BLUE STAR QATAR WLL

Financial Statement for the year ended March 31, 2023

BLUE STAR - QATAR W.L.L
DOHA – QATAR

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
MARCH 31, 2023

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QR. 99-8

RN: 655/AM/FY2023

INDEPENDENT AUDITOR'S REPORT

To Partners
Blue Star - Qatar W.L.L.
Doha - Qatar

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Blue Star - Qatar W.L.L. (the "Company") which comprise the statement of financial position as at March 31, 2023 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's 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.

Other Matter

The financial statements of the Company for the year ended March 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2022.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies' Law, we report the following:

- We are also in the opinion that proper books of account were maintained by the Company and the physical inventory verification has been duly carried out.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Association were committed during the year which would materially affect the Company's financial position or its financial performance.

Doha -Qatar
May 2, 2023

For **Deloitte & Touche**
Qatar Branch

Midhat Salha
Partner
License No. 257

BLUE STAR – QATAR W.L.L

STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	Notes	2023	2022
		QR.	QR.
ASSETS			
Non-current assets			
Property and equipment	5	**539,913**	1,002,225
Right-of-use assets	6	**114,552**	572,764
Retention receivables	7	**23,687,709**	24,747,594
Total non-current assets		**24,342,174**	26,322,583
Current assets			
Inventories	8	**1,006,069**	--
Retention receivables	7	**3,148,464**	8,766,245
Due from a related party	9	**71,160**	57,000
Trade and other receivables	10	**36,168,380**	39,039,886
Cash and cash equivalents	11	**8,810,128**	18,954,105
Total current assets		**49,204,201**	66,817,236
Total assets		**73,546,375**	93,139,819
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**200,000**	200,000
Legal reserve	13	**100,000**	100,000
Retained earnings		**27,326,704**	25,246,117
Total equity		**27,626,704**	25,546,117
Non-current liabilities			
Lease liabilities	14	**--**	237,606
Employee's end of service benefits	15	**1,939,918**	1,835,886
Total non-current liabilities		**1,939,918**	2,073,492
Current liabilities			
Retention payables	16	**2,634,785**	2,802,086
Accounts payable and accruals	17	**33,926,984**	51,392,772
Lease liabilities	15	**119,515**	345,621
Due to a related party	9	**1,537,069**	377,847
Tax payable	18	**1,004,140**	1,421,232
Borrowings	19	**4,757,260**	9,180,652
Total current liabilities		**43,979,753**	65,520,210
Total liabilities		**45,919,671**	67,593,702
Total equity and liabilities		**73,546,375**	93,139,819

Mr. M.V.P Raju
General Manager

This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.

DELOITTE & TOUCHE
Doha - Qatar
02 MAY 2023
Signed for Identification Purposes Only

BLUE STAR – QATAR W.L.L

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2023

	Notes	**2023**	2022
		QR.	QR.
Revenue	20	**67,609,985**	139,152,373
Direct costs	21	**(55,299,706)**	(128,798,902)
Gross profit		**12,310,279**	10,353,471
Other income		**901,688**	558,594
General and administrative expenses	22	**(10,111,381)**	(6,776,975)
Finance costs		**(57,909)**	(43,289)
Profit before tax		**3,042,677**	4,091,801
Income tax expense	18	**(962,090)**	(1,421,232)
Net profit for the year		**2,080,587**	2,670,569
Other comprehensive income for the year		--	--
Total comprehensive profit for the year		**2,080,587**	2,670,569

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BLUE STAR – QATAR W.L.L

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2023

	Capital	Legal reserve	Retained earnings	Total
	QR.	QR.	QR.	QR.
Balance at April 1, 2021	200,000	100,000	23,813,448	24,113,448
Total comprehensive income for the year	--	--	2,670,569	2,670,569
Dividend declared	--	--	(1,237,900)	(1,237,900)
At March 31, 2022	200,000	100,000	25,246,117	25,546,117
Total comprehensive income for the year	--	--	2,080,587	2,080,587
Balance at March 31, 2023	**200,000**	**100,000**	**27,326,704**	**27,626,704**

