QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2022

QATAR CINEMA AND FILM DISTRIBUTION COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS
Qatar Cinema and Film Distribution Company (Q.P.S.C)
Doha- State Of Qatar

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Qatar Cinema and Film Distribution Company (Q.P.S.C) (the "Company") which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, statement of profit or loss and other comprehensive income items, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, 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 ethical requirements that are relevant to our audit of the financial statements in the State of Qatar and we have fulfilled our other responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (Continued)

We identified the following key area of focus:

Key Audit Matters	How our audit addressed this key audit matter:
Valuation of Investment Property *Disclosed in note no. (6) to these financial statements:* As at December 31, 2022 the Company has reported investment property amounted to QR. 77,473,020 represents 50% of the Company's Total Assets. The Company's investment properties consist of land, Furniture, buildings and building improvements. The Company records its investment property using the cost model. The management of the Company has tested its investment properties and concluded that the recoverable value of the investment properties is not less than the net book value. Also, the fair value is determined by external independent real estate valuation expert appointed by the management, the valuation of those properties was derived based on the average market prices and related indicators. Due to the significance of the investment property balance, we determined the valuation of investment property balance as a key audit matter.	**Our audit procedures in relation to investment properties included the following:** • Review the title deeds documents of investment properties. • Inspected the capital expenditures incurred during the year and reviewed the related classification. • Assessed the deprecation method used and the appropriateness of the key assumptions based on our knowledge. • Evaluate the assumptions and estimates made by the management and the independent valuation expert, as well as, the appropriateness of the valuation technique and reasonableness of data used in the valuation. • Review the adequacy of the investment property disclosures, which has been presented in the financial statements of the Company.
Valuation of Financial Assets at Fair Value Through OCI *Disclosed in note no. (8) to the financial statements* As at December 31, 2022 the Company has reported financial assets at fair value through OCI amounted to QR. 32,627,010 represents 21% of the Company's total assets. The Company's investment in financial assets at fair value through OCI comprise securities listed in Qatar Security Exchange Market. Due to the significance of the financial assets at fair value through OCI balance, we determined that financial assets at fair value through OCI balance is a key audit matter.	**Our audit procedures in this area included among others:** • Tested the valuation of the securities listed in Qatar Security Exchange Market as at December 31, 2022, by agreeing the prices used by Company' management in the valuation to independent and confirmation from third-party sources as at December 31, 2022. • Tested the existence of the financial assets by agreeing the quantities of listed shares disclosed by the Company with independent third-party confirmation. • Review the adequacy of the financial assets' disclosures, which has been presented in the financial statements of the Company.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

The Company's 2022 annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter (s) with those charged with governance.

Other Matter

The financial statements for the Company as at and for the year ended December 31, 2021, were audited by another independent auditor expressed an unmodified audit opinion on those financial statements on February 5, 2022.

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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

The Board of directors is 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

- Identify and assess the risks of material misstatement of the 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 Company'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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the companies or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

We also provide the Board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Furthermore, as required by Qatar Commercial Companies' Law, we are of the opinion that; proper books of account have been maintained by the Company and its financial statements are in agreement therewith. The inventory physical count has been conducted in accordance with the established principles. We have obtained all the information and explanations we considered necessary for the purposes of our audit. To the best of our knowledge and belief and according to the information given to us, we are not aware of any violations of the applicable provisions of the Qatar Commercial Companies Law no. 11 of 2015 and as amended by Law no. 8 of 2021 or the terms of the Company's Articles of Association and any amendments thereto, if any, having occurred during the year which might have had a material effect on the Company's financial position and its financial performance as at and for the year ended 31 December 2022.

RPME Limited – Qatar Branch
Certified Public Accountants

Hikmat Mukhaimer, FCCA (UK)
License No. 297
QFMA Registration Auditor's No. 120151

Doha – Qatar
February 6, 2023

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	December 31, 2022	2021
Non-current assets		**QR.**	QR.
Property and equipment	5	17,112,733	16,653,935
Investment properties	6	77,473,020	80,774,809
Right-of use-assets	7	5,727,350	6,557,236
Financial assets at Fair value through OCI	8	32,627,010	39,406,477
Total non-current assets		**132,940,113**	**143,392,457**
Current assets			
Inventories		338,913	248,384
Trade receivables and other debit balances	9	2,594,248	2,646,982
Cash and bank balances	10	17,789,246	18,138,824
Total current assets		**20,722,407**	**21,034,190**
TOTAL ASSETS		**153,662,520**	**164,426,647**
EQUITY AND LIBILITIES			
Equity			
Share capital	11	62,807,950	62,807,950
Legal reserve	12	37,992,630	37,992,630
General reserve		2,663,152	2,663,152
Fair value reserve	13	8,566,139	15,345,606
Retained earnings		21,115,989	22,177,016
Total equity		**133,145,860**	**140,986,354**
Non-current liabilities			
Provision for Employees' end of service benefits	14	1,203,160	1,182,298
Lease liabilities	15	8,662,734	7,603,209
Total non-current liabilities		**9,865,894**	**8,785,507**
Current liabilities			
Lease liabilities	15	853,683	1,778,093
Trade payables and other credit balances	16	2,445,163	2,201,926
Loan	17	--	3,500,000
Dividends payable		6,541,969	6,283,816
Tenants advance		809,951	890,951
Total current liabilities		10,650,766	14,654,786
Total liabilities		20,516,660	23,440,293
TOTAL EQUITY AND LIABILITIES		**153,662,520**	**164,426,647**

These financial statements were approved and authorised for issuance by the Board of Directors of the Company and signed on their behalf by:

Mr. Ali Ishaq Hussein Al Ishaq
Executive & Managing Director

Mr. Ahmed Abdul Rahman Fakhroo
Chairman

The accompanying notes are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

		Year ended December 31,	
	Note	2022	2021
		QR.	QR.
Cinema revenues	18	4,083,165	2,190,966
Cinema operating costs	19	(5,336,501)	(3,900,043)
Gross operating loss of cinema		**(1,253,336)**	**(1,709,077)**
Net income from real estate activity	20	12,104,668	12,979,947
Other income	21	1,827,382	986,495
General and administrative expenses	22	(4,412,442)	(4,548,479)
Depreciation expenses	23	(4,947,518)	(4,776,686)
Finance costs	24	(541,882)	(776,406)
Net profit for the year		**2,776,872**	**2,155,794**
Basic and diluted earnings per share (QR.)	25	**0.044**	**0.034**

The accompanying notes are an integral part of the financial statements.

