Qatar Electronic Systems Company W.L.L (Techno Q)

Consolidated financial statements.

31 December 2023

Qatar Electronic Systems Company W.L.L (Techno Q)

Consolidated Financial Statements
As at and for the year ended 31 December 2023

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Independent auditor's report

To the Shareholders of Qatar Electronic Systems Company W.L.L.

Opinion

We have audited the consolidated financial statements of Qatar Electronic Systems Company W.L.L. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising Material accounting policies and other explanatory information, as set out on pages 8 to 36.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2023, and its financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

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

Emphasis of Mater- comparative Figures

The comparative figures for the financial statements for the year ended 31 December 2022 is not consolidated. Our opinion is not modified with regards to this mater.

Responsibilities of Management for the Consolidated Financial Statements

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

Responsibilities of Management for the Consolidated Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Independent auditor's report (continued)

Qatar Electronic Systems Company W.L.L.

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

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with management 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.

Report on Other Legal Requirements

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

i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.

ii) The Company has maintained proper accounting records and its financial statements are in agreement therewith.

iii) Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.

iv) We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2023.

14 May 2024
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289

Qatar Electronic Systems Company W.L.L (Techno Q)

Consolidated Statement Of Financial Position
As at 31 December 2023

In Qatari Riyals

	Note	2023	2022
ASSETS			
Property, equipment, and right-of-use Assets	5	4,832,105	4,526,429
Intangible Assets	6	1,315,218	1,102,884
Investment in a subsidiary	7	-	918,351
Non-current assets		6,147,323	6,547,664
Inventories	9	22,275,611	16,416,281
Trade receivable and prepayments	10	210,177,547	96,883,387
Due from related parties	19(a)	358,328	15,239,836
Cash and bank balances	11	64,404,669	24,035,503
Current assets		297,216,155	152,575,007
TOTAL ASSETS		**303,363,478**	159,122,671
EQUITY			
Share capital	12	84,500,000	5,000,000
Capital Contribution		-	732,151
Legal reserve	14	3,847,973	2,500,000
Retained earnings		25,196,462	69,058,959
Total equity before NCI		113,544,435	77,291,110
Non-controlling interest		(16,035)	-
Total Equity		113,528,400	77,291,110
LIABILITIES			
Lease Liabilities	16	174,140	1,096,953
Borrowings	15	4,554,855	706,453
Employees' end of service benefits	17	6,508,774	4,272,444
Non-current liability		11,237,769	6,075,850
Borrowings	15	7,383,790	2,715,170
Lease Liabilities	16	2,021,920	952,410
Trade and other payables	18	169,033,628	70,483,565
Due to related parties	19(b)	157,971	1,604,566
Total current liabilities		178,597,309	75,755,711
Total liabilities		189,835,078	81,831,561
TOTAL EQUITY AND LIABILITIES		**303,363,478**	159,122,671

These consolidated financial statements were approved by the management and signed on their behalf by the following :

Zeyad Al Jaidah
Managing Director

Abdullah Alansari
Executive Director

The notes on pages 8 to 36 are an integral part of these consolidated financial statements.

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الشركة القطرية للأنظمة الالكترونية
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Qatar Electronic Systems Company W.L.L (Techno Q)

Consolidated Statement of Comprehensive Income
For the year Ended 31 December 2023

In Qatari Riyals

	Note	2023	2022
Revenue	21	269,352,123	170,639,434
Direct Costs	22	(201,569,997)	(126,856,361)
Gross profit		**67,782,126**	43,783,073
Other income		717,300	905,338
General and administrative expenses	23	(38,560,392)	(24,221,446)
Selling and distribution expenses	24	(5,193,141)	(2,835,679)
Listing expenses		(1,311,083)	(1,032,286)
Finance (Costs) / Income	25	(3,705,438)	54,138
Profit for the year		**19,729,372**	16,653,138
Other comprehensive income		-	-
Total comprehensive income		**19,729,372**	16,653,138
Attributed to: -			
Owners of the Company		19,731,668	-
Non-controlling interests		(2,296)	-
		19,729,372	-

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Qatar Electronic Systems Company W.L.L (Techno Q)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

