 0365-0194) – This labour camp is purchased in 2016 and leased to a third party. The fair value of this property was QR 44,356,436 (2018: QR 45,821,782) based on a valuation carried out on 17 January 2020 by an external independent valuer based in Dubai, U.A.E. The net book value of this building is QR 41,873,553 (2018: QR 44,384,731).

12 Investment properties (continued)

f) Al-Quoz labour camp in Dubai (plot # 0365-0504) – This labour camp is purchased in 2015 and leased to third party in 2019. The fair value of this property was QR 12,623,762 (2018: QR 13,019,802) based on a valuation carried out on 17 January 2020 by an external independent valuer based in Dubai, U.A.E. The net book value of this building is QR 9,748,810 (2018: QR 10,370,133).

(iii) Salam Tower is located at West Bay, Doha – State of Qatar and is leased as office property. The fair value of Salam Tower was QR 301,723,000 (2018: QR 315,400,000) based on a valuation carried out on 31 December 2019 by an external independent valuer. The net book value of this building including land is QR 59,190,074 (2018: QR 60,853,115).

(iv) This represents "Salam Plaza" and "The Gate Towers and Mall". The fair value of these properties was QR 1,879,398,000 (2018: QR. 1,738,943,505) based on valuations carried out on 31 December 2019 by an independent external valuer based in Doha – Qatar. The carrying amount of these properties as at 31 December 2019 was QR 1,303,727,392 (2018: QR 1,335,002,048), out of which QR 105,421,329 (2018: QR 108,415,312) are owner occupied and classified under property, plant and equipment. The title deeds of the lands are registered in the name of the Company.

This property is held as security by one of the local banks against a loan facility advanced to the Group (Note 25 (i))

(v) These properties comprises of the following:

(a) 10 villas with a carrying value of QR 30,581,237 (2018: QR 31,426,306). The fair value of these villas was QR 31,023,000 (2018: QR 32,117,297), based on a valuation carried out on 31 December 2019 by an external independent valuer.

(b) This represents the right to use a land and factory building with a carrying value of QR 15,940,012 purchased during the year 2018. The fair value of this right to use the land and building was QR 16,200,000 (2018: QR 15,600,426), based on a valuation carried out on 31 December 2019 by an external independent valuer.

13 Equity-accounted investees

	2019	2018
Interests in joint ventures	61,296,852	58,212,077
Interests in associates	79,761,229	83,902,512
	141,058,081	142,114,589

Share of results from joint ventures and associates are as follows:

	2019	2018
Share of results from joint ventures	4,470,914	3,870,660
Share of results from associates	(6,331,852)	(11,347,388)
	(1,860,938)	(7,476,728)

a) Investment in joint ventures

(i) The outstanding balance of the investment in joint ventures is represented as follows:

	Ownership		**2019**	2018
	2019	2018		
4 Homes FZCO L.L.C. (UAE)	70%	70%	60,847,449	57,762,674
Shift Point L.L.C. (Qatar)	51%	51%	449,403	449,403
			61,296,852	58,212,077

The carrying values of the investment in joint ventures have been adjusted for the results of joint ventures for the year ended 31 December 2019, which are based on the audited / management financial statements.

13 Equity-accounted investees (continued)

a) Investment in joint ventures (continued)

(ii) The movement in investment in joint ventures during the year is presented as follows:

	2019	2018
Balance at 1 January	58,212,077	57,113,694
Share of results from joint venture, net	4,470,914	3,870,660
Dividends received during the year	(1,386,139)	(2,772,277)
Balance at 31 December	**61,296,852**	58,212,077

(iii) The above joint ventures are accounted for using the equity method in these consolidated financial statements. Summarised financial information in respect of the Group's joint ventures are set out below:

	2019	2018
Total assets	116,431,606	90,213,963
Total liabilities	(36,795,298)	(14,147,786)
Net assets	**79,636,308**	76,066,177

	2019	2018
Total revenue	**126,447,848**	127,746,974
Total net profit for the year	**6,387,020**	5,663,382
Proportion of Group's interest in joint venture's profit	**4,470,914**	3,870,660

b) Investment in associates

(i) The outstanding balance of the investment in associates is represented as follows:

	Ownership			
	2019	2018	**2019**	2018
Serene Real Estate S.A.L. (Lebanon)	48.99%	48.99%	61,578,354	61,578,354
Qatar Aluminum Extrusion Company P.S.C. (Qatar)	20%	20%	12,046,497	11,622,705
Canon Office Image Solutions W.L.L. (Qatar)	51%	51%	3,674,826	3,185,704
Technical Office for Studies and Monitoring Works W.L.L. (Qatar) (iii)	51%	51%	102,000	102,000
Wikaya Contracting W.L.L(Qatar) (ii)	50%	50%	100,000	100,000
Harris Salam W.L.L. (Qatar)	51%	51%	460,891	326,021
Mideco Trading and Contracting L.L.C.	70%	70%	1,434,491	1,172,378
My List FZ L.L.C.	5%	5%	364,170	364,170
Meta Coat W.L.L. (Qatar)	51%	51%	-	450,235
Soula Systems W.L.L.	20%	20%	-	558,411
Dutchkid FZCO and Just Kidding General Trading Company (UAE)	50%	50%	-	-
Salam Sice Tech Solutions W.L.L. (Qatar)	51%	51%	-	-
Technical Field Services Limited (UAE)	50%	50%	-	-
Salam Media Cast W.L.L. (Qatar) (iv)	-	20%	-	4,442,534
Salam Media Cast L.L.C. (UAE) (iv)	-	20%	-	-
PC Deal Net W.L.L. (Qatar) (v)	-	51%	-	-
			79,761,229	83,902,512

13 Equity-accounted investees (continued)

b) Investment in associates (continued)

The carrying values of the investment in associates have been adjusted for the results of associates for the year ended 31 December 2019, which are based on the audited / management financial statements.

(i) As per the shareholders' agreements and subsequent amendments thereto, the Group does not have either control or joint control over the investee and accordingly treated as an associate.
(ii) Significant operations have not yet started in these associates.
(iii) This associate is under the process of liquidation.
(iv) These investments were sold during the year generating a gain amounting to QR 1,974,502.
(v) The Group acquired remaining 49% shares in the investee and established control during the year, which resulted a consolidation during the year (Note 27).

(ii) The movement in investment in associates during the year is presented as follows:

	2019	2018
Balance at 1 January	83,902,512	95,036,793
Additions (a)	-	123,763
Write off of investments in an associate	-	(2,744,949)
Share of results from associates, net (b)	301,251	(8,513,095)
Disposal of investment in associates during the year	(4,442,534)	-
Balance at 31 December	**79,761,229**	83,902,512

(a) Details of addition to Group's associates are as follows:

Dutchkid FZCO and Just Kidding General Trading Company (UAE)

In 2018, the Group entered into an "Agreement" with Bernard Frans Harmen Boenk and Johanna Maria Wilhelmaina Retera (Dutch nationals) to acquire 50% shares of Dutchkid FZCO U.A.E (a company incorporated in United Arab Emirates). As a result there was an additional capital injection of QR 123,763 in the associate during 2018.

(b) Share of result from associates during the year:

In case where the share of losses from the result of operations of associates exceed the investments, IFRS do not allow the recognition of future losses except when the Group has legal or constructive obligations from investments or has made payments on behalf of investees.