DELOITTE & TOUCHE
Doha - Qatar
02 MAY 2023
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BLUE STAR – QATAR W.L.L

STATEMENT OF CASH FLOWS

For the year ended March 31, 2023

	Notes	2023	2022
		QR.	QR.
OPERATING ACTIVITIES			
Profit before tax		**3,042,677**	4,091,801
Adjustments for:			
Depreciation of property plant and equipment	5	**529,651**	450,393
Amortization of right-of-use assets	6	**458,212**	458,199
Gain on sale of property and equipment		--	(29,698)
Provision for expected credit loss	7,10	**6,593,904**	3,755,156
Provision for employees' end of service benefits	15	**378,767**	441,613
Interest on lease liabilities		**16,288**	27,289
Finance cost		**57,909**	43,289
Operating profit before working capital changes		**11,077,408**	9,238,042
Movements in working capital:			
Trade and other receivable	10	**731,425**	(25,219,985)
Amount due from a related party	9	**(14,160)**	(57,000)
Inventories	8	**(1,006,069)**	--
Accounts payable and accruals	17	**(17,465,789)**	8,678,772
Amount due to a related party	9	**1,159,222**	377,847
Retention receivables	7	**2,223,843**	11,615,656
Retention payables	16	**(167,300)**	(1,749,188)
Cash (used in)/generated from operations		**(3,461,419)**	2,884,144
Income tax paid	18	**(1,379,183)**	(300,394)
Employees' end of service benefits paid	15	**(274,735)**	(566,575)
Interest expense on lease liabilities		**(16,288)**	(27,289)
Finance cost paid		**(57,909)**	(43,289)
Net cash (used in)/ generated from operating activities		**(5,189,534)**	1,919,308
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(67,339)**	(528,324)
Proceeds from disposal of property and equipment		--	29,698
Net cash used in investing activities		**(67,339)**	(498,626)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans and borrowings	19	**(4,423,392)**	9,160,234
Repayment of principal portion of lease liabilities	14	**(463,712)**	(452,711)
Dividend declared and paid		--	(1,237,900)
Net cash (used in) / generated from financing activities		**(4,887,104)**	7,469,623
Net (decrease)/ increase in cash and cash equivalents		**(10,143,977)**	8,890,305
Cash and cash equivalents at the beginning of the year		**18,954,105**	10,063,800
Cash and cash equivalents at the end of the year		**8,810,128**	18,954,105

DELOITTE & TOUCHE
Doha - Qatar
02 MAY 2023
Signed for Identification
Purposes Only

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THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. INCORPORATION AND ACTIVITIES

Blue Star – Qatar W.L.L (the "Company") is a limited liability company in the State of Qatar and was registered with the Ministry of Commerce and Industry under the Commercial Registration no. 34775 on February 12, 2007, in accordance with the Qatar Commercial Companies' Law and the terms of its Articles of Association. The Company's registered principal business place is in the State of Qatar.

The Company is engaged in the business of designing, engineering, installation and maintenance of Mechanical, Electrical, Plumbing (MEP) contracts and all works related to heating ventilation and air conditioning systems.

The address of the Company's registered office is P.O. Box 47242, Doha, Qatar

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee ("IFRIC") interpretations effective as of January 1, 2022:

2.1 New and amended IFRS Standards and interpretations that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2022, have been adopted in these financial statements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 3 – Reference to the Conceptual Framework In May 2020 the IASB issued amendments to update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	Beginning on or after January 1, 2022

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use	January 1, 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Company measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statutory statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statutory statement of profit or loss and other comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

The Company shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	January 1, 2022

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Company has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Company first applies the amendments. Comparatives are not restated.