In Qatari Riyals

	Share capital	**Capital contribution (*)**	**Legal reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Balance at 1 January 2022	5,000,000	-	2,500,000	57,323,534	64,823,534	-	64,823,534
*Capital contribution**	-	732,151	-	-	732,151	-	732,151
Comprehensive income							
Profit for the year	-	-	-	16,653,138	16,653,138	-	16,653,138
Other comprehensive income	-		-	-	-	-	-
Total comprehensive income	-	-	-	16,653,138	16,653,138	-	16,653,138
Transactions with the owners:							
Dividends Paid (Note 13)	-	-	-	(4,137,713)	(4,137,713)	-	(4,137,713)
Zakat	-	-	-	(780,000)	(780,000)	-	(780,000)
Balance at 31 December 2022	5,000,000	732,151	2,500,000	69,058,959	77,291,110	-	77,291,110
Balance at 1 January 2023	5,000,000	732,151	2,500,000	69,058,959	77,291,110	-	77,291,110
Transfer of capital contribution to capital **	732,151	(732,151)	-	-	-	-	-
Transfer from retained earnings to capital **	45,847,927	-	-	(45,847,927)	-	-	-
Transfer from related parties' "shareholder**	32,919,922	-	-	-	32,919,922	-	32,919,922
Comprehensive income							
Profit for the year	-	-	-	19,731,668	19,731,668	(2,296)	19,729,372
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	19,731,668	19,731,668	(2,296)	19,729,372
Other movements				(2,355,337)	(2,355,337)	(13,739)	(2,369,076)
Transfer to legal reserve	-	-	1,347,973	(1,347,973)	-	-	-
Transactions with the owners:							
Dividends Paid (Note 13)	-	-	-	(14,042,928)	(14,042,928)	-	(14,042,928)
Balance at 31 December 2023	**84,500,000**	**-**	**3,847,973**	**25,196,462**	**113,544,435**	**(16,035)**	**113,528,400**

*) Capital contribution represents the amount transferred from shareholders' accounts during the year.

**) In accordance with the partners' decision dated 31 December 2023, the Company's share capital was increased by transferring QAR 33,652,073(QAR 732,151 from the capital contribution account and QAR 32,919,922 from due to related parties - shareholders) and QAR 45,847,927 from retained earnings in proportion to each partner's percentage of equity in the company.

The notes on pages 8 to 36 are an integral part of these consolidated financial statements.

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Qatar Electronic Systems Company W.L.L (Techno Q)

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

In Qatari Riyals

	Note	2023	2022
Cash flow from operating activities			
Profit for the year		19,729,372	16,653,138
Adjustments for:			
- Depreciation including right-of-use assets charges	5	2,771,198	1,777,648
- Gain on disposal of furniture, fixture and equipment		(6,875)	-
- Provision for impairment of equity – accounted investees		-	390,000
- Reversal of allowance for expected credit losses		-	(520,000)
- Write off inventory during the year	9	(2,134,727)	(24,405)
- Provision for slow moving inventories	9	1,593,265	337,290
- Provision for impairment of receivables		-	1,690,832
- Provision for employees' end of service benefits	17	3,061,528	731,563
- Finance cost IFRS 16		193,494	111,921
- Finance cost on loans / (foreign currency gain)		1,824,831	(660,820)
		27,032,086	20,487,167
Changes in:			
- Inventories		(5,317,868)	(2,818,636)
- Trade Receivables and other prepayments		(113,294,160)	(35,223,370)
- Due from related parties *		14,881,508	16,153,830
- Due to related party*		31,473,327	(62,064)
- Trade and other Payables		98,550,063	27,551,769
Cash generated from operating activities		53,324,956	26,088,696
Employees' end of service benefits paid	17	(825,198)	(161,785)
-Interest paid		(2,142,631)	660,820
Net cash generated from operating activities		**50,357,127**	26,587,731
Cash flow from investing activities			
Acquisition of Intangible Assets	6	(212,334)	(1,102,884)
Acquisition of property, plant and equipment	5	(1,130,156)	(563,593)
Acquisition of subsidiaries		(1,114,199)	-
Proceed from sale of furniture, fixtures and equipment		86,480	-
Net cash used in investing activities		**(2,370,209)**	(1,666,477)
Cash flow from financing activities			
Net movement in interest bearing loans and borrowings		8,517,022	(9,142,779)
Payment of principal portion of lease liabilities		(2,089,686)	(974,681)
Payment of principal portion of finance lease		(2,160)	-
Dividends paid		(14,042,928)	(4,137,713)
Owner Transactions- Zakat		-	(780,000)
Net cash used in financing activities		**(7,617,752)**	(15,035,173)
Net increase in cash and cash equivalents		**40,369,166**	9,886,081
Cash and cash equivalents at 1 January		24,035,503	14,149,422
Cash and cash equivalents at 31 December	11	**64,404,669**	24,035,503

Non-Cash Transactions:	**2023**	2022
*Transfer of EOSB (from / to) Related Parties	**-**	571,745
Capital Increase	**79,500,000**	-
Acquisition of subsidiary	**(32,919,922)**	**-**
Capital Contribution	**-**	732,151

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The notes on pages 8 to 36 are an integral part of these consolidated financial statements.