The following table shows the movement on cumulative share of loss from associates exceeding its investment amounts which were provided against due from related parties:

	Share of losses provided against due from related parties - 2019			
Associate	**1 January 2019**	**Loss during the year**	**Disposal or transfer during the year**	**31 December 2019**
Salam Media Cast LLC (UAE)	2,129,980	-	(2,129,980)	-
Dutchkid FZCO and Just Kidding General Trading Company (UAE)	2,080,714	2,075,371	-	4,156,085
PC Deal Net W.L.L. (Qatar)	336,333	-	(336,333)	-
Salam Sice Tech Solutions	1,129,316	(1,098,793)	-	30,523
Soula Systems W.L.L.	-	2,641,589	-	2,641,589
Meta Coat W.L.L. (Qatar)	-	3,014,936	-	3,014,936
	5,676,343	**6,633,103**	**(2,466,313)**	**9,843,133**

13 Equity-accounted investees (continued)

b) Investment in associates (continued)

(b) Share of result from associates during the year (continued):

	Share of losses provided against due from related parties - 2018			
Associate	1 January 2018	(Gain) / loss during the year	Disposal or transfer during the year	31 December 2018
Salam Media Cast LLC (UAE)	2,129,980	-	-	2,129,980
Dutchkid FZCO and Just Kidding General Trading Company (UAE)	-	2,080,714	-	2,080,714
PC Deal Net W.L.L. (Qatar)	-	336,333	-	336,333
Salam Sice Tech Solutions	712,070	417,246	-	1,129,316
	2,842,050	2,834,293	-	5,676,343

(c) The share of result from associates' operations is reported in the consolidated statement of profit or loss as follows:

	2019	2018
Total share of gain / (loss) applied to investment in associates	301,251	(8,513,095)
Total share of loss provided against due from related parties	(6,633,103)	(2,834,293)
	(6,331,852)	(11,347,388)

14 Other investments

	2019	2018
Non-current investments		
Equity securities – at FVOCI	**168,514,493**	182,622,386
Current investments		
Equity securities – at FVTPL	**294,699**	1,187,214
	168,809,192	183,809,600

	2019	2018
Quoted equity instruments (i)		
i. Equity Securities – Qatar	11,090,164	13,457,263
ii. Equity Securities – UAE	300,818	272,726
iii. Equity Securities – Jordan	23,998,139	21,331,679
iv. Equity Securities – Bahrain	90,750	154,275
	35,479,871	35,215,943
Unquoted equity instruments (i)	133,329,321	148,593,657
	168,809,192	183,809,600

(i) Refer Note 5 for fair value measurement.

14 Other investments (continued)

Equity securities designated as at FVOCI

The Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposes.

	Fair value at		Dividend income recognised	
	2019	2018	**2019**	2018
Quoted equity instruments	**35,185,172**	34,028,729	603,009	1,360,094
Unquoted equity instruments:	**133,329,321**	148,593,657	544,636	497,557
	168,514,493	182,622,386	1,147,645	1,857,651

Certain investments in quoted equity securities in Qatar were disposed during year, and there was transfers of cumulative loss amounting to QR 5,568,891 (2018: QR 16,255,371) within equity relating to these investments.

The movement in equity securities designated as at FVOCI is as follows;

	2019	2018
Balance at 1 January	182,622,386	172,865,335
IFRS 9 transitional adjustment	-	20,426,399
	182,622,386	193,291,734
Additions during the year	8,205,138	10,385,710
Disposals during the year	(13,580,567)	(11,340,228)
Movement in fair value during the year	(8,732,464)	(9,714,830)
Balance at 31 December	**168,514,493**	182,622,386

The movement in fair value reserve during the year is as follows;

	2019	2018
Balance at 1 January	(18,664,340)	(11,861,086)
IFRS 9 transitional adjustment	-	(11,988,307)
	(18,664,340)	(23,849,393)
Gain / (loss) on sale of investments in FVOCI	841,890	(1,355,488)
Realised loss transferred to accumulated losses	5,568,891	16,255,371
Effect of change in fair value during the year	(8,732,464)	(9,714,830)
Balance at 31 December	**(20,986,023)**	(18,664,340)

15 Retentions

(a) Retention receivables
Retention receivable represents amounts withheld from the Group's issued invoices as maintenance guarantees by the clients. A portion of the retention is released at the completion date of the contract and the remaining portion is released 365 to 490 days afterwards unless otherwise stated in the respective contracts. The amounts withheld are usually 5 to 10% of each invoice.

	2019	2018
Retention receivables	241,147,435	274,094,122
Less: Allowance for impairment of retention receivable (i)	(31,928,638)	(34,738,741)
	209,218,797	239,355,381

15 Retentions (continued)

(a) Retention receivables (continued)

(i) Movement in allowance for impairment of retention receivable is as follows:

	2019	2018
Adjustment on initial application of IFRS 9	-	34,738,741
Balance at 1 January under IFRS 9	34,738,741	34,738,741
Allowance during the year (Note 38)	1,333,634	-
Write-offs / reversal during the year	(4,143,737)	-
Balance at 31 December	**31,928,638**	34,738,741

Presented in the consolidated statement of financial position as follows:

	2019	2018
Current	94,717,437	108,029,725
Non-current	114,501,360	131,325,656
	209,218,797	239,355,381

(b) Retention payables

Retention payable represents amounts withheld from subcontractors' invoices as maintenance guarantees. A portion of the retention is paid at the completion date of the contract and the remaining portion is paid after 365 to 490 days unless otherwise stated in the respective contracts. The amounts withheld are usually 5 to 10% of each invoice.

	2019	2018
Current	28,172,596	35,108,291
Non-current	25,483,478	32,547,161
	53,656,074	67,655,452

16 Contract assets and contract liabilities

	2019	2018
Cost incurred for the year	814,804,372	953,613,727
Recognised profit or loss for the year	99,267,634	131,143,845
Long-term contract revenue for the year	914,072,006	1,084,757,572
Aggregate amount of costs incurred and recognised profit (less any recognised losses) in previous year	2,192,256,371	2,125,543,120
Aggregate amount of costs incurred and recognised profit (less any recognised losses) to the reporting date	3,106,328,377	3,210,300,692
Progress billings made to customers to the reporting date	(2,400,506,145)	(2,534,818,369)
Contracts-in-progress	**705,822,232**	675,482,323
Less: Allowance for impairment of contract assets (i)	(22,654,936)	(72,193,643)
Contracts-in-progress, net position	**683,167,296**	603,288,680

16 Contract assets and contract liabilities (continued)

(i) Movement in allowance for impairment of contract assets as follows:

	2019	2018
Adjustment on initial application of IFRS 9	-	72,193,643
Balance at 1 January under IFRS 9	72,193,643	72,193,643
Reversal during the year (Note 38)	(3,870,959)	-
Write-offs during the year	(45,667,748)	-
Balance at 31 December	**22,654,936**	72,193,643

Presented in the consolidated statement of financial position as follows:

	2019	2018
Contract assets	706,888,185	652,910,715
Contract liabilities	(23,720,889)	(49,622,035)
Contracts-in-progress, net position	**683,167,296**	603,288,680

17 Other assets

	Current		Non-current	
	2019	2018	2019	2018
Prepayments	10,871,569	16,292,247	2,920,282	4,796,707
Advance payments	109,929,814	110,310,789	69,768,824	69,392,605
Accrued income	26,600,016	14,637,419	-	-
Others	22,075,395	26,128,168	4,807,917	6,532,662
	169,476,794	167,368,623	**77,497,023**	80,721,974

18 Inventories

	2019	2018
Finished goods and goods for resale	395,033,618	493,067,145
Goods in transit	34,306,652	33,125,053
	429,340,270	526,192,198
Less: provision for slow moving inventories	(69,822,971)	(70,938,715)
	359,517,299	455,253,483

Provision for slow moving inventories are determined based on the age, saleability and management's historical experience with respect to various items of inventories.

