MEEZA QSTP LLC
DOHA - QATAR

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

MEEZA QSTP LLC

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2020

INDEX

Deloitte.

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QR. 80846

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
MEEZA QSTP LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MEEZA QSTP LLC ("the Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with 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 risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- 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 Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Doha – Qatar
April 27, 2021

For **Deloitte & Touche**
Qatar Branch

M. Salha

Midhat Salha
Partner
License No. 257

MEEZA QSTP LLC

STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Notes	December 31, 2020 QR'000	December 31, 2019 QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**342,622**	243,212
Right-of-use assets	6	**137,814**	121,979
Other non-current assets	7	**2,803**	2,320
Total non-current assets		**483,239**	367,511
Current assets			
Prepayments and other assets	8	**75,882**	31,086
Contract costs	9	--	5,142
Due from related parties	19	**111,662**	141,575
Trade and other receivables	10	**44,311**	70,932
Cash and bank balances	11	**266,021**	293,247
Total current assets		**497,876**	541,982
Total assets		**981,115**	909,493
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**200**	200
Statutory reserve	13	**3,302**	3,302
Advances from shareholders	14	**749,800**	749,800
Accumulated losses		**(104,268)**	(106,055)
Total equity		**649,034**	647,247
Non-current liabilities			
Employees' end of service benefits	15	**10,125**	10,206
Deferred revenue – long term		**8,799**	10,303
Lease liabilities	16	**139,305**	119,940
Borrowings	17	**60,165**	--
Other liabilities		--	1,289
Total non-current liabilities		**218,394**	141,738
Current liabilities			
Deferred revenue – short term	20	**14,212**	38,228
Lease liabilities	16	**3,284**	4,499
Trade and other payables	18	**96,191**	77,781
Total current liabilities		**113,687**	120,508
Total liabilities		**332,081**	262,246
Total equity and liabilities		**981,115**	909,493

Chairman
Sheikh Hamad Bin Abdulla Bin Jassim Al-Thani

Chief Financial Officer
James Corby

DELOITTE & TOUCHE
Doha-Qatar
27 APR 2021
Signed for Identification Purposes Only

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

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MEEZA QSTP LLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2020

	Notes	**2020**	2019
		QR'000	QR'000
Revenue	20	**284,839**	356,272
Cost of sales	21	**(211,532)**	(284,000)
Gross profit		**73,307**	72,272
General and administrative expenses	22	**(34,057)**	(35,380)
Other income		**913**	33
Finance income		**3,477**	5,352
Interest expense on lease liabilities	16	**(7,992)**	(7,387)
Finance costs		**(861)**	(873)
Profit for the year		**34,787**	34,017
Other comprehensive income		**--**	--
Total comprehensive income for the year		**34,787**	34,017

DELOITTE & TOUCHE
Doha-Qatar

27 APR 2021

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MEEZA QSTP LLC

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Share capital	Statutory reserve	Advances from shareholders	Accumulated losses	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Balance at January 1, 2019	200	3,302	749,800	(140,072)	613,230
Total comprehensive income for the year	--	--	--	34,017	34,017
Balance at December 31, 2019	200	3,302	749,800	(106,055)	647,247
Total comprehensive income for the year	--	--	--	34,787	34,787
Dividends during the year	--	--	--	(33,000)	(33,000)
Balance at December 31, 2020	**200**	**3,302**	**749,800**	**(104,268)**	**649,034**

DELOITTE & TOUCHE
Doha-Qatar
27 APR 2021
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MEEZA QSTP LLC

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	Notes	2020	2019
		QR'000	QR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**34,787**	34,017
Adjustments for:			
Depreciation of property, plant and equipment	5	**57,518**	104,970
Depreciation of right-of-use assets	6	**7,181**	6,937
Write off of property, plant and equipment	5	**730**	--
Write off of trade receivables	10	**3,200**	--
Finance costs		**861**	873
Finance income		**(3,477)**	(5,352)
Interest expense on lease liabilities	16	**7,992**	7,387
Recovery allowance on trade receivables	10	**(2,215)**	(519)
Recovery allowance on due from related parties	19	**(1,226)**	(10,190)
Loss allowance on cash and cash equivalents	11	**--**	(454)
Provision for employees' end of service benefits	15	**3,092**	3,460
		108,443	141,129
Movements in working capital			
Trade and other receivables		**25,636**	(29,007)
Prepayments and other assets		**(44,796)**	(5,762)
Contract costs		**5,142**	18,517
Other non-current assets		**(483)**	(1,402)
Due from related parties		**31,139**	13,535
Other liabilities		**(1,289)**	--
Trade and other payables		**18,410**	(6,439)
Deferred revenue		**(25,520)**	(63,385)
Net cash generated by operations		**116,682**	67,186
Finance costs paid		**(861)**	(873)
Payment for employees' end of service benefits	15	**(3,173)**	(9,437)
Net cash generated by operating activities		**112,648**	56,876
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	5	**(157,658)**	(22,076)
Finance income received		**3,477**	1,752
Net cash used in investing activities		**(154,181)**	(20,324)
CASH FLOWS FROM FINANCING ACTIVITIES (i)			
Dividends paid		**(33,000)**	--
Proceeds from borrowings		**60,165**	--
Principal repayment of lease liabilities		**(12,858)**	(16,089)
Net cash from / (used in) financing activities		**14,307**	(16,089)
Net (decrease) / increase in cash and cash equivalents		**(27,226)**	20,463
Cash and cash equivalents at the beginning of the year		**293,247**	272,784
Cash and cash equivalents at the end of the year	11	**266,021**	293,247

(i) Notes to cash flow statement:

During 2020, the Company have addition to right-of-use assets and lease liabilities amounting to QR 23.02 million (Note 6). This transaction is considered as noncash activity and are not reflected in the statement of cash flows.