1. REPORTING ENTITY

Qatar Electronic Systems Company W.L.L. (Techno Q) (the "Company"), is a limited liability company registered in the State of Qatar under commercial registration no. 18116. The Company is engaged in designing, supplying and installation of audio-visual presentation, security, hospitality, IT infrastructure, lighting services, fire security system and control systems. The Company's registered office is located at PO. Box 18860, Doha, State of Qatar.

These consolidated financial statements include the financial statements of the Company and its controlled subsidiaries. Set out below is a list of subsidiaries of the Group: (The financial statements for the year ended 31 December 2022 is not consolidated).

Subsidiary Name	The country of incorporation	Ownership percentage
Techno Q Security Systems W.L.L*	Qatar	100%
Quality for Integrated Systems L.L.C.	Oman	98%
Global Modern Developer Co W.L.L.	Saudi Arabia	100%

*Techno Q Security Systems W.L.L was acquired under attested purchase contract dated May 14, 2023.The parent company's control over the subsidiary began on January 1, 2023.

These consolidated financial statements were approved and authorised for issuance by the Shareholders on 13 May 2024.

1. Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention.

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals, which is the Group’s functional currency. All financial information presented in these consolidated financial statements has been rounded to the nearest Qatari Riyal.

d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires that management make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future.

2. Basis of preparation (continued)
d) Use of estimates and judgments (continued)

Information about critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described as follows:

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

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

Determination of right of use assets and lease liabilities

Extension and termination options are included in several leases across various classes of right-of-use asset. These terms are used to maximise operational flexibility in terms of managing contracts. In cases where lease contracts have indefinite term or are subject to auto renewal, lease term is determined considering the business case and reasonably certain renewal of lease. The present value of the lease payments is determined using the discount rate representing the incremental borrowing rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-to-use asset in a similar economic environment. Estimates and judgements are involved in determination of incremental borrowing rate.

Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management did not identify any evidence from internal reporting indicating impairment of an asset or class of assets and there were no significant adverse changes in the market that could have an adverse effect on its assets. If such indication exists, then management performs an impairment test. The determination of recoverable amounts require management to make significant judgments, estimations and assumptions.

Provision for expected credit losses

The “expected credit loss” (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of financial assets measured at amortised cost (trade and other receivables, due from related parties, and cash balances). Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The magnitude of the loss in case there is a default is also an estimate of the loss arising on default; it is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

2. Basis of preparation (continued)

e) Newly effective amendments and improvements to standards

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements.

Effective date	New accounting standards or amendments
1 January 2023	• IFRS 17 Insurance Contracts
	• Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
	• Definition of Accounting Estimates – Amendments to IAS 8
	• Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
23 May 2023	• International Tax Reform – Pillar Two Model Rules – Amendments to IAS 2

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Summary of material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.
Other than the above, these amendments had no impact on the consolidated financial statements of the Group.

f) IFRS requirements not yet effective, but available for early adoption

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective, however, these are not expected to have a significant impact on the Group's consolidated financial statements.

Effective date	New accounting standards or amendments
1 January 2024	• Non-current liabilities with Covenants – Amendments to IAS 1 • Classification of liabilities as current or non-current (Amendments to IAS 1) • Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 • Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
1 January 2025	• Lack of Exchangeability – Amendments to IAS 21
Available to optional adoption / effective date deferred indefinitely (a)	• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

(a) The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

Management does not expect that the adoption of the above new and amended standards will have a material impact on the Group's consolidated financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following Summary of material accounting policies have been consistently applied in the preparation of these consolidated financial statements.

a) Basis of consolidation

(i) Business combinations

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

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (12 months after the acquisition) to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(ii) Subsidiaries

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

(iii) Non-controlling interests (“NCI”)

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

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

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

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

b) Revenue

IFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will 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.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

- The customer simultaneously receives and consumes the benefits provided by the Group 's performance as the Group performs; or
- The Group 's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

-The Group 's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.
Trading in paints and building materials

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Sale of goods

The Group is engaged in designing, supplying and installation of audio-visual presentation, security, hospitality, IT infrastructure, lighting services, fire security system and control systems. Revenue is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group recognises revenue from the sale of goods measured at the fair value of the consideration received.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Revenue (continued)

Rendering of services

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the end of the reporting period.

Other income

Other income is recognized when the earning process is complete, and the flow of economic benefit is reasonably assured.

c) Expense recognition

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

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

d) Finance Costs

Finance costs comprise interest on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are expensed in profit or loss using the effective interest method.

e) Property and equipment

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

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

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

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

Subsequent expenditure

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

Depreciation

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

Estimated useful lives of property, plant and equipment are as follows:

Furniture, fixtures and equipment	5 Years
Motor vehicles	5 Years
Office equipment	5 Years
Leasehold improvements	5 Years

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

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Inventories

Inventories are valued at the lower of cost or net realisable value after writing down of any slow moving items. The cost of inventories is computed on a weighted average cost basis. Cost includes expenses incurred to bring the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of the business less the estimated cost necessary to make the sale. Write down for slow moving inventories is determined by the management on the basis of ageing and after considering the expiry dates of the items.

g) Capital work in progress

Capital work in progress comprises projects under construction and is carried at cost less impairment, if any. Capital work in progress is not depreciated. Once the construction of assets is completed and is put into use, they are capitalized to either the property, plant and equipment or the investment property depending on their use and depreciated accordingly.

h) Equity-accounted investees

An equity-accounted investees is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint arrangement.