Movement of provision for slow moving inventories:

	2019	2018
Balance at 1 January	70,938,715	59,179,508
Provision transferred upon business combination	172,896	-
Provisions during the year (i) (Note 33)	26,855,307	40,528,536
Write-offs/reversals during the year	(28,143,947)	(28,769,329)
Balance at 31 December	**69,822,971**	70,938,715

(i) An amount of QR 79,784 (2018: QR 77,975) has been allocated to operating cost.

19 Related parties

Transactions with related parties
The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard No. 24, Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest, affiliates, and other related parties.

During the year, the Group entered into the following trading transactions with related parties:

	2019	2018
Revenue	**28,640,572**	34,765,767
Cost of sales	**13,214,409**	465,798
Interest income	**456,069**	564,767
Other income	**1,919,861**	1,655,710
Other expenses	**238,267**	66,250
Intangible assets	**34,224**	-
Financing advance to a related party	**1,270,664**	2,468,292

(a) Due from related parties

	2019	2018
Serene Real Estate S.A.L.	136,974,423	135,703,759
Bassam Abu Issa	501,839	458,301
Salam Holdings W.L.L.	9,479,667	5,409,328
Salam Interconsult W.L.L.	130,284	130,284
Burhan International Construction Company W.L.L.	13,333,646	18,725,614
PC Dealnet Qatar W.L.L.	-	148,271
Holmesglen Australia	-	31,042,219
Al Hussam Holding Company	757,603	641,154
Salam Sice Tec Solutions W.L.L.	6,864,427	7,132,634
John Steven Ezzo	45,424	-
Meta Coat W.L.L.	18,978,289	15,455,019
Real Jubail Investment W.L.L.	479,341	479,341
Technical Field Services	4,614,842	4,614,842
Mideco Trading and Contracting W.L.L.	25,685,351	22,808,327
Soula Systems W.L.L.	3,641,639	3,641,639
Salam Media Cast – Doha	89,941	78,786
Qatar Boom Electrical Engineering W.L.L.	3,031,087	2,113,237
Jamal Abu Issa	84,038	46,868
New Image USA	105,328	105,328
Just Kidding	4,374,969	1,996,453
Mr. Mohammad Hammoudi	48,000	-
Jubail Development Company W.L.L.	972,000	972,000
West Bay Medicare	43,998,260	27,476,569
Atelier 101	273,098	456,275
Ecosol	496,210	98,000
	274,959,706	279,734,248
Allowance for impairment of receivable from related parties (i)	(28,657,404)	(29,368,514)
	246,302,302	250,365,734

19 Related parties (continued)

(a) Due from related parties (continued)

(i) Movement in allowance for impairment of receivable from related parties

	2019	2018
Adjustment on initial application of IFRS 9	-	29,368,514
Balance at 1 January under IFRS 9	29,368,514	29,368,514
Allowance during the year (Note 38)	5,000,000	-
Write-offs / reversal during the year	(5,711,110)	-
Balance at 31 December	**28,657,404**	29,368,514

(b) Due to related parties

	2019	2018
Al Nooh Wood Industries	407,949	411,549
Offiteco W.L.L.	64,427	40,382
Canon office Imaging	1,940,441	2,176,220
Hussam Abu Issa	140,539	-
Shift Point L.L.C.	1,274,519	978,614
	3,827,875	3,606,765

(c) Compensation of key management personnel

Short-term and long term benefits	2019	2018
Executive managers' bonus	3,458,553	1,584,016
Salaries and other short-term benefits	27,727,140	30,398,969
Long-term benefits	1,018,024	1,227,114
	32,203,717	33,210,099

20 Trade and other receivables

	2019	2018
Trade receivables	617,261,502	590,551,434
Notes receivables	14,278,431	23,051,593
	631,539,933	613,603,027
Allowance for impairment of trade receivables (i) (Note 38)	(181,054,774)	(161,172,092)
	450,485,159	452,430,935

(i) Movement in allowance for impairment of trade receivables is as follows:

	2019	2018
Balance at 1 January under IAS 39	-	56,416,920
Adjustment on initial application of IFRS 9	-	99,776,702
Balance at 1 January under IFRS 9	161,172,092	156,193,622
Allowance transferred upon business combination	76,338	-
Allowance during the year (Note 38)	58,638,795	8,196,187
Transfer	-	2,054,285
Write-offs/reversal during the year	(38,832,451)	(5,272,002)
Balance at 31 December	**181,054,774**	161,172,092

21 Cash and bank balances

For the purpose of the consolidated cash flow statement, cash and cash equivalents include cash and bank balances, net of bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2019	2018
Cash balances	2,611,214	2,485,841
Bank balances	95,371,744	168,603,591
Cash and bank balances	**97,982,958**	171,089,432
Less: bank overdrafts (i)	(101,329,601)	(127,683,776)
Cash and cash equivalents	**(3,346,643)**	43,405,656

(i) Bank overdrafts carried an average interest rates ranging from 4.25% to 6.25% p.a. (2018: 4.10% to 6.48% p.a.).

22 Share capital

	2019	2018
Authorised, issued and fully paid up capital		
114,314,587 shares @ QR 10 each	-	1,143,145,870
1,143,145,870 shares @ QR 1 each (i)	1,143,145,870	-
	1,143,145,870	1,143,145,870

(i) As per the instructions from the Qatar Financial Markets Authority, the Extraordinary General Assembly on 1 April 2019 approved a 10 for 1 share split i.e., 10 new shares with a par value of QR 1 each were exchanged for 1 old share with a par value of QR 10 each. This has led to an increase in the number of authorised and outstanding shares from 114,314,587 to 1,143,145,870. The share split on Qatar Exchange was effective from 23 June 2019.

23 Legal reserve

In accordance with Qatar Commercial Companies Law No.11 of 2015 and the Company's Articles of Association, 10% of the net profit for each year and premium on share issuance by the Company is to be transferred to legal reserve until the reserve equals 50% of the paid up share capital and is not available for distribution except in circumstances specified in the above Law.