Instead, the Company shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards-Subsidiary as a first time adopter

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition on financial liabilities

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date first applies the amendment.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Annual Improvements to IFRS Standards 2018–2020 (continued)	January 1, 2022

The Annual Improvements include amendments to four Standards (continued).

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

2.2 New and amended IFRSs in issue but not yet effective and not early adopted

The Company has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)	January 1, 2023

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17) (continued)	January 1, 2023

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption/ effective date deferred indefinitely

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current	January 1, 2023. Early application permitted

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

In November 2022, IAS 1 has been amended to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or noncurrent.

An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The 2022 amendments deferred the effective date of the amendments to *IAS 1 Classification of Liabilities as Current or Non-current* published in January 2020 by one year to annual reporting periods beginning on or after 1 January 2024.The amendments are applied retrospectively.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies	January 1, 2023. Early application permitted

The IASB has amended IAS 1 require entities to disclose its "material accounting policies" instead of its 'significant accounting policies' with 'material accounting policy information'. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are also added.

To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	January 1, 2023. Early application permitted

The IASB has amended IAS 8 to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023. Early application permitted

The amendments provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued) The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises: • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: – Right-of-use assets and lease liabilities; and – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset. • The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.	January 1, 2023. Early application permitted
Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions The amendments require a seller-lessee to subsequently measure lease liabilities by determining "lease payments" and "revised lease payments" arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.	January 1, 2024. Early application permitted

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the applicable provisions of Qatar Commercial Companies' Law and the Company's Article of Association.

Basis of preparation

The financial statements are prepared under the historical cost basis.

The financial statements are presented in Qatari Riyal, which is the Company's functional and presentation currency.

The principal accounting policies are set out below:

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Costs include expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is immediately derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimates accounted for on prospective basis.

Following are the rates of depreciation used based on the estimated useful lives of the related assets:

Tools and machineries	6 years
Computer and software	3 years
Furniture and fixtures	5 to 6 years
Motor vehicles	5 years

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

Impairment of tangible and assets

At each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and assets (continued)

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employees' end of service benefits

A provision is made for employees' end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

(i) <u>Amortised cost and effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘Other gains and losses’ line item.

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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

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

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company) Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Company fully provide for or writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings,. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in separate profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default insolvency or bankruptcy of the Company or counter party.

Revenue recognition

Revenue for construction and service contracts is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods and services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Company recognizes revenue when it transfers control over goods and services to its customers.

Contract assets and liabilities

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

Transaction price

Management has assessed that the major contracts includes clauses for delay penalties, material cost fluctuation, free issue materials and early achievement bonus which will be assessed at every reporting period to be included in the transaction price as per IFRS 15. The Company has also received advances for its projects, which were assessed and management concluded that these do not meet the criteria of significant financing component.

Allocate the transaction price to the performance obligations in the contract

The Company is required to allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation. For contracts that have more than one performance obligation, the entity is required to allocate the transaction price between the identified performance obligations under the contracts on a relative standalone selling price basis.

Leases

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Company as lessee (continued)

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Company applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Company as lessee (continued)

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax provisions as prescribed by the Qatar Income Tax Law No. 24 of 2018.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Borrowings

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

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events after the reporting date

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are discussed on the financial statements when material.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Contract revenue

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c) the Company's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Contract variations

Contract variations are recognised as revenues only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management considers prior experience, application of contract terms and the relationship with the customers in making their judgement.

Contract claims

Contract claims are recognised as revenue only when management believes that only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods.

Management reviews the judgment related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Judgements in determining the timing of satisfaction of performance obligations

For construction contracts, the Company recognises revenue over time as it performs continuous transfer of control of goods to the customers. Because customers simultaneously receive and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these POs, we have considered the nature of these goods as well as the nature of its performance.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Companys of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Contracts warranty period

Management's estimate of the provision for contracts warranty is based on historical fact patterns and is applied as a percentage of revenue. This process requires monitoring of financial and operational controls. Management is of the opinion that the provision for contracts warranty is fairly stated.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue a going concern. Therefore, the financial statements are prepared on a going concern basis.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Company uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Percentage of completion

The percentage of completion is measured by reference to the percentage of physical proportion of the contract work completed as determined by engineer's estimate. Provision is made where applicable for anticipated losses on contracts in progress.