The results and assets and liabilities of associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an equity-accounted investees is initially recognised in the statement of financial position at cost and adjusted here after to recognise the Company's share of the profit or loss and other comprehensive income of the equity-accounted investees. When the Company's share of losses of an associate exceeds the Company's interest in that equity-accounted investees (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. An investment in an equity-accounted investees is accounted for using the equity method from the date on which the investee becomes an equity-accounted investees. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

i) Foreign currencies

Transactions in foreign currencies are translated into Qatari Riyal at the exchange rate prevailing at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current and call account balance with bank which has a maturity of less than three months. For the purpose of the statement of cash flows, cash and cash equivalents are shown net of bank overdraft.

k) Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are able to be reliably measured.

l) Employees’ end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. It is calculated in accordance with Qatari Labour Law and paid upon resignation or termination. The expected costs of these are accrued over the period of employment. Management has estimated that the expected post-employment benefit obligation as at December 31,2023 based on the requirements of IAS 19 “Employee Benefits is not significantly different from the amount charged by the Group. The provision is reassessed by management at the end of each year, and any change in the provision for the employees’ end of service benefits is recognized in profit or loss.

m) Financial instruments

i) Recognition and initial measurement

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

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

ii) Classification and subsequent measurement

Financial assets

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

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

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

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

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

m) Financial instruments (continued)

ii)Classification and subsequent measurement (continued)

Financial assets (continued)

The Group does not have debt and equity investment.

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

Financial assets – Business model assessment:

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

m) Financial instruments (continued)

ii)Classification and subsequent measurement (continued)

Financial assets (continued)

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

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

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

Financial assets – Subsequent measurement and gains and losses:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

m) Financial instruments (continued)

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

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

Financial liabilities

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

iv) Offsetting

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

o) Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

o) Impairment (continued)

Non-derivative financial assets (continued)

Financial instruments and contract assets (continued)

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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

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

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

Measurement of ECLs

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

o) Impairment (continued)

Non-derivative financial assets (continued)

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 780 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 720 days past due based on historical experience of recoveries of similar assets.

For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Non-financial assets

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

o) Impairment (Continued)

Non-financial assets (continued)

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

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

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

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

p) Income tax

The Group is exempt from income tax based on the provisions of the Qatar Income Tax Law No. 24 of 2018.

q) Leases

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

As a lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

q) Leases (continued)

As a lessee (continued)

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

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

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

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

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

Short-term leases and leases of low-value assets

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

As a lessor

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

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

q) Leases (continued)

As a lessor (continued)

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

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

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

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

a) Financial risk management

i. Risk management framework

The Group's management has overall responsibility for the establishment and oversight of the Group's risk management framework and has the responsibility for developing and monitoring the Group's risk management policies.

ii. Credit risk

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

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits and monitoring outstanding receivables

The maximum exposure to credit risk at the reporting date was:

	Note	**2023**	2022
Trade receivables	10	94,149,557	68,764,887
Due from related parties	19(a)	358,328	15,239,836
Bank balances	11	64,375,877	23,897,035
Retention Receivables	10	11,214,322	5,164,403
Accrued Revenue	10	60,535,393	15,888,725
Notes Receivable	10	12,642,929	5,906,641
		243,276,406	134,861,527

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

ii. Credit risk (continued)

Trade and other receivables and due from related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group's revenue is attributable to customers originating from within Qatar. There is no concentration on credit risk attributable to a single customer.
As at 31 December, the aging of trade receivables that were not impaired and the following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2023.

31 December 2023	**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit impaired**
Trade Receivables:				
Neither past due	0%	63,945,817	-	No
30 – 60 days past due	9.09%	8,989,997	817,485	No
61 – 90 days past due	26.06%	1,534,756	399,925	No
More than 90 days past due	31.17%	13,306,190	4,146,968	No
Specific	100%	6,372,797	6,372,797	Yes
Total		**94,149,557**	**11,737,175**	

31 December 2022	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Trade Receivables:				
Neither past due	0%	38,361,564	-	No
30 – 60 days past due	4%	12,249,498	489,979	No
61 – 90 days past due	22.10%	1,806,599	399,258	No
More than 90 days past due	25.50%	10,401,863	2,652,461	No
Specific	100%	5,945,363	5,945,363	Yes
Total		68,764,887	9,487,061	

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

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

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

iii. Credit risk (continued)

Due from related parties
The maximum exposure to credit risk for certain amounts due from related parties at the reporting date was equal to the receivables amount disclosed in the combined statement of financial position. Management believes that, apart from in relation to those balances specifically provided for, there is limited credit risk from the receivable from related parties, because these counterparties are under the control and significant influence of the ultimate parent company, who is financially healthy.