24 Non-controlling interests

	2019	2018
Balance at 1 January	172,121,511	165,985,666
Adjustment on initial application of IFRS 9	-	774,967
Acquisition – Additional purchase of subsidiary shares	(200,346)	-
Incorporation of subsidiary with non-controlling interests	48,000	-
Disposal of equity share of a subsidiary to non-controlling interest without a change in control	141,917	-
Share of (loss) / profit for the year	(1,201,889)	2,492,068
Net movement in non-controlling interests	916,589	3,635,492
Dividend distributed to non-controlling interest	-	(766,682)
Balance at 31 December	**171,825,782**	172,121,511

The following table summarises the information relating to Salam Bounian Development Company P.Q.S.C., the Group's subsidiary that has material non-controlling interest:

Total revenue	35,317,390	39,986,763
Net (loss) / profit	(1,138,358)	3,927,284
Net assets attributable	170,692,376	172,790,742

25 Borrowings

	Current		Non-current	
	2019	2018	**2019**	2018
Term loan (a)	215,063,064	311,350,686	1,605,169,988	1,518,020,300
Loan against trust receipt (b)	415,902,004	338,052,261	-	-
Project finance (c)	305,007,098	356,054,821	-	-
	935,972,166	1,005,457,768	**1,605,169,988**	1,518,020,300

a) Term loans represent the following and all these loans are carrying interest rates ranging from 4.51% to 6.25% (2018: 3.75% to 6.48%)

	Final instalment/Maturity	**2019**	2018
Loan -1 (i) *	29 February 2040	1,086,955,141	1,035,715,786
Loan -2 (ii)	24 March 2023	106,600,860	129,857,368
Loan -3 (iii) *	1 April 2022	45,141,066	54,619,190
Loan -4 (iv)**	31 January 2020	7,965,781	7,965,781
Loan -5 (v)**	30 June 2020	7,710,877	11,379,688
Loan -6 (vi)	30 March 2020	35,000,000	40,000,000
Loan -7 (vii) *	23 January 2023	72,830,000	72,830,000
Loan -8 (viii)**	31 January 2020	3,641,500	3,641,500
Loan -9 (ix)**	30 September 2021	16,286,479	16,286,479
Loan -10 (x)	1 February 2025	50,974,290	56,438,774
Loan -11 (xi)	29 June 2019	-	2,941,177
Loan -12 (xii)	23 January 2019	-	822,372
Loan -13 (xiii)	31 July 2019	-	2,159,633
Loan -14 (xiv) *	15 June 2026	299,999,571	299,999,571
Loan -15 (xv)	30 November 2022	21,388,889	29,166,667
Loan -16 (xvi) *	1 February 2021	58,263,350	65,547,000
Loan -17 (xvii)	20 February 2020	2,475,248	-
Loan 18 (xviii)	31 March 2020	5,000,000	-
		1,820,233,052	1,829,370,986

(i) A term loan of QR 1.06 billion availed as part of the Groups debt management. The loan is re-payable in 79 quarterly instalments of QR 21,750,000 each with a bullet payment for the residual value of QR 23,920,688 due in February 2040. Refer Note 12 (iv) for security.

(ii) A term loan of QR 150 million was availed as part of the Group debt management and expansion of business. The loan is re-payable in 23 quarterly instalments of QR 6,500,000 each with a final instalment due in March 2023.

(iii) A term loan of QR 100 Million was availed to refurbish and modernize boutiques and outlets of SIIL subsidiaries. The loan is repayable in 19 quarterly instalment of QR 5,400,000 each with a final instalment in April 2022.

(iv) A term loan of USD 35 Million (Equivalent QR 127,452,500) was availed to finance capital expenditure of various new businesses. The loan principal is re-payable in 16 equal quarterly instalments of USD 2,187,500 each plus interest with a final instalment due in January 2020.

(v) A term loan of USD 3.025 Million (Equivalent QR 11,000,000) was availed for long term working capital requirements. The loan principal is re-payable in 10 monthly instalments of USD 302,500 each plus interest with a final instalment due in June 2020.

(vi) A revolving term loan of QR 35 Million was availed to meet short term working capital requirement. The loan principal along with interest is repayable in March 2020.

25 Borrowings (continued)

(vii) A term loan of USD 20 Million (Equivalent QR 72,830,000) was availed to finance working capital requirements of the Group. The first instalment of USD 7 million is payable in January 2020 and the residual loan is repayable on a monthly step up basis ranging from USD 250,000 to USD 416,659 with a last instalment due in January 2023.

(viii) A term loan of USD 15 Million (Equivalent QR 54,622,500) was availed to finance capital expenditure of the Group. This loan principal is repayable quarterly with a final instalment due in January 2020.

(ix) A term loan of QR 45 Million was availed for General Business Operations. The loan has a grace period of one year and is repayable in 18 quarterly instalments of QR 2,450,000 each with a final instalment due in September 2021.

(x) A term loan of QR 67 Million was availed to finance refurbishing at The Gate Mall for a tenant to set up a Medical Centre. The loan principal has a grace period of one year and is re-payable in seven years after the grace period, with a final instalment due in February 2025.

(xi) A term loan of QR 25 Million was availed to finance one of the Group entities. The Group repaid its final instalment which was due on June 2019.

(xii) A Murabaha Facility of QR 15 Million was availed to support acquisition of new business. The Group repaid its final instalment which was due on January 2019.

(xiii) A financing facility of QR 12 Million was sanctioned to finance acquisition of assets by one of the Group entities. The Group repaid its final instalment which was due on July 2019.

(xiv) A term loan of QR 299 million was availed for new capital expenditure. The loan is re-payable in quarterly step-up instalments in the range of QR 2 to 18 million each with a final instalment due in June 2026.

(xv) A term loan of QR 40 million was availed for capital expenditure. The loan is re-payable in quarterly instalments of QR 2,220,000, each with a final instalment due in November 2022.

(xvi) A revolving term loan of USD 16 million (Equivalent QR 58,200,000) was availed for general corporate purposes. The loan principal along with profit is payable in 5 quarterly instalments commencing from February 2020 with a bullet payment of USD 8 million due on February 2021.

(xvii) A revolving term loan of AED 2.50 million (equivalent to QR 2,475,248) was availed to meet short term working capital requirement. The loan principal along with interest is repayable in February 2020.

(xviii) A short term loan of QR 5 million was availed to meet short term working capital requirement. The loan principal along with interest is repayable in March 2020.

* These loans were initially obtained at a different terms and conditions and were rescheduled during the year with new terms and conditions as disclosed above.

** For these loans the final instalment dates were modified during the year as agreed with the banks.

b) Loans against trust receipts

These represent import credit facilities obtained from local and foreign banks, secured by full corporate guarantee of the Company and carry interest rates ranging from 3.90% to 6.25% per annum (2018: 3.75% to 5.25% per annum). Those facilities are short term in nature and, mostly, are repayable within one fiscal year from the date of the facility.

25 Borrowings (continued)

c) Project finances

These represent facilities obtained from local and foreign banks and secured by full corporate guarantee of the Company. These facilities carry interest rates ranging from 4.50% to 5.50% per annum (2018: 4.10% to 5% per annum), and obtained to finance construction projects and operations of subsidiaries under the contracting, energy and power sectors. Those facilities are short term in nature with original repayment schedule of one to three years in accordance with the project duration.

d) The above borrowings are secured by corporate guarantees of the Company and / or cross corporate guarantees of subsidiaries.

e) Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows:

	2019	2018
Balance at 1 January	2,523,478,068	2,704,284,716
Net movement in borrowings	5,915,148	(181,499,188)
Finance costs capitalised on qualifying assets (Note 12)	-	692,540
Finance costs*	129,612,657	133,397,246
Finance costs paid	(117,863,719)	(133,397,246)
Balance at 31 December	**2,541,142,154**	2,523,478,068

* An amount of QR 19,341,350 (2018: QR 21,523,308) has been allocated to operating cost.