Impairment of tangible and intangible assets

The Company's management assess whether there is an indication that tangible and intangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

Estimated useful lives of property, plant and equipment

The costs of items of property, plant and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of the assets,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has not made estimates of residual values for any items of property, plant and equipment at the end of their useful lives as these have been deemed to be insignificant.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimates (continued)

Estimation of future costs to be incurred on contracts

In certain cases, the Company may have incurred certain contract costs that relate to future activity on the contract. Such contract costs are recognized as an asset provided it is probable that they will be recovered. Such costs are classified within the statement of financial position as construction work in progress.

The estimation of future budgeted costs requires management to adopt a high level of judgment and estimation about future events as well as expectations of future price movements of materials and services. This process requires active monitoring of financial and operational controls and accurate cost control and reporting. Management is of the opinion that the future budgeted construction costs is fairly stated.

Inventories

Inventories are stated at lower of cost and net realizable value. Adjustments to reduce the cost of inventory to its realizable value are made at the product Company level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Company estimates the provision for slow moving and obsolete items at the end of each year.

5. PROPERTY AND EQUIPMENT

	Tools and machineries	Computer and software	Furniture and fixtures	Motor vehicles	Total
	QR.	QR.	QR.	QR.	QR.
Cost:					
At April 1, 2021	1,025,501	879,931	479,238	1,967,351	4,352,021
Additions	156,955	186,175	20,194	165,000	528,324
Disposals	(52,500)	--	--	(86,000)	(138,500)
At March 31, 2022	1,129,956	1,066,106	499,432	2,046,351	4,741,845
Additions	49,945	4,494	12,900	--	67,339
At March 31, 2023	**1,179,901**	**1,070,600**	**512,332**	**2,046,351**	**4,809,184**
Accumulated depreciation:					
At April 1, 2021	745,460	723,013	392,717	1,566,537	3,427,727
Charge of the year	98,980	133,299	28,202	189,912	450,393
Disposals	(52,500)	--	--	(86,000)	(138,500)
At March 31, 2022	791,940	856,312	420,919	1,670,449	3,739,620
Charge of the year	172,850	131,918	91,413	133,470	529,651
At March 31, 2023	**964,790**	**988,230**	**512,332**	**1,803,919**	**4,269,271**
Net carrying amounts:					
At March 31, 2023	**215,111**	**82,370**	**--**	**242,432**	**539,913**
At March 31, 2022	338,016	209,794	78,513	78,513	1,002,225

6. RIGHT-OF-USE ASSETS

	Right-of-use assets
	QR.
Cost:	
At April 1, 2021	911,756
Additions	911,756
Disposals	(911,756)
At March 31, 2022	911,756
Additions	--
At March 31, 2023	**911,756**
Accumulated depreciation:	
At April 1, 2021	792,562
Charge of the year	458,199
Disposals	(911,756)
At March 31, 2022	338,992
Charge of the year	458,212
At March 31, 2023	**797,204**
Net carrying amounts:	
At March 31, 2023	**114,552**
At March 31, 2022	572,764

Amounts recognised in profit and loss:

	2023	2022
	QR.	QR.
Depreciation expense on right-of-use assets	**458,199**	458,199
Interest expense on lease liabilities	**16,288**	27,289

7. RETENTION RECEIVABLES

	2023	2022
	QR.	QR.
Retention receivable	**31,289,996**	33,513,839
Expected credit loss allowance	**(4,453,823)**	--
	26,836,173	33,513,839

Presented in the statement of financial position as follow:

	2023	2022
	QR.	QR.
Current	**3,148,464**	8,766,245
Non- current	**23,687,709**	24,747,594

7. RETENTION RECEIVABLES (CONTINUED)

Movements in the allowance for impairment of retention receivable is as follows:

	2023	2022
	QR.	QR.
At April 1,	**--**	--
Increase in loss allowance during the year	**4,453,823**	--
At March 31,	**4,453,823**	--

Retention receivables represent amounts retained by the customers ranging from 5% to 10% of billings and are collectible upon completion of the contracts.