RPME Limited - Qatar Branch
For Identification Purposes Only

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Year ended December 31, 2022 QR.	Year ended December 31, 2021 QR.
Net profit for the year		2,776,872	2,155,794
Other comprehensive income:			
Net change in fair value reserve of financial assets- at fair value through OCI	8	(6,779,467)	6,785,826
Total comprehensive (loss)/ income for the year		**(4,002,595)**	**8,941,620**

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Balance at December 31, 2020	62,807,950	37,992,630	2,663,152	8,559,780	26,355,912	138,379,424
Net profit for the year	--	--	--	--	2,155,794	2,155,794
Other comprehensive income for the year	--	--	--	6,785,826	--	6,785,826
Total comprehensive income for the year	--	--	--	6,785,826	2,155,794	8,941,620
Social and sport fund contribution (Note 16)	--	--	--	--	(53,895)	(53,895)
Dividend distribution for the year (Note 28)	--	--	--	--	(6,280,795)	(6,280,795)
Balance at December 31, 2021	**62,807,950**	**37,992,630**	**2,663,152**	**15,345,606**	**22,177,016**	**140,986,354**
Balance at January 1, 2022	62,807,950	37,992,630	2,663,152	15,345,606	22,177,016	140,986,354
Net profit for the year	--	--	--	--	2,776,872	2,776,872
Other comprehensive loss for the year	--	--	--	(6,779,467)	--	(6,779,467)
Total comprehensive loss for the year	--	--	--	(6,779,467)	2,776,872	(4,002,595)
Social and sport fund contribution (Note 16)					(69,422)	(69,422)
Dividend distribution for the year (Note 28)	--	--	--	--	(3,768,477)	(3,768,477)
Balance at December 31, 2022	**62,807,950**	**37,992,630**	**2,663,152**	**8,566,139**	**21,115,989**	**133,145,860**

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Year ended December 31, 2022	2021
OPERATING ACTIVITIES		**QR.**	QR.
Net profit for the year		2,776,872	2,155,794
Adjustment for:			
Depreciation expenses	22	4,947,518	4,776,686
Dividends income	21	(1,207,147)	(887,394)
Loss on disposal of property and equipment		--	922
Finance costs on borrowings	24	113,680	307,407
Finance costs on lease liabilities	24	428,202	468,999
Provision for impairment of Trade receivables	23	431,453	--
Provision for employees' end of service benefits	14	112,405	140,897
		7,602,983	**6,963,311**
Changes in:			
Trade receivables and other debit balances		(378,719)	987,482
Inventory		(90,529)	31,401
Tenants advances		(81,000)	(607,897)
Trade payables and other credit balances		173,815	(651,836)
Cash generated from operating activities		**7,226,550**	**6,722,461**
Employees' end of service benefits paid	14	(91,543)	(64,279)
Finance costs paid		(113,680)	(307,407)
Net cash generated from operating activities		**7,021,327**	**6,350,775**
INVESTING ACTIVITIES			
Dividends income received		1,207,147	887,394
Acquisition of property and equipment	5	(1,233,940)	(1,909,937)
Acquisition of investment properties	6	(40,701)	(8,794)
Net cash used in investing activities		**(67,494)**	**(1,031,337)**
FINANCING ACTIVITIES			
Dividends paid	28	(3,510,324)	(6,834,674)
Repayment of short-term loan	17	(3,500,000)	(3,500,000)
Payment of lease liabilities	15	(293,087)	(293,087)
Net cash used in financing activities		**(7,303,411)**	**(10,627,761)**
Net decrease in cash and cash equivalent		(349,578)	(5,308,323)
Cash and bank balances at the beginning of the year		18,138,824	23,447,147
Cash and Cash equivalents at the end of the year	10	**17,789,246**	**18,138,824**

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND ACTIVITIES

Qatar Cinema and Film Distribution Company (Q.P.S.C.) (the "Company") is a Qatari Public Shareholding Company incorporated in the State of Qatar under Emiri Decree No. 3 at year 1970 with commercial registration number 30. The Company is listed in Qatar Stock Exchange.

The Company is primarily engaged in the distribution of Cinema films and videos, trading of television films and programs, Commercial advertisements, trading of tools for the operation of cinema and projectors, operating movie theaters and cafeterias for cinemas. Also, the Company is engaged in investment in shares, bonds, Funds and real estate investment.

The Company's commercial registration consist of certain active branches which operates cinema theaters in difference locations in the state of Qatar. The above branches' assets, liabilities and results of operations are integral part of these financial statements.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) as issued by the International Accounting Standards Board ("IASB"), applicable provisions of Qatar Commercial Companies' Law No. 11 of 2015 (as amended by Law No. 8 of 2021) and the Company's Articles of Association.

b) Basis of measurement

These financial statements have been prepared under the historical cost convention, except for financial assets that have been measured at fair value.

c) Functional and presentation currency

These financial statements are presented in Qatari Riyals, which is the Company's functional currency, unless otherwise specified.

d) Use of estimates and judgments

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

Impact of Coronavirus (COVID-19) on the financial statements

During the year ended December 31, 2022 and 2021, the government and health authorities have taken appropriate and timely activities to manage COVID 19 and the local government system in Qatar has announced various measures to support businesses to mitigate possible adverse impact due to the pandemic. The Company continues to monitor the situation and the Company's management have taken measures to continue the operations with minimal disruptions and also have risk management plans in place to manage potential disruptions in the future.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgments (Continued)

Impact of Coronavirus (COVID-19) on the financial statements (Continued)

Due to the prevailing uncertain situation, the Company's management have revisited its judgements, estimates and risk management objectives and have considered the potential impacts of the current volatility in determining the reported amounts of the Company's financial and non-financial assets as at December 31, 2022.