26 Employees' end of service benefits

	2019	2018
Balance at 1 January	78,052,087	75,348,122
Provision during the year	20,709,620	19,302,603
Transfer	-	(12,356)
Payments during the year	(26,058,249)	(16,586,282)
Balance at 31 December	**72,703,458**	78,052,087

27 Other liabilities

	Current		**Non-current**	
	2019	2018	**2019**	2018
Provision for supplier dues	90,705,921	80,740,161	-	-
Provision for completed jobs	40,158,695	72,658,079	-	-
Dividend payable	16,194,411	16,706,504	-	-
Accrued expenses	59,125,206	74,336,571	-	-
Staff dues and incentives	42,215,062	58,754,184	-	-
Other payables	17,983,054	22,774,847	10,476,593	7,545,667
	266,382,349	325,970,346	**10,476,593**	7,545,667

28 Subsidiaries

(a) Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activities	Ownership interest (%)	
		2019	2018
Salam Technology W.L.L.	Information technology	100	100
I Telligent Technologies L.L.C.	Electronic system installation and maintenance	100	100
Stream Industrial and Engineering Company W.L.L.	Mechanical services	100	100
Qatar German Switchgear Company W.L.L.	Switchgear manufacturing	100	100
Salam Petroleum Services W.L.L.	Trading in chemical materials and maintenance of oil equipment	100	100
Gulf steel and Engineering W.L.L.	Steel works	100	100
International Trading and Contracting Company W.L.L.	Civil contracting	100	100
Salam Enterprises Company W.L.L.	Furniture trading and contracting	100	100
Salam Industries W.L.L.	Furniture and Interior works	100	100
Alu Nasa Company W.L.L. (ii)	Aluminum works	100	100
Gulf Industries for Refrigeration and Catering Company W.L.L.	Trading and maintenance of refrigerators, water coolers and air conditioners	100	100
Holmsglen Qatar W.L.L. (ii)	Consulting and managerial studies	98	98
Qatar Transformers Company W.L.L.	Manufacture of transformers	100	100
Salam Hospitality W.L.L.	Restaurants and bakeries management	100	100
Salam Bounian Development Company P.Q.S.C. (b)	Real estate	70.78	70.75
Gulf Facility Management W.L.L. (ii)	Facility management	70.78	70.75
Salam Enterprises L.L.C. (i)	Trading in water equipment	100	100
Atelier 21 L.L.C. (Mafan Alrassam Trading Company) (i) (b)	Interior design	80	100
Modern Decoration Company L.L.C.(i)	Furniture and interiors manufacturing	100	100
Alu Nasa Aluminium Industry L.L.C. (i)	Aluminium works	100	100
Salam Group W.L.L.	Luxury Retail trading - intermediary holding company	100	100
Salam Studio and Stores W.L.L. – Doha	Retail and wholesale of luxury consumer products	100	100
Salam Studio and Stores L.L.C. – Dubai (i)	Retail and wholesale of luxury consumer products	100	100
Salam Studio and Stores W.L.L. – Muscat (iii)	Retail of luxury consumer products	100	100
Salam Arabia Trading Establishment – Kuwait (ii)	General trading	100	100
Salam Trading Enterprises – Jordan	Luxury Fashion retail	100	100
Salam Enterprise Company – Bahrain (iv)	Furniture trading	80	80
Salam Amwal Holding S.A.L.	Investments	100	100
Salam Capital Holding S.A.L.	Investments	100	100
Salam Globex W.L.L.	Marketing and offices facilities	100	100
Prevent and Protect W.L.L. – Qatar	Oil and gas services	90	90

28 Subsidiaries (continued)

(a) Details of the Group's subsidiaries are as follows: (continued)

Name of subsidiary	Principal activities	Ownership interest (%)	
		2019	2018
Prevent and Protect S.P.C. –Bahrain (ii)	Oil and gas services	90	90
Prevent and Protect L.L.C. – Oman	Oil and gas services	90	90
Prevent and Protect L.L.C. – UAE (ii)	Oil and gas services	90	90
New Image Building Services Gulf States L.L.C.	Building and facilities management	53.1	53.1
Blink Company W.L.L. (ii)	Photography trading and related services	60	60
Diversa S.R.L.	Trading in water equipment	100	100
Qatar Garden W.L.L.	Construction of soft and hard landscaping and supply of related materials	100	100
Al-shamila Eco Studies and Energy Solution W.L.L.	Trading in equipment and rendering	51	51
Amjad Company for Manufacture and printing Cardboard W.L.L. (b)	Manufacture of bowls and boxes of cardboard	100	100
PC Deal Net W.L.L. (Qatar) (b)	Trading in IT equipment	100	-
Cycure Technologies W.L.L. (b)	Information technology services	76	-
I Telligent Technologies W.L.L. (b)	Trading in Computer Network and IT Consulting	100	100
Atelier 21 L.L.C. (UAE)	Interior design	80%	100%

(i) 99 % of the share capital of these Group entities are commercially registered in the name of the Company and 1% is registered in the name of Salam Group W.L.L., a Group entity.

(ii) The operations and activities of these Group entities are currently on hold.

(iii) 99% of the share capital of Salam Studio and Stores W.L.L. – Muscat is commercially registered in the name of the Company and 1% is registered in the name of Salam Studio and Stores W.L.L., a Group entity.

(iv) The share capital of these Group entities is registered in the name of Bahraini national for the beneficial interest of the Group.

(b) Details of the change in Group's subsidiaries are as follows:

Cycure Technologies W.L.L.

During the year 2019, the Group incorporated this subsidiary in the State of Qatar with contribution of 76% in its shares.

I Telligent Technologies W.L.L.

During the year 2018, the Group incorporated this subsidiary in the State of Qatar with contribution of 100% in its shares.

Al-shamila Eco Studies and Energy Solution W.L.L. - Incorporation

During the year 2018, the Group incorporated this subsidiary in the State of Qatar with contribution of 51% in its shares.

28 Subsidiaries (continued)

(b) Details of the change in Group's subsidiaries are as follows: (continued)

Amjad Company for Manufacture and printing Cardboard W.L.L. – Acquisition of controlling interest

During the year 2018, the Group acquired 100% equity shares of Amjad Company for Manufacture and printing Cardboard W.L.L. On date of acquisition Group recognized investment property (Rights-to-use) of QR 15,940,012 as fair value of net assets acquired, by considering the same amount as purchase consideration out of which QR 2,582,737 has been paid in cash. Property acquired is under mortgage to a local bank.

PC Deal Net W.L.L. (Qatar)

During the year 2019, the Group acquired the remaining 49% shares of PC Deal Net W.L.L. to become the controlling party for QR 98,000. On date of acquisition the net book value of the subsidiary was QR 197,998. The details of the acquisition are as follows:

Carrying amount of non-controlling interest acquired	197,998
Consideration paid to non-controlling interest acquired	(98,000)
An increase in equity attributable to owners of the Company (1)	99,998

Salam Bounian Development Company P.Q.S.C. – Acquisition of non-controlling interest

During the year 2019, SIIL purchased additional 18,655 shares in Salam Bounian Development Company P.Q.S.C. to become the owner of 38,929,459 shares representing 70.78% of Salam Bounian's capital. The carrying value of Salam Bounian Development Company P.Q.S.C.'s net assets in the Group consolidated financial statements on the date of the acquisition was QR 590,675,318. The details of the additional purchase with respective loss from purchase recognised in equity are as follows:

Carrying amount of non-controlling interest acquired	200,346
Consideration paid to non-controlling interest acquired	(148,973)
An increase in equity attributable to owners of the Company (1)	51,373

(1) The increase in equity attributable to owners of the Company comprised an increase in retained earnings of QR 51,373.