The Company measures the loss allowance for retention receivables at an amount equal to lifetime expected credit losses (ECL) using the simplified approach. The expected credit losses on retention receivables are estimated in reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company writes off a retention receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, and when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In determining the recoverability of a retention receivables, the Company considers any change in the credit quality of the retention receivables from the date the amount was initially withheld from invoices up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

8. INVENTORIES

	2023	2022
	QR.	QR.
Air conditioners and chillers	**1,006,069**	--
	1,006,069	--

9. RELATED PARTY TRANSACTIONS

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

(a) Due from a related party

	Nature of relationship	**2023**	2022
		QR.	QR.
Blue Star International FZCO-Dubai	Affiliate	**71,160**	57,000

9. RELATED PARTY TRANSACTIONS (CONTINUED)

Terms and conditions of transactions with related parties

The transactions with the related parties are made at prices approved by management. Outstanding balances at the end of the year are unsecured, interest free and the settlement occurs in cash. Balances due from related parties for companies under common control are current with an outstanding period of less than 90 days. Accordingly, no loss allowance has been considered on these balances.

(b) Due to a related party

	Nature of relationship	2023	2022
		QR.	QR.
Blue Star Ltd	Parent company	**1,537,069**	377,847

(c) Transactions with related parties

	2023	2022
	QR.	QR.
Purchases	**1,581,650**	487,968
Sales	**263,451**	120,648
Agency Fee	**676,099**	1,345,463

(d) Compensation to key management personnel

	2023	2022
	QR.	QR.
Short-term benefits	**574,200**	574,200
Long-term benefits	**30,600**	30,600

10. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	2023	2022
	QR.	QR.
Trade receivables	**42,550,091**	41,756,646
Expected credit loss allowance	**(6,985,091)**	(4,845,010)
Net trade receivables	**35,565,000**	36,911,636
Advances to suppliers	**356,276**	669,818
Prepayments and other receivables	**119,379**	348,780
Unbilled Revenue	**127,725**	1,109,652
	36,168,380	39,039,886

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The average credit period is 30 days. No interest is charged on the overdue balances.

10. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES (CONTINUED)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivables in accordance with the simplified approach set out in IFRS 9:

	2023	2022
	QR.	QR.
Balance April 1	**4,845,010**	1,089,854
Increase in loss allowance during the year	**2,140,081**	3,755,156
Balance as at March 31	**6,985,091**	4,845,010

11. CASH AND CASH EQUIVALENTS

	2023	2022
	QR.	QR.
Cash in hand	**32,558**	14,969
Current accounts	**3,777,570**	8,939,136
Short-term deposits with banks (ii)	**5,000,000**	10,000,000
Total cash and cash equivalents	**8,810,128**	18,954,105

Notes:

(i) Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 months ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, management of the Company have assessed that the impairment is not significant, and hence have not recorded any loss allowances on these balances.

(ii) Short-term deposits with banks earn an effective interest rate ranging from 4.75% to 5%. (2022: 4.75% to 5%.) per annum.

12. SHARE CAPITAL

The share capital of the Company consists of 100 shares (2022: 100 shares) with a nominal value of QR 2,000 per share (2022: QR 2,000 per share), aggregating to QR 200,000 as at March 31, 2023 (QR 200,000 as at March 31, 2022), and is allocated as follows:

Shareholder	***Number of shares***	***Percentage***	**2023**	2022
			QR.	QR.
Blue Star Limited	49	49%	**98,000**	98,000
Al Malki Trading and Contracting Company WLL	51	51%	**102,000**	102,000
	100	100%	**200,000**	200,000

13. LEGAL RESERVE

Under the provisions of the Qatar Commercial Companies' Law, an amount equivalent to 10% of the Company's net profit before appropriation is required to be transferred to a legal reserve account until such time the reserve account equals to 50% of the share capital of the Company. This reserve is not normally available for distribution, except in the circumstances stipulated in the above Law.