Retention receivables

The Group limits its exposure to credit risk on retention receivables balances by following up for grace periods for completed contracts and retention receivables due dates, making specific provision whenever needed for any balances that is due and not collected.

Bank balance
The Group held cash and cash equivalents of QR 64,375,877 at 31 December 2023 (2022: QR 23,897,035). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA3 to A3, based on [Rating Agency Moody] ratings.

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

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities at the reporting date. The amount are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreement, if any:

31 December 2023	**Carrying Amounts**	**Contractual cash flows**	**Less than 1 year**	**Above 1 year**
Non-derivative financial liabilities				
Borrowings	11,938,645	(13,135,710)	(7,785,518)	(5,350,191)
Trade and other payables	88,251,711	(88,251,711)	(88,251,711)	-
Lease Liability	2,196,060	(2,263,827)	(2,089,686)	(174,140)
Due to Related parties	157,971	(157,971)	(157,971)	
	102,544,387	**(103,809,218)**	**(98,284,886)**	**(5,524,331)**

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

iii. Liquidity risk (continued)

31 December 2022	Carrying Amounts	Contractual cash flows	Less than 1 year	Above 1 year
Non-derivative financial liabilities				
Borrowings	3,421,623	(3,421,623)	(2,715,170)	(706,453)
Trade and other payables	42,106,605	(42,106,605)	(42,106,605)	-
Lease Liability	2,049,363	(2,218,723)	(1,076,815)	(1,141,908)
Due to Related parties	1,604,566	(1,604,566)	(1,604,566)	-
	49,182,157	(49,351,517)	(47,503,156)	(1,848,361)

iv. Market risk

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

Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. As the US Dollar is pegged with the Qatari Riyal, the Group is not exposed to currency risk when it transacts in this currency. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Group 's exposure to foreign currency risk is mainly on balances payable in EURO and GBP. As the Qatari Riyal (QR) is pegged to the US Dollar, balances in USD are not considered to represent significant currency risks. The table below indicates the Group 's foreign currency exposure at 31 December, as a result of its monetary liabilities. The analysis calculates the effect of a reasonably possible increases of the QR currency rate against the EURO and GBP with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary liabilities).

The effect of decreases is expected to be equal and opposite to the effect of increases shown below:

	Increase in currency rates against QR	Effect on Profit QR
2023 Balances in Euro and GBP	**+10%**	**(30,219)**
2022 Balances in Euro and GBP	+10%	(10,397)

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), where those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk as it does not carry any equity price risk financial instruments.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Interest rate risk

The Group has interest rate risk arising from interest bearing assets in the nature of bank deposits. Management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Group's financial liability that is subject to interest rate risk is as follows:

	2023	2022
Floating interest rate instruments		
Financial Liabilities	**11,938,645**	3,421,623

The following table demonstrates the sensitivity of the separate statement of comprehensive income to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2023. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown. There is no effect on equity.

	Changes in Basis Points	Effect on Profits
2023	**+25**	**298,466**
2022	+25	85,541

b) Capital management

The management policy is to maintain a strong capital base so as to maintain the shareholders, creditors and market confidence and to sustain future development of the business. The management monitors the return on capital, which the Group defines as profit for the year divided by total equity. There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes as of and during the years ended 31 December 2023 and 31 December 2022. Capital comprises share capital, retained earnings and legal reserve, and is measured at QR 113,528,400 (2022: QR 77,291,110).