Mafan Alrassam Trading Company (Atelier 21 L.L.C.) – Disposal of non-controlling interests

During the year 2019, SIIL sold 20% interest of a subsidiary "Mafan Alrassam Trading Company" for QR 1,466,593, while retained control in this subsidiary. The carrying amount of interest sold in Group's consolidated financial statements on the date of sale was QR 141,917.

Consideration received from non-controlling interest disposed	1,466,593
Carrying amount of non-controlling interest disposed	(141,917)
An increase in equity attributable to owners of the Company (1)	1,324,676

(i) The increase in equity attributable to owners of the Company comprised an increase in retained earnings of QR 1,324,676.

29 Operating revenue

	2019	2018
Contract revenue	1,164,297,351	1,513,495,299
Revenue from sale of goods	885,459,402	951,733,576
Service revenue	50,269,233	51,873,574
Real estate revenue	119,992,016	129,290,987
	2,220,018,002	2,646,393,436

30 Operating cost

	2019	2018
Contract costs (i)	967,953,329	1,285,105,139
Cost of goods sold	659,352,039	676,670,953
Cost of service	28,322,541	29,548,167
Real estate costs	7,234,403	13,534,769
Interest charged to projects	19,341,350	21,523,308
Depreciation of investment properties (Note 12)	39,469,160	36,735,865
Depreciation of property, plant and equipment	11,881,306	13,287,010
Interest on lease liabilities	653,526	-
Depreciation on right-of-use assets	1,508,101	-
	1,735,715,755	2,076,405,211

(i) Include depreciation of QR 1,027,439 (2018:Nil)

31 Investment income

	2019	2018
Realised/ unrealised loss on investments at FVTPL	(9,437)	(192,122)
Interest income	636,131	1,843,131
Dividend income	1,147,645	1,857,651
Gain on disposal of an equity accounted investee (Note 13)	1,974,502	-
	3,748,841	3,508,660

Investment income earned on financial assets, analysed by category of asset, is as follows:

	2019	2018
Investment in equity securities – at FVOCI	1,147,645	1,857,651
Investment in equity securities – at FVTPL	(9,437)	(192,122)
Investment in equity-accounted investee	1,974,502	-
Loans and receivables (including cash and bank balances)	636,131	1,843,131
	3,748,841	3,508,660

32 Other income

	2019	2018
Rent income from sub-lease arrangements	5,100,520	5,237,284
Others	53,242,612	33,378,652
(Loss) / gain on sale of property, plant and equipment	(765,406)	357,665
	57,577,726	38,973,601

33 General and administrative expenses

	2019	2018
Office, showroom and warehouse rent	21,084,086	89,573,348
Advertising	2,715,631	2,240,049
Marketing*	10,935,053	21,944,118
Repairs and maintenance	14,711,480	15,177,738
Travel	3,771,302	3,440,959
Communication	5,031,869	5,623,952
Electricity and water	8,086,457	8,885,348
Business development	246,570	723,741
Entertainment	1,194,921	1,561,305
Tender fees	1,098,695	1,731,036
Insurance	2,351,038	2,745,437
Legal and registration charges	6,585,102	6,790,684
Printing and stationery	2,533,093	3,250,807
Professional fees	6,225,837	4,694,417
Meeting and conference	205,507	135,431
Fuel	3,275,144	3,752,608
Subscription and catalogues	501,626	498,178
Transportation	1,293,015	1,683,669
Donations	297,507	331,055
Provision for slow moving inventories (Note 18)	26,775,523	40,450,561
Intangible assets written off (Note 11)	280,867	22,754
Others	2,848,790	5,797,011
	122,049,113	221,054,206

* The details of net marketing expenses are as follows:

	2019	2018
Marketing expenses incurred during the year	34,171,020	43,149,859
Contribution granted from suppliers	(23,235,967)	(21,205,741)
	10,935,053	21,944,118

34 Contribution to social and sports fund

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2010, which is applicable to all Qatari listed shareholding companies with publicly traded equity, the Group has to make an appropriation of 2.5% of its net profit attributable to the owners of the Company as a contribution to social and sports fund. No such appropriation has been made as the Group has incurred a loss during the year.

35 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit / (loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding at the reporting date.

The basic and diluted earnings per share are the same as there were no dilutive effects on earnings.

	2019	2018
Loss for the year attributable to Owners of the Company	**(128,452,258)**	(99,403,701)
Adjusted weighted average number of outstanding shares (i)	**1,143,145,870**	1,143,145,870
Basic and diluted earnings per share	**(0.11)**	(0.08)

(i) During the year, the Company split 1 share of QR 10 each into 10 shares of QR 1 each. Refer Note 22 for further details. Consequently, the weighted average number of shares outstanding has been retrospectively adjusted.

36 Contingent liabilities and commitments

	2019	2018
Letters of credit	**68,918,060**	192,275,652
Letters of guarantee	**568,549,931**	695,881,781

Operating leases commitments
Future minimum lease rentals payable under non-cancellable operating leases as at the previous year-end are as follows:

	2018
Within one year	79,842,024
After one year but not more than five years	173,767,729
More than 5 years	49,529,069
	303,138,822

In 2019, these leases have been presented as per IFRS 16 (Note 8).

37 Operating segments

The Group operates in the areas of contracting, energy and power, consumer and luxury products, technology and communication and real estate and investments.

Transactions between segments are conducted at estimated market rates, as approved by management, and are eliminated on consolidation. The following table shows the distribution of the Group's revenue, expenditure and summary of assets and liabilities.

In Qatari Riyals

37 Operating segments (continued)

(a) In terms of operating sectors:

	Reportable Segments*					
2019	**Contracting**	**Energy and Power**	**Consumer and luxury products**	**Technology and communication**	**Real estate and investments**	**Total**
Operating income						
External customers	429,373,668	406,117,994	806,435,531	432,785,983	145,304,826	2,220,018,002
Inter-segment	16,862,025	37,295,568	576,467	14,990,582	42,745,474	112,470,116
Total operating income	**446,235,693**	**443,413,562**	**807,011,998**	**447,776,565**	**188,050,300**	**2,332,488,118**
Segment results	**(9,202,941)**	**(6,107,698)**	**(138,217,992)**	**1,630,518**	**22,243,966**	**(129,654,147)**
Assets and liabilities						
Segment assets	441,124,831	395,234,496	681,407,172	782,281,087	2,442,535,228	4,742,582,814
Segment liabilities	304,705,930	306,154,281	623,495,616	556,096,121	1,777,346,618	3,567,798,566
Other segment information						
Capital expenditures:						
Tangible assets	1,391,343	16,974,429	9,381,112	520,422	2,570,698	30,838,004
Intangible assets	18,226	-	430,961	-	1,591,030	2,040,217
	1,409,569	**16,974,429**	**9,812,073**	**520,422**	**4,161,728**	**32,878,221**
Depreciation	11,188,062	13,662,071	98,454,870	2,209,803	57,205,587	182,720,393
Amortisation	396,520	93,230	2,637,548	-	103,670	3,230,968

* The Group initially applied IFRS 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (Note 6). As a result, the Group recognised QR 139,306,000 of right-of-use assets and QR 139,306,000 of liabilities from those lease contracts. The assets and liabilities are included in these reportable segments as at 31 December 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated (Note 6).