Going concern

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. The Company has been profitable, and it had positive net asset (equity), working capital and cash flow positions as at the year end. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

The Company continues to monitor the situation closely and the Company's management have taken measures to manage potential business disruptions from COVID -19 that may have on the Company's operations and financial performance in 2022 and in the future.

Depreciation of property and equipment

Items of property and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, and technological or commercial obsolescence, and impacts the annual depreciation charge recognized in profit or loss. Management reviews annually the residual values and useful lives of these assets.

Future depreciation charge could be materially adjusted where management believes the useful lives and / or the residual values differ from previous estimates. No such adjustments were considered necessary at the end of the current year.

Depreciation of right-of-use assets

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Management reviews annually the useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates. No such adjustments were considered necessary at the end of the current year.

Impairment of property and equipment and right-of-use assets

The carrying amounts of the Company's property and equipment and right-of-use 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.

The Company's management have also considered any impairment indicators and any significant and concluded that there is no material impact due to COVID -19.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgments (Continued)

Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Revaluation of investment properties

The Company carries its investment properties at cost model, and it has been assured by the management that the recoverable value of the investment properties is not less than the carrying value.

A valuation methodology based on the comparable market prices, The Company engaged an independent valuation specialist to assess fair values as at 31/12/2022 and it has been compared with the book value to determine if there is any impairment in value.

Determining whether a contract is, or contains, a lease – Company as lessee

The Company determines 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. The right to control the use of an identified asset, is assessed by considering whether the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use the identified asset throughout the period of use.

Determining the lease term – Company as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to

be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgments (Continued)

Determining the incremental borrowing rate – Company as lessee

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have significant recent third-party financing and makes adjustments specific to the lease, eg, term, country, currency and security.

Write-down of slow-moving inventories

The management determines the estimated number of slow-moving inventories. This estimate is based on the age of items in inventories and this provision is subject to change as a result of technical innovations and the usage of items.

The Company's management have also considered any impairment indicators and any significant and concluded that there is no material impact due to COVID -19.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Receivables from government entities are generally excluded from ECL calculation, as the Company considers those receivable balances are fully recoverable. Further, balances due from related parties, are also excluded from ECL calculation, as credit risk is considered to be nil based on the fact that these related companies are either directly or indirectly supported by the owners for any liquidity or financial crisis situations.

Due to the uncertainties caused by the COVID -19, the Company's management have revisited, reassessed and updated the inputs and forward –looking assumptions used in the computation of expected credit losses (ECL) and have also reviewed customer balances to identify customers with significant increase in credit risk and potential defaulters.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgments (Continued)

Other provisions and liabilities

Other provisions and liabilities are recognized in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or liability would result in a charge or credit to profit or loss in the period in which the change occurs.

Determining the timing of satisfaction of revenue from cinema activity

Revenue from sale of cinema ticket is recognized at the point in time when the ticket is sold at the counter, via electronic forms and through loyalty redemption programs subject to the consideration that the respective film has been screened. The control or right to use or access to cinema is obtained by the customer upon issue of the ticket. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated such as customer loyalty points.

e) Application of new, amendments and improvements to standards

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2021, except for the adoption of amendments and improvements standards during the year.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2021.

The following amendments to exisiting standards have been applied by the Company in preparation of these financial statements. The adoption of the below did not result in changes to previously reported net profit (loss) or equity of the Company.

Amendments and improvements to standards that are effective for the current year and adopted by the Company:

Effective date	Description
January 1, 2022	• COVID 19 – related rent concessions beyond June 30, 2021 (Amendments to IFRS 16). • Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37). • Annual Improvements to IFRS Standards 2018–2020 (IFRS 1, IFRS 9, IFRS 16 and IAS 41). • Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). • Reference to the Conceptual Framework (Amendments to IFRS 3).

2. BASIS OF PREPARATION (CONTINUED)

e) New, amendments and improvements to standards (Continued)

Standards, amendments and interpretations issued but not yet effective:

The standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are dislcosed below.

The Company is currently evaluating the impact of these new standards, amendments and interpretations. The Company intend to adopt these standards, amendments and interpretations, if applicable, when they become effective.

Effective date	Description
January 1, 2023	• IFRS 17 'Insurance Contracts' including amendments to IFRS 17. • Classification of Liabilities as Current or Non-current (Amendments to IAS 1) • Extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4) • Disclosure of accounting policies (Amendments to IAS 1 and IFRS practice statement 2) • Definition of accounting estimates (Amendments to IAS 8) • Deffered tax related to assets and liabilities arising from a single transactions (Amendments to IAS 12)
Deffered indefinitely	• Sale or Contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are consistent with those followed for the year ended December 31, 2021, except when otherwise indicated.

a) Property and equipment

i) Recognition and measurement

Items of property and equipment, are recognised at cost of acquisition and thereafter measured at cost less accumulated depreciation and accumulated impairment losses, except for land owned by the Company that is measured at fair value.

Cost includes expenditure that is directly attributable to the acquisition of an asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

ii) Subsequent expenditures

Subsequent expenditure that can reliably measured are included in the assets carrying amount is capitalized or recognised as a separate asset as appropriate only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using straight-line method over their estimated useful lives, and recognised in profit or loss. Land is not depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Property and equipment (Continued)

Depreciation (Continued)

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

Building	*40 years*
Motor vehicle	*5 years*
Furniture and fixture	*5 years*
Equipment	*6-7 years*

The management has determined the estimated useful lives of each asset and for categories of assets based on the expected usage of the assets, physical wear and tear depending on operational, environmental factors and legal assumptions permits on the useful of the asset. The depreciation method, residual value and useful lives of the property and equipment are reviewed at each reporting date and adjusted, if appropriate.

Derecognition

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

Any revaluation increase is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A revaluation decrease is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Capital work-in-progress

Capital work in progress comprises Works under construction occurred at Katara new cinema theatre, as well as leasehold improvements occurred at Musherib building and it is carried at cost less impairment, if any. Capital work in progress is not depreciated. Once the construction of assets is completed and it is put into use, they are capitalized to either the property, plant and equipment and depreciated accordingly.

b) Right of use assets

Recognition and measurement

Right of use assets are recognised at the lease commencement date at cost, which comprises the initial amount of the lease liability (see accounting policy ʻʼ Leasesʼʼ) 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 incentives received.