5. PROPERTY, EQUIPMENT, AND RIGHT-OF-USE ASSETS

	Furniture and fixtures	Motor vehicle*	Office Equipment	Leasehold Improvements	Right of Use Assets	Total
Cost						
Balance at 1 January 2022	5,050,720	2,263,081	5,951,920	4,626,667	2,541,721	20,434,109
Additions	29,132	101,569	432,892	-	2,717,856	3,281,449
Retirement / Disposals	-	-	-	-	(2,541,720)	(2,541,720)
Balance at 31 December 2022	5,079,852	2,364,650	6,384,812	4,626,667	2,717,857	21,173,838
Balance at 1 January 2023	5,079,852	2,364,650	6,384,812	4,626,667	2,717,857	21,173,838
Additions	38,183	947,059	144,914	-	-	1,130,156
Acquisition of subsidiary	-	350,000	40,490	-	2,717,856	3,108,346
Retirement / Disposals	-	(464,845)	-	-	-	(464,845)
Balance at 31 December 2023	**5,118,035**	**3,196,864**	**6,570,216**	**4,626,667**	**5,435,713**	**24,947,495**
Accumulated depreciation						
Balance as at 1 January 2022	4,986,527	487,546	5,333,822	4,227,690	2,375,896	17,411,481
Depreciation	32,135	439,896	329,104	91,257	885,256	1,777,648
Retirement / Disposals	-	-	-	-	(2,541,720)	(2,541,720)
Balance at 31 December 2022	5,018,662	927,442	5,662,926	4,318,947	719,432	16,647,409
Balance as at 1 January 2023	5,018,662	927,442	5,662,926	4,318,947	719,432	16,647,409
Depreciation	23,776	502,336	238,168	88,431	1,918,487	2,771,198
Depreciation from Acquisition of subsidiary	-	350,000	12,590	-	719,433	1,082,023
Retirement / Disposals	-	(385,240)	-	-	-	(385,240)
Balance at 31 December 2023	**5,042,438**	**1,394,538**	**5,913,684**	**4,407,378**	**3,357,352**	**20,115,390**
Carrying amounts						
At 31 December 2023	**75,597**	**1,802,326**	**656,532**	**219,289**	**2,078,361**	**4,832,105**
At 31 December 2022	61,190	1,437,208	721,886	307,720	1,998,425	4,526,429

* The balance of motor vehicles, totalling QAR 1,589,584 (2022: QAR 1,229,691) is mortgaged with a local bank

6. INTANGIBLE ASSETS

* Intangible assets as at 31 December 2023, represents an Enterprise Resource Planning Software purchased by the company that is currently under development. The company does not have control over the ERP software as it is in the implementation phase as of 31 December 2023 QR 1,315,218 (2022: QR 1,102,884).

7. INVESTMENT IN A SUBSIDIARY

	% of Holding 2023	% of Holding 2022	**Country of origin**	**2023**	2022
Quality for Integrated Systems (LLC) *	**98%**	98%	Oman	**-**	918,351

* During 2014, the Company obtained control of Quality for Integrated Systems LLC, by acquiring 19,600 new units of OMR 1 each, representing 98% of the subsidiary capital. The subsidiary company is involved in trading of household appliances. And the subsidiary is dormant and immaterial, so the company didn't prepare a consolidated financial statement for the year ended 31 December 2022.

8. EQUITY – ACCOUNTED INVESTEES

	% of Holding 2023	% of Holding 2022	**Country of origin**	**2023**	2022
Arab Switch Gear Factory W.L.L *	**30%**	30%	Qatar	390,000	390,000
Impairment of associate				(390,000)	(390,000)
				-	-

*Arab Switch Gear Factory W.L.L. is registered as a limited liability Company incorporated in the State of Qatar. The principal activity of the associate is to engage in production of main distribution boards, transferring and changing the electrical keys and control keys. During the last year the management decided to impairment the full amount of the investment.

9. INVENTORIES

	2023	2022
Finished Goods	24,216,058	18,187,333
Goods in transit	2,307,088	-
Less: Provision for slow moving inventories	(4,247,535)	(1,771,052)
	22,275,611	16,416,281

The Movement in the provision for slow moving inventories is as follows:

	2023	2022
At 1 January	1,771,052	1,458,167
Acquisition of subsidiary	3,017,945	-
Provision During the year	1,593,265	337,290
Write off During the year	(2,134,727)	(24,405)
At 31 December	**4,247,535**	1,771,052

10. TRADE RECEIVABLE AND PREPAYMENTS

	2023	2022
Trade receivables	94,149,557	68,764,887
Less: Allowance for expected credit losses	(11,737,175)	(9,487,061)
	82,412,382	59,277,826
Retention receivables	11,214,322	5,164,403
Accrued revenue	60,535,393	15,888,725
Contract assets *	17,488,891	6,745,371
Notes receivable	12,642,929	5,906,641
Advances to suppliers	23,927,604	3,598,147
Prepayments	345,555	58,609
Other receivables	1,610,471	243,665
	210,177,547	96,883,387

At 31 December 2023, trade accounts receivable amounting to QR 11,737,175 (2022: QR 9,487,061) were impaired.