In Qatari Riyals

37 Operating segments (continued)

(a) In terms of operating sectors (continued):

	Reportable Segments					
2018	Contracting	Energy and Power	Consumer and luxury products	Technology and communication	Real estate and investments	Total
Operating income						
External customers	435,407,975	429,029,810	886,363,185	738,770,406	156,822,060	2,646,393,436
Inter-segment	50,236,949	73,986,635	637,869	5,344,713	47,940,819	178,146,985
Total operating income	485,644,924	503,016,445	887,001,054	744,115,119	204,762,879	2,824,540,421
Segment results	(6,024,125)	18,448,012	(149,827,233)	6,034,120	34,457,593	(96,911,633)
Assets and liabilities						
Segment assets	491,637,510	444,033,040	795,065,010	753,706,730	2,462,032,026	4,946,474,316
Segment liabilities	353,918,279	349,123,425	626,063,352	602,806,240	1,704,616,258	3,636,527,554
Other segment information						
Capital expenditures:						
Tangible assets	7,439,303	7,187,463	17,215,830	965,880	26,463,500	59,271,976
Intangible assets	209,526	-	4,938,368	-	1,812,280	6,960,174
	7,648,829	7,187,463	22,154,198	965,880	28,275,780	66,232,150
Depreciation	10,953,495	8,537,004	51,070,204	2,075,172	53,200,713	125,836,588
Amortisation	426,253	466,851	1,702,111	-	264,350	2,859,565

37 Operating segments (continued)

(b) In terms of geographic locations:

	2019*				2018			
	Qatar	United Arab Emirates	Others	Total	Qatar	United Arab Emirates	Others	Total
Operating income								
From external customers	1,787,932,702	303,381,629	128,703,671	2,220,018,002	2,180,606,655	322,006,105	143,780,676	2,646,393,436
Inter-segment	110,273,278	1,935,657	261,181	112,470,116	166,109,952	10,921,867	1,115,166	178,146,985
Total operating income	**1,898,205,980**	**305,317,286**	**128,964,852**	**2,332,488,118**	2,346,716,607	332,927,972	144,895,842	2,824,540,421
Segment results	**(79,975,305)**	**(35,044,770)**	**(14,634,072)**	**(129,654,147)**	(28,989,044)	(49,068,513)	(18,854,076)	(96,911,633)
Assets and liabilities								
Segment assets	3,838,186,747	636,463,928	267,932,139	4,742,582,814	4,013,847,575	700,449,566	232,177,175	4,946,474,316
Segment liabilities	3,199,828,302	243,375,907	124,594,357	3,567,798,566	3,231,997,691	279,261,452	125,268,411	3,636,527,554
Other segment information								
Capital expenditures:								
Tangible assets	27,908,613	778,985	2,150,406	30,838,004	55,836,606	2,823,005	612,365	59,271,976
Intangible assets	2,040,217	-	-	2,040,217	6,897,730	57,406	5,038	6,960,174
	29,948,830	778,985	2,150,406	32,878,221	62,734,336	2,880,411	617,403	66,232,150
Depreciation	138,388,910	39,664,557	4,666,926	182,720,393	107,639,034	15,168,010	3,029,544	125,836,588
Amortisation	3,001,675	49,343	179,950	3,230,968	2,635,463	76,156	147,946	2,859,565

* Refer Note 37 (a)

38 Financial instruments – Fair values and risk management

(A) Fair values of financial instruments

i) Financial instruments - fair values classification

The Group's financial assets (trade and other receivables, retention receivables, due from related parties, loans to associate companies and cash at bank) and financial liabilities (credit liabilities, retention payable and trade and other payables) are measured at amortised cost and not at fair value. Management believes that the carrying values of these financial assets and financial liabilities as at the reporting date are reasonable approximation of their fair values.

The following table shows the carrying amounts and fair values of financial assets, including their fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

At 31 December 2019

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Equity securities – FVOCI				
Quoted equity securities	35,185,172	35,185,172	-	-
Unquoted equity securities	133,329,321	-	-	133,329,321
Equity securities – FVTPL				
Quoted equity securities	294,699	294,699	-	-

At 31 December 2018

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Equity securities – FVOCI				
Quoted equity securities	34,028,729	34,028,729	-	-
Unquoted equity securities	148,593,657	-	-	148,593,657
Equity securities – FVTPL				
Quoted equity securities	1,187,214	1,187,214	-	-

ii) Financial instruments - fair values measurement

The following table shows the valuation technique using the Level 2 and level 3 fair value at 31 December 2019 and 31 December 2018 for the financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<u>Market approach</u> The transaction price of an investment in an unquoted equity instrument, which is identical to the investment being valued and made close to the measurement date, might be a reasonable starting point for measuring fair value at the measurement date.	Not applicable	Not applicable

38 Financial instruments – Fair values and risk management (continued)

(A) Fair values of financial instruments (continued)

ii) Financial instruments - fair values measurement (continued)

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<u>Adjusted net asset method</u> This valuation model considers the fair value of the investee's assets and liabilities (both recognised in the statement of financial position and unrecognised). The unquoted equity securities that are carried at adjusted net assets value are valued on the basis of financial statements available. The management assessed that fair value considered on the basis of adjusted net assets is appropriate as no material changes are expected for fair value of investment property from the date of valuation till the date of reporting on the basis of stable market condition of the country of investment.	Expected fair value of the assets and liabilities.	The estimated fair value would increase / (decrease) if the adjusted net assets were higher / (lower).

(B) Financial risk management

i) Credit risk

The Company's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets and contract assets, which are the following:

	2019	2018
Financial assets		
Loans to associate companies	18,447,057	20,977,414
Accrued income	26,600,016	14,637,419
Due from related parties	246,302,302	250,365,734
Retention receivables	209,218,797	239,355,381
Trade and notes receivables – net	450,485,159	452,430,935
Bank balances	95,371,744	168,603,591
Contract assets	706,888,185	652,910,715
	1,753,313,260	1,799,281,189

Allowance for impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2019	2018
Allowance for impairment loss on trade receivables (Note 20)	58,638,795	8,196,187
Allowance for impairment loss on due from related parties (Note 19)	5,000,000	-
Allowance for impairment loss on retention receivables (Note 15)	1,333,634	-
Reversal of allowance for impairment loss on contract assets (Note 16)	(3,870,959)	-
	61,101,470	8,196,187

38 Financial instruments – Fair values and risk management (continued)

(B) Financial risk management (continued)

(i) Credit risk (continued)

The movement in allowance for impairment of financial assets and contract assets are as follows:

	2019	2018
Balance at 1 January under IAS 39	-	56,416,920
Adjustment on initial application of IFRS 9	-	236,077,600
Balance at 1 January under IFRS 9	297,472,990	292,494,520
Allowance transferred upon business combination	76,338	-
Allowance during the year	61,101,470	8,196,187
Transfer	-	2,054,285
Write-offs/reversal during the year	(94,355,046)	(5,272,002)
Balance at 31 December	**264,295,752**	297,472,990