Subsequent expenditures

Items of right of use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Right of use assets (Continued)

Depreciation is calculated to write off the cost of a right of use asset using the straight-line method over the earlier of the lease term and its useful life. It is depreciated over its useful life, if the lease agreement either transfers ownership of the right of use asset to the Company by the end of the lease term or reflects that the Company will exercise a purchase option at the end of the lease term. The estimated useful lives of the right of the use assets are determined on the same basis as those of property and equipment.

In addition, the carrying value of a right of use asset may be periodically adjusted for certain remeasurements for the related lease liability (see accounting policy ʺ Leasesʺ).

Derecognition

An item of a right of use asset is derecognised at the earlier of the end of the lease term, cancellation of lease contract, or transfer of control of the underlying asset. In case of control of the underlying asset passes to the company, the carrying value of the right of use asset is reclassified to the property and equipment.

c) Investment property

Recognition and measurement

Investment properties are properties (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, but not for sale in ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Investment properties, other than land, are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	*40 years*
Furniture & Fixture	*5 years*
Building improvement	*10 - 40 years*

Derecognition

An item of investment property is derecognized upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposals of items of investment property are determined by comparing the proceeds from their disposals with their respective carrying amounts and are recognized net in profit or loss in the period in which the property is derecognized.

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

d) Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Company 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
d) Financial instruments (Continued)

ii)Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; FVTOCI – debt investment and FVTOCI – equity investment or FVTPL. Financial assets are not reclassified subsequently to their initial recognition unless the Company 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;

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

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

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

Financial assets – Business model assessment
The Company 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 flows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the 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 Company'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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
d) Financial instruments (Continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company 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 Company 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 feature; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-resource 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 compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par value, 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 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 EIR method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVTOCI	These assets are subsequently measured at fair value net of transaction costs. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

iii) Derecognition

Financial assets
The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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 derecognized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
d) Financial instruments (Continued)

Financial liabilities

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

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

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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.

f) Impairment

i) Non-derivative financial assets

Financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.
The Company also recognises loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs;
- debt securities that are determined to have low credit risk at the reporting date; and
- 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 (including lease receivables) 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 Company 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 Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

Measure 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 Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Impairment (Continued)

Credit-impaired financial assets

At each reporting date, the Company assesses the financial assets carried at amortised cost. 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;
- a breach of contract such as a default or being more than 360 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 reorganization; 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. For debt securities at FVTOCI, the loss allowance is charged to profit or loss and is recognised in OCI. Impairment losses related to trade and other receivables are presented under general and administrative expenses in the statement of profit or loss.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is more than 1 year past due and not secured by any guarantees, based on historical experience of recoveries of similar assets. For corporate customers, the Company 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 Company 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 Company's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (property and equipment) 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 Cash Generating Units (CGUs).

The recoverable amount of an asset or a 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 the CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. 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, if no impairment loss had been recognized.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Inventories

The inventory of spare parts and tickets are stated at the lower of cost or net realisable value. Costs include expenses incurred in bringing the inventories to their present condition and location and measured on using first in first out cost formula. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion, marketing, and further disposal. Inventories are adjusted for an allowance for any slow moving or obsolete items.

g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

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

h) Share capital

Ordinary shares of the Company are classified as equity.

i) Provision for Employees' end-of service benefits

The Company provides for employees' end of service benefits to its employees that meets or exceeds the provisions of the Qatar Labour Law and Civil Human Resources Law No. 15 of 2016 and any amendments thereof. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

In respect of the Qatari Nationals, the Company makes contributions to the Qatar Pension Authority, which is calculated as a percentage of the employees' salaries in accordance with the respective local laws pertaining to retirement and pensions. The Company's share of contribution to these schemes is charged to the profit or loss in the year to which they relate.

j) 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 that obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting to present value the future expenditures expected to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligations.

Onerous contracts;
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
j) Provisions (Continued)

Restoration provisions;
Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

k) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and it can be reliably measured.

The company's revenue streams are mainly consisting from following major sources;

-Revenue from contracts with customers
-Rental income from investment properties
-Dividend income
-Interest income
-Others

The company applies different recognition criteria and measurement principals for each of above revenue streams as follows;

***Revenue from Contracts with Customers (*Revenue from cinema activity)**
Pursuant to the nature of company's business activities, it has engaged in the business activities of cinema where core income generates from movies, cafeteria and advertising as detailed below;

Revenue from sale of cinema ticket is recognized at the point in time when the ticket is sold at the counter, via electronic forms and through loyalty redemption programs subject to the consideration that the respective film has been screened. The control or right to use or access to cinema is obtained by the customer upon issue of the ticket. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated such as customer loyalty points. In determining the transaction price for the sale of cinema ticket, the company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The cinema related auxiliary service income are recognized upon performance of actual services.

Rental income from investment properties
Rental of investment properties where the company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognized in profit or loss on a straight-line basis over the lease term. The non-lease component included in the lease rental is recognized over a time by measuring progress towards complete satisfaction of performance obligation at the reporting date.

Initial direct costs incurred by the company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognized as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognized as revenue in the period in which they are earned.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend Income

Dividends income is recognized when the company's right to receive payments is established provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

Other income

Other income is recognized on an accrual basis.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets, financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

M) Expenses recognition

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

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

N) Leases

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N*) Leases (Continued)*

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Generally, the Company uses its Incremental borrowing rate at the discount rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in, in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-use assets and lease liabilities have been presented on the face of the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
N*) Leases (Continued)*

The Company as a lessor

The Company's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

O) Foreign currency transactions and balances

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

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

a) Financial risk management

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

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework
Management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company and to monitor risks. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty, and arises principally from the Company's receivables from customers, loans and receivable, joint venture companies and bank balances. The Company's maximum exposure to credit risk for the components of the statement of financial position as of December 31, 2022 and 2021 is the carrying amounts as follows;

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)
a) Financial risk management (Continued)
Credit risk (Continued)

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

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

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

	December 31,	
	2022	2021
Trade receivables and other debit balances	1,739,956	1,953,939
Bank balances	17,789,246	18,138,824
	19,529,202	**20,092,763**

The Company limits its exposure to credit risk from trade and other receivables by:
a. evaluating the creditworthiness of each counter-party prior to entering into contracts;
b. establishing sale limits for each customer, which are reviewed regularly;
c. establishing maximum payment periods for each customer, which are reviewed regularly; and
d. periodically reviewing the collectability of its trade receivables for identification of any impaired amounts.