14. LEASE LIABILITIES

	2023	2022
	QR.	QR.
As at April 1,	**583,227**	119,516
Additions during the year	**--**	916,422
Payment made during the year	**(480,000)**	(480,000)
Lease interest	**16,288**	27,289
As at March 31,	**119,515**	583,227

Presented in the statement of financial position as follows:

	2023	2022
	QR.	QR.
Current	**119,515**	345,621
Non-current	**--**	237,606
	119,515	583,227

	2023	2022
	QR.	QR.
Maturity analysis -undiscounted		
Not later than 1 year	**120,000**	480,000
Later than 1 year and not later than 5 years	**--**	120,000
	120,000	600,000

15. EMPLOYEES' END OF SERVICE BENEFITS

	2023	2022
	QR.	QR.
As at April 1,	**1,835,886**	1,960,848
Charge for the year	**378,767**	441,613
Payments made during the year	**(274,735)**	(566,575)
As at March 31,	**1,939,918**	1,835,886

16. RETENTION PAYABLES

	2023	2022
	QR.	QR.
Retention payable	**2,634,785**	2,802,086

17. TRADE AND OTHER PAYABLE

	2023	2022
	QR.	QR.
Trade payable	**12,418,151**	19,686,678
Accruals	**15,266,685**	27,477,393
Advance from customers	**5,983,821**	4,008,006
Other payables	**258,327**	220,695
	33,926,984	51,392,772

18. INCOME TAX EXPENSE

Income tax is calculated in accordance with the provisions of Qatar Income Tax Law number 24 of 2018. The following table shows the determination of the income tax charge for the period.

	2023	2022
	QR.	QR.
Balance at April 1,	**1,421,232**	300,394
Charge for the year	**962,090**	1,421,232
Amount paid during the year	**(1,379,182)**	(300,394)
Balance at March 31,	**1,004,140**	1,421,232

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2023	2022
	QR.	QR.
Profit/(loss) before tax	**3,042,677**	4,091,801
Adjustments for:		
Accounting depreciation and amortization	**529,652**	450,393
Tax depreciation	**(384,010)**	(395,216)
Non-deductible provisions	**7,872,654**	6,169,164
Other adjustments	**(933,709)**	(948,735)
Taxable income	**10,127,263**	9,367,407
Taxable income @ 95%	**9,620,900**	8,899,037
Income tax @ 10%	**962,090**	889,904
Short income tax provision for previous year	**--**	531,328
	962,090	1,421,232

19. BORROWINGS

	2023	2022
	QR.	QR.
Loans against trust receipts (i)	**4,757,260**	9,180,652

(i) Loans against trust receipts cover the release of goods in relation to letters of credit issued by or import bills for collection handled by banks. These loans are secured against project proceeds under the contracts financed by the banks and bears market interest rates.

20. REVENUE

The Company derives its revenue from following revenue streams:

	2023	2022
	QR.	QR.
Disaggregation of revenue – over time		
Contracting revenue	**67,343,987**	139,152,373
Disaggregation of revenue – at a point in time		
Sale of air conditioners and chillers	**265,998**	--
	67,609,985	139,152,373

21. DIRECT COSTS

Gross profit for the year is arrived after charging the below mentioned major direct cost relating to:

	2023	2022
	QR.	QR.
Project material cost	**24,298,322**	71,175,398
Salaries and other staff benefits	**20,472,619**	20,410,455
Other contract costs	**4,953,414**	17,825,516
Sub-contractors' costs	**5,358,101**	19,387,533
Cost of goods sold (air conditioners and chiller)	**217,250**	--
	55,757,918	128,340,703