A summary of the Group's exposure to credit risk for trade receivables and contract assets is as follows:

Expected credit loss assessment
The Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

At 31 December 2019	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit impaired**
Current (not past due)	6.6%	159,612,236	10,561,843	No
1-60 days past due	13.9%	142,884,932	19,854,378	No
61-120 days past due	31.8%	30,641,028	9,752,081	No
121-365 days past due	38.7%	124,887,375	48,374,955	No
365-730 days past due	52.9%	66,400,601	35,107,160	No
More than 730 days past due	53.6%	107,113,761	57,404,357	No
		631,539,933	**181,054,774**	

At 31 December 2018	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	5.37%	143,916,131	7,730,420	No
1-60 days past due	13.82%	131,973,032	18,240,102	No
61-120 days past due	26.55%	61,880,492	16,430,329	No
121-365 days past due	31.73%	66,057,170	20,961,437	No
365-730 days past due	42.81%	40,206,730	17,211,815	No
More than 730 days past due	47.53%	169,569,472	80,597,989	No
		613,603,027	161,172,092	

38 Financial instruments – Fair values and risk management (continued)

(B) Financial risk management (continued)

(i) Credit risk (continued)

Expected credit loss assessment (continued)

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Forward looking factors are based on the actual and forecast macro economic factors (primarily GDP) and is continued to be positive.

Further, the Group has ECL amounting to QR 83,858,837 (2018: QR 136,300,898) on contract assets, due from related parties and retention receivables as at 31 December 2019.

Cash and cash equivalents

The Group held cash and bank balances of QR 97,982,958 at 31 December 2019 (2018: QAR 171,089,432). The cash and bank balances are held with bank and financial institution counterparties, which are rated A1 to A2 based on [by Moody Rating Agency] ratings.

Impairment on cash and bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities. At 31 December 2019, the Company has issued a guarantee to certain banks in respect of credit facilities granted to its subsidiaries.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities excluding the contractual interest payments and impact of netting agreements, if any:

31 December 2019 Non-derivative financial liabilities	Carrying amounts	Gross un-discounted contractual cash out flows	Less than 1 year	Above 1 year
Borrowings	2,541,142,154	(2,541,142,154)	(935,972,166)	(1,605,169,988)
Retention payables	53,656,074	(53,656,074)	(28,172,596)	(25,483,478)
Other liabilities excluding provisions	266,948,331	(266,948,331)	(266,382,349)	(565,982)
Due to related parties	3,827,875	(3,827,875)	(3,827,875)	-
Bank overdrafts	101,329,601	(101,329,601)	(101,329,601)	-
Notes payable	27,822,576	(27,822,576)	(27,822,576)	-
Trade and other payables	295,152,527	(295,152,527)	(295,152,527)	-
Lease liabilities	82,247,239	(82,247,239)	(29,722,559)	(52,524,680)
	3,372,126,377	**(3,372,126,377)**	**(1,688,382,249)**	**(1,683,744,128)**

38 Financial instruments – Fair values and risk management (continued)

(B) Financial risk management (continued)

(ii) Liquidity risk (continued)

31 December 2018 Non-derivative financial liabilities	Carrying amounts	Gross un-discounted contractual cash out flows	Less than 1 year	Above 1 year
Borrowings	2,523,478,068	(2,523,478,068)	(1,005,457,768)	(1,518,020,300)
Retention payables	67,655,452	(67,655,452)	(35,108,291)	(32,547,161)
Other liabilities excluding provisions	254,134,337	(254,134,337)	(253,312,267)	(822,070)
Due to related parties	3,606,765	(3,606,765)	(3,606,765)	-
Bank overdrafts	127,683,776	(127,683,776)	(127,683,776)	-
Notes payable	39,669,534	(39,669,534)	(39,669,534)	-
Trade and other payables	301,655,430	(301,655,430)	(301,655,430)	-
	3,317,883,362	(3,317,883,362)	(1,766,493,831)	(1,551,389,531)

(iii) Market risk

(a) Equity price risk

The Group is subject to equity price risk in relation to equity securities at FVOCI and investment at FVTPL. The Group evaluates the current market value and other factors including normal volatility in share price for quoted equities and other relevant factors such as investment manager's periodical reports relating to unquoted equities in order to manage its market risk.

Sensitivity analysis
A 10% increase in market values of the Group's quoted portfolio of equity securities at FVOCI is expected to result in an increase in the asset and equity by QR 3,518,517 (2018: QR 3,402,873) and a 10% decrease in market values of the Group's quoted portfolio of equity securities at FVOCI are expected to result in a decrease of the asset and equity by QR 3,518,517 (2018: QR 3,402,873).

A 10% increase in market values of the Group's portfolio of investment at FVTPL is expected to result in an increase of QR 29,470 (2018: QR 118,721) in the assets and profit of the Group and a 10% decrease in market values of the Group's portfolio of investment at fair value through profit or loss is expected to result in a decrease of the assets and profit by QR 29,470 (2018: QR 118,721).

38 Financial instruments – Fair values and risk management (continued)

(B) Financial risk management (continued)

(iii) Market risk (continued)

(b) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Management does not hedge its interest rate risk.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amounts	
	2019	2018
Non-interest bearing instruments		
Bank balances	**79,477,418**	54,456,339
Fixed rate instruments		
Bank loans	(56,286,479)	(56,286,479)
Net financial asset / liabilities	**(56,286,479)**	(56,286,479)
Average interest rate (p.a.)	4.5%-5.0%	4.25%-4.5%
Variable rate instruments		
Bank balances	15,894,326	114,147,252
Bank loans	(2,484,855,675)	(2,467,191,589)
Bank overdrafts	(101,329,601)	(127,683,776)
Net financial liabilities	**(2,570,290,950)**	(2,480,728,113)
Average interest rate (p.a.)	4.51%-6.25%	3.75%-6.48%

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 50 basis points in interest rates would have increased or decreased equity by QR 281,432 (2018: QR 281,432). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Cash flow sensitivity analysis for variable-rate instruments

The following table demonstrates the sensitivity of the Group's profit to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the profit is the effect of the assumed changes in interest rate on the Group's profit / (loss) for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2019.

	Profit or (loss)		Profit or (loss)	
	2019		2018	
	50 bps Increase	**50 bps Decrease**	50 bps Increase	50 bps Decrease
Variable rate financial liabilities	**(12,851,455)**	**12,851,455**	(12,403,641)	12,403,641

38 Financial instruments – Fair values and risk management (continued)

(B) Financial risk management (continued)

(iii) Market risk (continued)

(c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's functional currency and significant foreign currency transactions are denominated in currencies pegged with United States Dollar ("USD"). Therefore the management is of the opinion that the Group's exposure to currency risk is minimal.

The fair values of financial instruments, with the exceptions of investment at FVOCI and at FVTPL, carried at cost are not materially different from their carrying values.

39 Comparative figures

The corresponding figures presented for 2018 have been reclassified where necessary to preserve consistency with the 2019 figures. However, such reclassifications did not have any effect on the consolidated net loss or the total consolidated equity for the comparative year.