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers. Loss rates are calculated using a net flow rate method based on the probability of a receivable progressing through successive stages of delinquency to write off. Net risks are calculated separately for exposures in different segments based on the following common credit risks characteristics, geographic, region and age of customers relationship.

As a result of the above, management believes that there is no significant credit risk on its trade receivables as presented on the statement of financial position.

As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

Trade receivables do not bear interest. The Company does not require collateral as security in respect of its trade receivables.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)
a) Financial risk management (Continued)
Credit risk (Continued)

Cash at bank

The Company's cash at bank is held with banks that are independently rated by credit rating agencies. The Company's bank deposits are held with credit worthy and reputable banks with high credit ratings. As a result, management believes that credit risk in respect of these balances is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarizes the contractual undiscounted maturities of the Company's financial liabilities at the reporting date. The Company's financial liabilities do not bear any interest.

Non-derivative financial liabilities		**Contractual cash flows**			
December 31, 2022	**Gross carrying Amounts**	**Total**	**1-12 months**	**1-5 years**	**More than 5 years**
Dividends payable	6,541,969	(6,541,969)	(141,693)	(671,322)	(5,728,954)
Trade payables and other credit balances	2,208,701	(2,208,701)	(2,208,701)	--	--
Lease liabilities	9,516,417	(9,516,417)	(853,683)	(5,655,243)	(3,007,491)
	18,267,087	**(18,267,087)**	**(3,204,077)**	**(6,326,565)**	**(8,736,445)**

Non-derivative financial liabilities		Contractual cash flows			
December 31, 2021	Gross carrying Amounts	Total	1-12 months	1-5 years	More than 5 years
Dividends payable	6,283,816	(6,283,816)	(132,146)	(540,825)	(5,610,845)
Trade payables and other credit balances	1,992,818	(1,992,818)	(1,992,818)	--	--
Loan	3,500,000	(3,500,000)	(3,500,000)	--	--
Lease liabilities	9,381,302	(9,381,302)	(1,778,093)	(5,172,134)	(2,431,075)
	21,157,936	**(21,157,936)**	**(7,403,057)**	**(5,712,959)**	**(8,041,920)**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which built an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities by continuously monitoring forecast and actual cash flows and matching the matching policies of financial assets and liabilities.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

a) Financial risk management (Continued)

Market risk

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

Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The Company does not have significant transactions in foreign currency. As the US Dollar is pegged with the Qatari Riyal, the Company 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.

Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no interest-bearing assets or liabilities linked to market interest rates, the Company's income, expenses and cash flows are independent of changes in market interest rates. The Company has some insignificant fair value interest rate risk arising from the fact that its cash held in bank current accounts earn no interest.

Equity price risk

The Company's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

The following table demonstrates the sensitivity of the effect of cumulative changes in fair values recognised in the equity to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

		Effect on Equity	
Description	**Changes in Equity Prices**	**2022 (QR.)**	**2021 (QR.)**
Equity instruments at fair value through-other comprehensive income (FVTOCI)	± 10%	3,262,701	3,940,648

b) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong capital base in order to support its business and to sustain future development of the business. Management monitors its capital structure and makes adjustments to it, in light of economic conditions.

The Company does have borrowings. It is financed mainly by own equity. The Company's capital management policy remained unchanged since the previous year. The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

c) Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. The carrying amounts of financial assets and financial liabilities reasonably approximate their fair values because of their short-term nature or due to the immaterial effect of discount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5. PROPERTY AND EQUIPMENT

	Building	Motor vehicle	Furniture and fixture	Equipment	Capital work in progress	Total
Cost	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
As at January 1, 2021	--	265,178	6,992,195	14,532,209	14,764,169	36,553,751
Addition for the year	--	114,520	57,929	1,649	1,735,839	1,909,937
Transferred to investment properties (note 6)	--	--	--	--	(310,272)	(310,272)
Written-off during the year (Note 5 (c))	--	--	(4,909,376)	(5,849,474)	--	(10,758,850)
Disposal during the year	--	--	(4,500)	--	--	(4,500)
As at December 31, 2021	--	379,698	2,136,248	8,684,384	16,189,736	27,390,066
Addition for the year	--	--	36,590	5,210	1,192,140	1,233,940
Transferred during the year	12,555,254	--	1,824,860	2,174,885	(16,554,999)	--
Transferred to investment properties (note 6)	--	--	--	--	(298,431)	(298,431)
As at December 31, 2022	**12,555,254**	**379,698**	**3,997,698**	**10,864,479**	**528,446**	**28,325,575**
Accumulated depreciation:						
As at January 1, 2021	--	229,867	6,740,382	14,338,202	--	21,308,451
Charge for the year	--	33,146	72,903	84,059	--	190,108
Related to written off during the year	--	--	(4,909,376)	(5,849,474)	--	(10,758,850)
Related to disposal during the year	--	--	(3,578)	--	--	(3,578)
As at December 31, 2021	--	263,013	1,900,331	8,572,787	--	10,736,131
Charge for the year	156,941	35,030	165,809	118,931	--	**476,711**
As at December 31, 2022	**156,941**	**298,043**	**2,066,140**	**8,691,718**	**--**	**11,212,842**
Net Book Value:						
As at December 31, 2022	**12,398,313**	**81,655**	**1,931,558**	**2,172,761**	**528,446**	**17,112,733**
As at December 31, 2021	**--**	**116,685**	**235,917**	**111,597**	**16,189,736**	**16,653,935**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5. PROPERTY AND EQUIPMENT (CONTINUED)

a) In addition to improvements and civil works carried out in certain cinemas and certain investment properties, the capital work in progress mainly comprises, the cost of planning, designing, fit out and all related civil and MEP works including cost of un-installed property, plants and equipment incurred in connection to highest international standard cinema under constructed on the leased premises at the Cultural Village-Katara.