The movement in the allowance for expected credit losses of trade accounts receivable is as follows:

	2023	2022
At 1 January	9,487,061	9,935,414
Acquisition of subsidiary	3,101,867	-
Provided during the year	-	1,690,832
Reclassification	-	(1,546,952)
Reversals	-	(520,000)
Write Off	(851,753)	(72,233)
At 31 December	**11,737,175**	9,487,061

10. TRADE RECEIVABLE AND PREPAYMENTS (CONTINUED)

* As at 31 December 2023, Contract assets amounted to QR 17,488,891(2022: QR 6,745,371). The movement is as follows:

	2023	2022
Value of the work done at cost plus attributable profits	313,375,253	69,719,834
Less : Progress Billings	(295,886,362)	(62,974,463)
At 31 December	**17,488,891**	6,745,371

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the separate statement of cash flows compromise the following balances:

	2023	2022
Cash on Hand	28,792	138,468
Bank balances	64,375,877	23,897,035
	64,404,669	24,035,503

12. SHARE CAPITAL

	2023	2022
Fully Paid-up Capital	**84,500,000**	5,000,000

The following is the distribution of capital for the shareholder:

	2023	2022	**2023**	2022
Abdullah Al Ansari	16.67%	16.67%	14,086,150	835,000
Al Jaidah Brothers	83.33%	83.33%	70,413,850	4,165,000
	100%	100%	**84,500,000**	5,000,000

- In accordance with the partners' decision dated 31 December 2023, the Company's share capital was increased by transferring QAR 33,652,073 (QAR 732,151 from the capital contribution account and QAR 32,919,922 from due to related parties - shareholders) and QAR 45,847,927 from retained earnings in proportion to each partner's percentage of equity in the company.
- In the subsequent period, the company amended ownership according to the commercial registry issued on 12 May 2024, as follows :

	12 May 2024	**2023**	**2023**	2022
Salah Al Jaidah	6.4%	-	5,408,000	-
Abdul Latif Al Jaidah	6.4%	-	5,408,000	-
Tareq Al Jaidah	6.4%	-	5,408,000	-
Abdullah Al Ansari	16.67%	16.67%	14,086,150	835,000
Al Jaidah Brothers	51.33%	83.33%	43,373,850	4,165,000
Mohamed Al Jaidah	6.4%	-	5,408,000	-
Zeyad Al Jaidah	6.4%	-	5,408,000	-
	100%	100%	**84,500,000**	5,000,000

13. DIVIDENDS

	2023	2022
Declared and paid during the year	**14,042,928**	4,137,713

-The board of directors has proposed a cash dividend QR 11,825,909 for the year ended 31 December 2023 (2022: cash dividend QR 14,042,928). The amounts are subject to the approval of the General Assembly.

14. LEGAL RESERVES

In accordance with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve until the reserve equals 50% of the share capital. The Company has resolved to discontinue such annual transfer since the reserve already equals 50% of the issued share capital. The reserve is not normally available for distribution, except in circumstances stipulated in the abovementioned law.

15. BORROWINGS

	2023	2022
Short term loans	7,383,790	2,715,170
Long term loans	4,554,855	706,453
	11,938,645	3,421,623

- Short term loans include short term facilities obtained from local banks for the purpose of financing import purchases. These loans are repayable in 180 days to 362 days and carry interests at commercial rates. These loans have been secured against personal guarantees of the partners.
- Long term loans include term facilities obtained from Qatar National Bank for the purpose of financing a project, supply, installation, maintenance of and support services for CCTV Solutions. These loans carry interests at commercial rates. These loans have been secured against personal guarantees of the partners. Also term loans related to vehicles purchase and will be payables against instalments more than one year .
- On 03 November 2022, the Group entered into an agreement with Dukhan Bank to obtain a Murabaha loan of QAR 5,187,500 which will be paid in one instalment dated 02 May 2023. And it was settled during the year.
- Long term loans related to vehicles purchase and will be payables against instalments more than one year. Also, some vehicles are mortgaged.

16. LEASE LIABILITIES

	2023	2022
Finance Lease Obligation	2,154	4,314
Lease liability pertaining to right-of-use asset	2,193,906	2,045,049
Total Lease Liabilities	**2,196,060**	2,049,363

See Below Movement of the lease liability pertaining to right-of-use assets:

	2023	2022
At 1 January	2,045,049	173,753
Acquisition of subsidiary	2,045,049	-
Additions During the year	-	2,717,856
Lease Interest	193,494	111,921
Payments during the year	(2,089,686)	(958,481)
At 31 December	**2,193,906**	2,045,049

Presented in the statement of financial position as follows:

	2023	2022
Current Portion	2,021,920	952,410
Non-Current Portion	174,140	1,096,953
	2,196,060	2,049,363

The following are the amounts recognised in statement of comprehensive income.