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
	QR.	QR.
Provision for expected credit loss	**6,593,904**	3,755,155
Staff costs	**1,643,060**	1,791,686
Depreciation expenses	**529,651**	450,393
Amortization of right of use assets	**458,212**	458,199
Legal and professional charges	**289,253**	193,411
Vehicle expenses	**99,038**	72,508
Insurance expenses	**12,402**	9,521
Travelling expenses	**5,491**	319
Other general and administration costs	**480,370**	503,979
	10,111,381	7,235,174

23. CONTINGENT LIABILITIES

	2023	2022
	QR.	QR.
Credit related contingencies:		
Letter of credit	**5,810,755**	5,945,507
Letters of guarantee	**30,454,402**	37,083,342
	36,265,157	43,028,849

24. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the financial statements.

25. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise accounts payables and other liabilities and loan from shareholder. The main purpose of these financial liabilities is to manage Company's cash flows and partially finance capital work in progress. The Company has various financial assets such as security deposits, advances to employees, cash and cash equivalents, which arise directly from operations.

The main risk arising from Company's financial instruments are credit risk, liquidity risk, market risk, interest rate risk.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure to credit risk is concentrated in one party, the Qatar Railways Company. Credit exposure is controlled by counterparty limits that are reviewed and approved by Management and also by receiving advance payments. The Company's maximum exposure to credit risk, relating to its financial assets (other receivables, amounts due from a related party and bank balances), is represented by the carrying amount of these financial assets. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In order to minimise credit risk, the Company has tasked its management to develop and maintain the Company's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	When there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	When there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that there is a severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The tables below detail the credit quality of the Company's financial assets and contract assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

March 31, 2023	**Notes**	**12-month or lifetime ECL**	**Gross Carrying**	**Loss allowance**	**Net carrying Amount**
			QR.	**QR.**	**QR.**
Accounts receivable	10	Lifetime ECL	**42,550,091**	**(6,985,091)**	**35,565,000**
Unbilled Revenue	10	Lifetime ECL	**127,725**	**--**	**127,725**
Due from a related party	9	Lifetime ECL	**71,160**	**--**	**71,160**
Retention receivables	7	Lifetime ECL	**31,289,996**	**(4,453,823)**	**26,836,173**
Cash and cash equivalents	11	Lifetime ECL	**8,777,570**	**--**	**8,777,570**

March 31, 2022	Notes	12-month or lifetime ECL	Gross Carrying	Loss allowance	Net carrying Amount
			QR.	QR.	QR.
Accounts receivable	10	Lifetime ECL	41,756,646	(4,845,010)	36,911,636
Unbilled Revenue	10	Lifetime ECL	1,109,652	--	1,109,652
Due from a related party	9	Lifetime ECL	57,000	--	57,000
Retention receivables	7	Lifetime ECL	33,513,840	--	33,513,840
Cash and cash equivalents	11	Lifetime ECL	18,939,136	--	18,939,136

(i) For accounts receivable , retention receivables and due from related parties, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

(ii) The loss allowance provision as at March 31, 2023 and March 31, 2022 is determined as follows; the expected credit losses below also incorporate forward looking information:

	Trade receivables – days past due						
March 31, 2023	***Up to 30 days QR.***	***31 – 60 days QR.***	***61-90 days QR.***	***91-180 Days QR.***	***181-365 days QR.***	***Over 365 days QR.***	***Total QR.***
Loss rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**100%**	**96.67%**	**16.42%**
Gross carrying amount of trade receivables	**27,720,953**	**2,761,166**	**2,560,642**	**2,325,592**	**1,272,770**	**5,908,968**	**42,550,091**
Lifetime ECL	**--**	**--**	**--**	**--**	**(1,272,770)**	**(5,712,321)**	**(6,985,091)**
	27,720,953	**2,761,166**	**2,560,642**	**2,325,592**	**--**	**196,647**	**35,565,000**