During the year 2022, Cinema theatre at Cultural Village-Katara has been opened for public and available for use. Accordingly, and as per Board meeting on December 2022, all leasehold improvements related to Civil works and MEP works has been capitalized and it will be depreciated thereafter.

b) Buildings are constructed on a land owned by the company. Since, major portion of the buildings constructed on the respective land is used for the purposes of rental income, the cost of land is categorized under investment properties. Apart from the above, the remaining cost of building improvements are incurred for leased properties.

c) Pursuant to the Board of Directors' approval dated on August 02, 2021, certain property, plant and equipment and investment properties have been written off from the company's books of accounts as at August 31, 2021, as those assets are very old and were either physically not available or fully impaired without any usable conditions. The decision was initiated during the board of directors meeting which was held on November 13, 2019 and appointed a committee to oversee and execute the written off procedures. The details of written off assets as at August 31, 2021 are as follows:

Description	Property and equipment	Furniture and Fixtures of investment properties	Total
	QR.	QR.	QR.
Furniture and fixtures	4,909,376	195,404	5,104,780
Equipment	5,849,474	--	5,849,474
Total	**10,758,850**	**195,404**	**10,954,254**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

6. INVESTMENT PROPERTIES

a) The details of cost, accumulated depreciation and respective net book value of various categories of investment properties are as follows:

	Land	Building	Furniture and Fixture	Building improvement	Total
Cost	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
As at January 1, 2021	508,735	107,357,204	3,909,352	17,820,405	129,595,696
Addition during the year	--	--	8,794	--	8,794
Transferred from property and equipment - Note 5	--	--	--	310,272	310,272
Written of during the year - Note - 5 (c)	--	--	(195,404)	--	(195,404)
As at December 31, 2021	508,735	107,357,204	3,722,742	18,130,677	129,719,358
Additions during the year	--	--	--	40,701	40,701
Transfer from property and equipment - Note 5	--	--	--	298,431	298,431
As at December 31, 2022	**508,735**	**107,357,204**	**3,722,742**	**18,469,809**	**130,058,490**
Accumulated Depreciation					
As at January 1, 2021	--	27,952,819	2,557,774	14,872,668	45,383,261
Charge for the year	--	2,683,930	743,088	329,674	3,756,692
Written of during the year	--	--	(195,404)	--	(195,404)
As at December 31, 2021	--	30,636,749	3,105,458	15,202,342	48,944,549
Charge for the year	--	2,683,930	604,655	352,336	3,640,921
As at December 31, 2022	**--**	**33,320,679**	**3,710,113**	**15,554,678**	**52,585,470**
Net Book Value:					
As at December 31, 2022	**508,735**	**74,036,525**	**12,629**	**2,915,131**	**77,473,020**
As at December 31, 2021	508,735	76,720,455	617,284	2,928,335	80,774,809

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

6. INVESTMENT PROPERTIES (CONTINUED)

(a) The fair value of investment properties determined based on valuation performed by accredited independent valuer as at December 31, 2022 and 2021. The valuer, is an accredited independent valuer with a recognized and relevant professional qualification and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuer has used their market knowledge and professional judgment and not only relied on historical transactions comparable. Refer to note 30.

(b) Company's management has concluded that there is no impairment in investment property as the market value is greater that its net book value. Investment property building is depreciated on its useful life over the period of 40 years.

(c) Investment properties include a property amounting to QR. 97,495,867 at cost (Note 17) mortgaged to a local bank as at December 31, 2021. During the year, the Company has fully settled the bank loan and on September 8th, 2022 the property mortgage has been released after fully loan settlement.

7. RIGHT OF USE ASSETS

	Land	Total
Cost	**QR.**	**QR.**
At January 1,2021	9,049,168	9,049,168
At 31 December 2021	9,049,168	9,049,168
At 31 December 2022	**9,049,168**	**9,049,168**
Accumulated depreciation		
At January 1,2021	1,662,046	1,662,046
Depreciation charge for the year	829,886	829,886
At 31, December 2021	2,491,932	2,491,932
Depreciation charge for the year	829,886	829,886
At 31 December 2022	**3,321,818**	**3,321,818**
Net book value:		
At 31 December 2022	**5,727,350**	**5,727,350**
At 31 December 2021	**6,557,236**	**6,557,236**

The above right-of-use-asset represent the lease of Cinema theatre at Cultural village-Katara. The right-of-use assets were measured at the net present value of future lease payments. When measuring lease liability, the Company discounted lease payments using its incremental borrowing rate. The incremental borrowing rate used is 5.5%. The company has right to use such cinema theater up to December 2029. The lease amounts are amortizing on a straight-line basis over the lease period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

The financial assets at fair value through other comprehensive income (FVTOCI) comprise of investments in securities of listed companies in Qatar Security Exchange. The fair value of the quoted shares is determined by reference to published price quotations in Qatar Exchange.

The movements in financial assets at fair value through other comprehensive income (FVTOCI) are as follows:

	December 31,	
	2022	2021
	QR.	QR.
Balance at beginning of the year	39,406,477	32,620,651
Net changes in fair value of equity instruments at fair value through-other comprehensive income (FVTOCI) - Note (13)	(6,779,467)	6,785,826
Balance at end of the year	**32,627,010**	**39,406,477**

9. TRADE RECEIVABLES AND OTHER DEBIT BALANCES

	December 31,	
	2022	2021
	QR	QR
Tenants receivable	1,677,927	1,511,701
Trade receivables	841,581	850,388
Total	2,519,508	2,362,089
Provision for impairment on tenants' and trade receivables (Note 9 (a)	(1,292,753)	(861,300)
Net tenants' and trade receivables	1,226,755	1,500,789
Guarantee cheques	114,000	--
Notes receivables	192,000	**--**
Bank margin	120,000	220,000
Staff receivables	201,201	233,150
Advances to suppliers	201,219	194,469
Refundable deposits	518,073	420,574
Prepaid expenses	21,000	78,000
Total	**2,594,248**	**2,646,982**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

9. TRADE RECEIVABLES AND OTHER DEBIT BALANCES (CONTINUED)

9 (a) The Movement in provision for impairment on tenants' and Trade receivables is as follows:

	December 31,	
	2022	2021
	QR.	QR.
Opening balance	861,300	861,300
Provision during the year (Note 23)	431,453	--
Total	**1,292,753**	**861,300**

10. CASH AND BANK BALANCES

	December 31,	
	2022	2021
	QR.	QR.
Cash at banks	17,669,221	17,994,077
Short term deposits*	120,025	144,747
Total	**17,789,246**	**18,138,824**

**The short-term deposits consist of call and retail deposits matured within 90 days or less.

11. SHARE CAPITAL

	December 31,	
	2022	2021
	QR.	QR.
Authorized, issued and fully paid-up capital with a par value of QR.1 each (QR.)	**62,807,950**	62,807,950
Authorized, issued and fully paid-up share capital (number of shares)	**62,807,950**	62,807,950

12. LEGAL RESERVE

As required by the Qatari Commercial Company's law no. 11 of 2015 and the Company's articles of association, 10% of the net profit is to be transferred to the legal reserve until the reserve reaches a minimum of 50% of the issued share capital. This reserve is not available for distribution, except in circumstances specified in the above-mentioned law.

Since the reserve has reached 50% of the share capital, the management has not transferred any portion from the net profit to legal reserve for the years ended December 31, 2022 and December 31, 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

13. FAIR VALUE RESERVE

The movements in the fair value reserve of equity instruments at fair value through other comprehensive income (FVOCI) during the year are as follows:

	December 31,	
	2022	2021
	QR.	QR.
Balance at beginning of the year	15,345,606	8,559,780
Net changes in fair value of equity instruments at FVOCI - Note no. (8)	(6,779,467)	6,785,826
Balance at end of the year	**8,566,139**	**15,345,606**

14. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The movements in the Provision for employees' end of service benefits during the year are as follows:

	December 31,	
	2022	2021
	QR.	QR.
Balance at beginning of the year	1,182,298	1,105,680
Provisions for the year	112,405	140,897
Payments during the year	(91,543)	(64,279)
Balance at end of the year	**1,203,160**	**1,182,298**

15. LEASE LIABILITIES

	December 31,	
	2022	2021
	QR.	QR.
At January 1	9,381,302	9,205,390
Finance costs for the year (Note 24)	428,202	468,999
Payments of lease liabilities	(293,087)	(293,087)
At 31 December	**9,516,417**	**9,381,302**

	December 31,	
	2022	2021
	QR.	QR.
Payable not later than 1 year	2,925,477	1,979,453
Payable later than 1 year but not later than 5 years	6,817,925	6,619,345
Payable later than 5 years	1,364,025	2,809,387
Total undiscounted lease liabilities at 31 December	11,107,427	11,408,185
Less: Interest expenses	(1,591,010)	(2,026,883)
Lease liabilities included in the statement of financial position	**9,516,417**	**9,381,302**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

15. LEASE LIABILITIES (CONTINUED)

Net Lease liabilities:	December 31,	
	2022	2021
	QR.	QR.
Current portion	853,683	1,778,093
Payable later than 1 year but not later than 5 years	5,655,243	5,172,134
Payable later than 5 years	3,007,491	2,431,075
	9,516,417	**9,381,302**

16. TRADE PAYABLES AND OTHER CREDIT BALANCES

	December 31,	
	2022	2021
	QR.	QR.
Retentions payable	551,769	1,035,544
Trade and contractor's payables	1,594,116	894,458
Accrued expenses	167,040	143,158
Provision for social and sports fund contribution*	69,422	53,895
Accrued interest	--	12,055
Others	62,816	62,816
Total	**2,445,163**	**2,201,926**

**Social and Sports Fund Contribution*

Pursuant to Law No. 13 of 2008 and further clarification of the Law issued in 2010, the Company made appropriation of QR 69,422 (2021: QR 53,895) for its contribution to Social and Sports activities. This amount represents 2.5% of the net profit for the year and it has been presented in the statement of changes in equity.

During this year on the 13th of November 2022, Qatar financial markets authority has issued a circular no. 2 for year 2022 stating that all the listed companies to settle the social and sports fund contribution to General Tax Authority accounts, as General Tax Authority is the entity responsible for collecting all taxes and funds in the state of Qatar. Accordingly, the company will settle the social and sports fund contribution to General Tax Authority accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

17. LOAN

Short term loan amounting to QR. Nil as at December 31, 2022 (2021: QR. 3,500,000) represents the rescheduled amount of previously obtained loan from a local bank. The rescheduled amount carries interest rate of 2% annually (1.5% effective from July 1, 2021) with minimum rate of 4.5% per annum (4.0% effective from July 1, 2021). The repayment will be a bullet payment (a single payment) of principal on June 01, 2022. During the year, the loan has been fully settled.

The original loan amount of QR.70,000,000 was initially obtained from the local bank on April 08, 2009 to finance the construction of two residential buildings at Musherib. The loan would have been repaid in 24 quarterly installments of QR.1,500,000 and QR.20,000,000 after end of seventh year and QR.14,000,000 after the end of third quarter of the eighth year. However, during the years 2013 and 2014, the company rescheduled the loan balance

The loan is secured by first degree mortgage over an investment property amounting to QR.97,495,867. on September 8th, 2022 the property mortgage has been released after fully loan settlement (refer to note no.6)

18. CINEMA REVENUES

	Year ended December 31,	
	2022	2021
	QR.	QR.
Movies income – Note 19 (a)	3,423,149	1,935,229
Cafeteria income	507,393	159,737
Advertising income	96,000	96,000
Nojoom service income	56,623	--
Total	**4,083,165**	**2,190,966**

19. CINEMA OPERATING COSTS

	Year ended December 31,	
	2022	2021
	QR.	QR.
Salaries and employees' benefits	1,432,745	1,193,811
Shares of film distributors	1,685,917	931,453
Share of cinema theater owners – Note 19 (a)	676,074	313,449
Short term lease expenses - Note 19 (C)	437,878	880,000
Others	1,103,887	581,330
Total	**5,336,501**	**3,900,043**

(a) Pursuant to the contractual arrangements with owners of the cinema theater buildings located at two different malls at State of Qatar, the counter party to the contracts will be entitled for 50 % share of profit from respective cinema activities after deducting shares of film distributors and other cinema direct costs. The respective movie income is included under cinema revenue.