16. LEASE LIABILITIES (Continued)

	2023	2022
Depreciation on right-of-use assets (note 5)	1,918,487	885,256
Lease Interest	193,494	111,921
	2,111,981	997,177

17. EMPLOYEES' END OF SERVICE BENEFITS

Movement in the provision recognised in the separate statement of financial position is as follows:

	2023	2022
At 1 January	4,272,444	3,130,921
Acquisition of subsidiary	2,072,741	-
Transfers to a related party	-	571,745
Provided during the year	988,787	731,563
Payments made during the year	(825,198)	(161,785)
At 31 December	**6,508,774**	4,272,444

18. TRADE AND OTHER PAYABLES

	2023	2022
Trade accounts payables	38,405,995	26,086,220
Advances from customers	49,488,010	21,011,010
Contract Liabilities *	30,448,197	15,719,635
Retention Payable	1,622,653	300,750
Goods received not invoiced	7,557,597	-
Accruals and other payables	23,736,310	7,365,950
Other provisions	17,774,866	-
	169,033,628	70,483,565

* As at 31 December 2023, Contract Liabilities movement is as follows:

	2023	2022
Progress billings	333,131,898	88,540,195
Less: Contract costs incurred to date	(302,683,701)	(72,820,561)
At 31 December	**30,448,197**	15,719,634

19. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) No. 24 Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest affiliates, and other related parties.

Transactions with related parties

Name	**Nature of transactions**	**2023**	2022
Techno Q for Security Systems Co. W.L.L	**Payment/Shared Cost**	**68,090,881**	39,442,554
Choices Trading	**Payments**	**3,453,456**	1,198,315
Al Jaidah Brothers	**Capital increase / Payments**	**37,857,949**	11,025,647
TQ International Ltd.	**Payments**	**32,057**	1,301
Abdullah Alansari	**Capital increase / Payments**	**9,542,415**	2,507,771
Zeyad Jaidah	**Payments**	**2,522,240**	1,083,474

(a) Due from related parties

Name of Party	**Relationship**	**2023**	2022
Techno Q for security systems	Subsidiary	-	11,889,773
Quality for Integrated Systems L.L.C.	Subsidiary	-	1,450,722
Choices Trading	Other Related Party	358,328	1,654,060
Salah Jaidah	Shareholder	-	166,154
Tariq Al Jaidah	Shareholder	-	50,393
Zeyad Al Jaidah	Shareholder	-	6,341
TQ International Ltd.	Other Related Party	-	22,393
		358,328	15,239,836

(b) Due to related parties

Name of Party	**Relationship**	**2023**	2022
Al Jaidah Brothers	Shareholder	157,971	731,743
Abdulla Al-Ansari	Shareholder	-	872,823
		157,971	1,604,566

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2023	2022
Short-term benefits	**2,763,000**	1,915,680

20.COMMITMENTS

Future minimum lease payments:

The future expenditure commitments in respect of operating lease rentals are as follows:

	2023	2022
Payable within one year	**335,000**	221,660

21.REVENUE

Set out below is the disaggregation of the Group’s revenue from contracts with customers:

	2023	2022
Type of goods or services:		
Project related revenue	253,526,472	154,008,546
Showroom and retail sales	15,825,651	16,630,888
	269,352,123	170,639,434

	2023	2022
Timing of revenue recognition:		
Goods and services transferred over time	253,526,472	154,008,546
Goods transferred at a point in time	15,825,651	16,630,888
	269,352,123	170,639,434

22.DIRECT COST

	2023	2022
Materials	136,328,813	81,556,352
Subcontract cost and provisions	41,731,793	27,344,333
Staff cost	22,686,176	16,336,665
Other direct cost	823,215	1,619,011
	201,569,997	126,856,361

23.GENERAL AND ADMINSTRATIVE EXPENSES

	2023	2022
Salaries and related costs	22,335,550	15,246,821
Depreciation including right-of-use assets charges (Note 5)	2,772,689	1,777,648
Management remuneration	3,898,120	1,961,440
Legal and professional fees	1,325,761	489,410
Rent	1,589,595	943,866
Electricity and fuel	618,432	369,559
Travelling expenses	161,364	68,149
Repairs and maintenance	373,518	153,258
Immigration expenses	723,122	452,266
Communication costs	725,784	489,412
Training costs	364,009	114,371
Printing and stationery	499,139	353,057
Insurance	387,386	197,199
Warranty expenses	-	222
Provision for slow moving inventories (Note 9)	1,593,265	337,290
Miscellaneous expenses	1,192,658	1,267,478
	38,560,392	24,221,446

24.SELLING AND DISTRUBTING EXPENSES

	2023	2022
Sales commission	4,565,037	2,336,310
Advertising costs	253,131	91,327
Sales promotion expenses	374,973	408,042
	5,193,141	2,835,679

25. FINANCE (COSTS) \ INCOME

	2023	2022
Forex gain	(27,949)	(864,942)
Interest expenses	1,852,780	204,122
Bank charges	1,880,607	606,682
	3,705,438	(54,138)

26.CONTINGENCIES

At 31 December 2023, the Group had contingent liabilities amounting to QR 103,915,123 (2022: QR 52,813,211) in respect of bank guarantees and letters of credit arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

27.COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation of the current year's consolidated financial statements. These reclassifications have no impact on the net profit, net assets and equity for the previous year.