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

	Trade receivables – days past due						
March 31, 2022	*Up to 30 days QR.*	*31 – 60 days QR.*	*61-90 days QR.*	*91-180 Days QR.*	*181-365 days QR.*	*Over 365 days QR.*	*Total QR.*
Loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	86.52%	11.63%
Gross carrying amount of trade receivables	24,972,995	3,709,021	2,749,673	4,724,884	--	5,600,073	41,756,646
Lifetime ECL	--	--	--	--	--	(4,845,020)	(4,845,010)
	24,972,995	3,709,021	2,749,673	4,724,884	--	755,063	36,911,636

Note:

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Resort to obtain collateral over receivables and the entire financial assets are, therefore, unsecured.

Liquidity risk

Liquidity risk represents the risk that the Company will not be able to settle its financial obligations as they fall due. Management confirms that cash and liquidity sources are sufficiently available to cover future obligations of the Company.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the statement of financial position to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At March 31, 2023	**Carrying amount QR.**	**Less than 1 year QR.**	**Between 1 and 2 years QR.**	**Total QR.**
Trade payables	**12,418,151**	**12,418,151**	**--**	**12,418,151**
Other payables	**258,327**	**258,327**		**258,327**
Amounts due to a related party	**1,537,069**	**1,537,069**	**--**	**1,537,069**
Retention payables	**2,634,785**	**2,634,785**	**--**	**2,634,785**
Lease liabilities	**120,000**	**120,000**	**--**	**120,000**
	16,968,332	**16,968,332**	**--**	**16,968,332**

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

At March 31, 2022	Carrying amount	Less than 1 year	Between 1 and 2 years	**Total**
	QR.	QR.	QR.	QR.
Trade payables	19,686,678	19,686,678	--	19,686,678
Other payables	220,695	220,695	--	220,695
Amounts due to a related party	377,847	377,847	--	377,847
Retention payables	2,802,086	2,802,086	--	2,802,086
Lease liabilities	480,000	480,000	120,000	600,000
	23,567,306	23,567,306	120,000	23,687,306

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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management is of the opinion that the Company's exposure to currency risk is minimal since most of its transactions are in Qatari Riyals.

Interest rate risk

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

The Company is exposed to interest rate risk on its short-term deposits with banks. Assuming that the Company maintained same level of its short-term deposits for one year, a 50bps increase or decrease in the interest rate will result in an increase or decrease of QR 25,000 (2022: QR 50,000) in the net profit for the year. However, the Company's investment in short term deposits has not been constant during 2023 and 2022.

The Company is exposed to interest rate risk on one of its loans with banks which have floating interest rate. Assuming that the Company maintained same level of its loan for one year, a 50bps increase or decrease in the interest rate will result in an increase or decrease of QR 23,786 (2022: QR 45,903) in the net loss for the year. However, the Company's loans have not been constant during 2023 and 2022.

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to its shareholders through the optimization of invested capital.

The capital structure of the Company consists of equity comprising issued share capital, legal reserve and retained earnings. Management reviews the capital structure on a regular basis. As part of this review, Management considers the cost of capital and associated risks.

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The below table detail changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

	At April 1, 2022	**Financing cash flows**	**Non-cash changes (i)**	**At March 31, 2023**
	QR.	**QR.**	**QR.**	**QR.**
Lease liabilities	**583,227**	**(463,712)**	**--**	**119,515**
Borrowings	**9,180,651**	**(4,423,391)**	**--**	**4,757,260**

	At April 1, 2021	Financing cash flows	Non-cash changes(i)	At March 31, 2022
	QR.	QR.	QR.	QR.
Lease liabilities	119,516	(452,711)	916,422	583,227
Borrowings	20,417	9,160,235	--	9,180,652

(i) Non-cash changes include addition to lease liabilities.

27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the management and authorized for issue on May 2,2023