(b) During the year, the company has terminated the lease agreement with the owner of cinema theater building located at Landmark mall.

(c) Rent expenses relate to the short-term leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

20. NET INCOME FROM REAL ESTATE ACTIVITY

	Year ended December 31,	
	2022	2021
	QR.	QR.
Real estate rent income	13,261,929	14,476,440
Maintenance and cleaning expenses	(1,157,261)	(1,496,493)
Net	**12,104,668**	**12,979,947**

21. OTHER INCOME

	Year ended December 31,	
	2022	2021
	QR.	QR.
Dividends income	1,207,147	887,394
Miscellaneous income	620,235	99,101
Total	**1,827,382**	**986,495**

22. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2022	2021
	QR.	QR.
Salaries, wages and allowances	1,776,324	1,766,674
Board of directors' attendance allowances - Note no. (26)	658,000	682,398
Professional, legal and government charges	461,065	405,905
Provision for impairment of receivables – Note no. (9)	431,453	--
*Rent expenses	--	582,115
Advertisement expenses	133,700	189,897
Travelling and transportation expenses	129,942	136,680
Provision for employees' end of service benefits - Note no. (14)	112,405	140,897
Loss on disposal of property, plant and equipment	--	922
Miscellaneous expenses	709,553	642,991
Total	**4,412,442**	**4,548,479**

* Rent expenses relate to the short-term leases.

23. DEPRECATION EXPENSES

	Year ended December 31,	
	2022	2021
	QR.	QR.
Depreciation of investment properties- (Note 6)	3,640,921	3,756,692
Depreciation of right-of-use assets (Note 7)	829,886	829,886
Deprecation of Property, plant and equipment (Note 5)	476,711	190,108
Total	**4,947,518**	**4,776,686**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

24. FINANCE COSTS

	Year ended December 31,	
	2022	2021
	QR.	QR.
Finance costs on lease liabilities – Note no. (15)	428,202	468,999
Finance costs on short term loan	58,238	272,256
Other finance charges	55,442	35,151
Total	**541,882**	**776,406**

25. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the year by the weighted average number outstanding of ordinary shares during the year as follows:

	Year ended December 31,	
	2022	2021
Net Profit attributable to ordinary shareholders of the -Company (QR.)	2,776,872	2,155,794
Weighted average number of ordinary shares outstanding	62,807,950	62,807,950
Basic and diluted earnings per share (QR.)	**0.044**	**0.034**

26. RELATED PARTY

Related parties, as defined in International Accounting Standard 24: Related party disclosures include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

All Transactions with related parties are carried on normal commercial terms and conditions approved by management. The related party balances are unsecured in nature, due to demand.

Transactions with key management personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the entity.

Compensation to key management personnel of the Company

The remuneration and other compensation to the key managerial personnel included in general and administrative expenses under board of directors' remunerations as follows:

	Year ended December 31,	
	2022	2021
	QR.	QR.
Remuneration for Board of Directors paid	**--**	84,398
Allowance for attending the Board of Directors meetings	658,000	588,000
Remuneration for Executive and Managing Director - Accrued	--	10,000
Total	**658,000**	**682,398**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

26. RELATED PARTY (CONTINUED)

In addition to the above, the total compensation for key members of the management included in general administrative expenses under the salaries, wages and allowances are as follows:

	Year ended December 31,	
	2022	2021
	QR.	QR.
Short term Salaries and other allowances	267,150	263,400
Long term benefits	10,500	10,500
Total	**277,650**	273,900

27. COMMITMENTS AND CONTINGENCIES

a) The following summarizes the significant contractual commitments and contingencies:

	December 31,	
	2022	2021
	QR.	QR.
Letters of guarantee	**--**	100,000

b) In addition to the above, the company contractually committed for certain capital expenses.

28. DIVIDENDS

The Board of Directors has proposed in the Board meeting held at 6th of February 2023 to distribute a cash dividend of 6% from total paid share capital for a total amount of QR 3,768,477 Such decision is subject to the approval from the shareholders at the annual General Assembly meeting.

The Annual General Assembly of the Company held at 1st of march 2022 has approved the proposed dividends by the board of directors to distribute a cash dividend of 6% from total paid share capital for a total amount of QR 3,768,477.

29. SEGMENT REPORTING

The Company operates in the movies and cinemas business segment and the entire business of the Company located in the state of Qatar.

30. FAIR VALUE

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include cash and bank balances, accounts receivable and available for sale investments. Financial liabilities of the Company include accounts payable, dividends payable and accrued liabilities. Accounting policies for the financial assets and liabilities are set out in Note 3.

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30. FAIR VALUE (CONTINUED)

Fair value of financial instruments
The value of financial instruments traded in active markets (such as available for sale securities) is based on quoted market prices at the financial position date. The quoted market price used for financial assets held by the Company is the current bid price.

Fair value hierarchy
As at 31 December 2022, the Company held financial assets at fair value through other comprehensive income investments. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument (observable inputs).

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial assets, the Company determines fair values using valuation techniques.

Valuation techniques include, comparison to similar assets for which market observable prices exist, and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial assets at the reporting date, that would have been determined by market participants acting at arm's length.

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

NOTES TO THE FINANCIAL STATEMENTS
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30. FAIR VALUE (CONTINUED)

31 December 2022	*Level 1 QR.*	*Level 2 QR.*	*Level 3 QR.*	*Total QR.*
Investment property	--	77,473,020	--	77,473,020
Financial assets at fair value through other comprehensive income	32,627,010	--	--	32,627,010

31 December 2021	*Level 1 QR.*	*Level 2 QR.*	*Level 3 QR.*	*Total QR.*
Investment property	--	80,774,809	--	80,774,809
Financial assets at fair value through other comprehensive income	39,406,477	--	--	39,406,477

During the reporting year ended 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

31. COMPARATIVE FIGURES

The comparative figures for the prior year have been reclassified, where necessary, in order to conform to the current year’s presentation. Such reclassifications do not affect the previously reported net profit, net equity or total assets of the Company.

32. SUBSEQUENT EVENTS

There were no significant events after the reporting date, which have a bearing on these financial statements.