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

DELOITTE & TOUCHE
Doha-Qatar
27 APR 2021
Signed for Identification Purposes Only

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. INCORPORATION AND ACTIVITIES

MEEZA QSTP LLC (the "Company") is registered as a limited liability company under the Qatar Science and Technology Park (QSTP) Free Zone Regulations with license number 20080309-1 pursuant to law number 36 of 2005.

The Company is engaged in Information Technology services. The address of the Company's registered office is Qatar Science and Technology Park Free Zone, Level 1, Tech 2, Gharafa Street, P.O. Box 892, Doha, State of Qatar.

In December 2019, the Company entered into a contract between Microsoft QSTP LLC ("Microsoft") and Ministry of Transport and Communications ("MOTC") to provide Colocation and Data Centre Services. The total contract value is QR 764.75 million for a period of 15 years with an option for a 10 year extension valued at QR 499.32 million. Partial revenue contribution commenced in December 2020.

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

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

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

The application of these amendments to IFRS 9 and IFRS 7 has not had any material impact on the amounts reported for the current year since the Company do not had such hedges.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

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

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

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

The application of this amendment to IFRS 16 has not had any material impact on the amounts reported for the current year since the Company do not had such concessions.

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.	
The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.	
Amendments to IFRS 3 Definition of a business	January 1, 2020
The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.	

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

2.2 New and amended IFRS applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2020, have been adopted in these financial statements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 3 Definition of a business (continued) The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.	January 1, 2020
Amendments to IAS 1 and IAS 8 Definition of material The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term ‘material’ to ensure consistency.	January 1, 2020

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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

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

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts	January 1, 2023

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

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

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

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

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

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

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 3 – Reference to the Conceptual Framework	January 1, 2022
The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.	
Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	
The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use	January 1, 2022. Early application permitted.
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.	
The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.	

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use (continued)	January 1, 2022. Early application permitted.
If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.	
The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.	
The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.	
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract	January 1, 2022. Early application permitted.
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021
The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to: – changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and – hedge accounting.	

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Change in basis for determining cash flows	
The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. The Company do not expense material impact of these amendments on its financial statements.	
Hedge accounting	January 1, 2021
The amendments provide exceptions to the hedge accounting requirements in the following areas. – Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform. – When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined. – When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to subgroups based on the benchmark rates being hedged. – If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.	
As at December 31, 2020 the Company do not hold any cash flow hedges and accordingly there is no material impact of these amendments on Company’s financial statements	
Disclosure	
The amendments will require the Company to disclose additional information about the entity’s exposure to risks arising from interest rate benchmark reform and related risk management activities. The Company do not expect any material impact of these amendments on its financial statements	

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract	
The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.	
Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	
Annual Improvements to IFRS Standards 2018–2020	
The Annual Improvements include amendments to four Standards.	
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 1, 2022. Early application permitted.
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).	
IFRS 9 Financial Instruments	January 1, 2022. Early application permitted.
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	
The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.	
The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.	
IFRS 16 Leases	
The amendment removes the illustration of the reimbursement of leasehold improvements.	

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
IAS 41 Agriculture	January 1, 2022. Early application permitted.
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

The financial statements have been prepared on the historical cost basis. These financial statements are presented in Qatari Riyals (QR), which is the Company's functional and presentation currency. The principal accounting policies are set out below.

Property, plant and equipment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates. The depreciation expense on fixed assets with finite lives is recognised in the statement of income on a straight-line basis.

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

Capital work in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Impairment of tangible assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

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

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 from the contract.

Employees' end of service benefits

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

Financial instruments

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

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

Financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Classification of financial assets

(i) Debt instruments designated at amortised cost

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

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

Amortised cost and effective interest rate method

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on trade receivables, unbilled revenue, due from related parties and bank balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

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

<u>(i) Significant increase in credit risk</u>

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90-days past due for trade receivables and 365-days past due for due from related parties, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses (continued)

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

Derecognition of financial assets

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

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The Company does not have any financial liability measured at FVTPL.

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

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

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the statement of profit or loss for financial liabilities that are not part of a designated hedging relationship.

Revenue recognition

Rendering of services

The Company principally obtains revenue from selling the following IT related services:

- Network management and maintenance services
- Data centre services
- Service desk and field services
- Network infrastructure and installation services
- Other ad hoc IT consultancy services

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognize revenue when it transfers control over goods and services to its customer.

Revenue from network management and maintenance services and data centre services are based on a fixed monthly fee and recognised upon the performance obligation is satisfied over time. The Company uses output method and recognise the revenue on straight line basis over the term of the contract, since output (number of months over the term of the contract) are consumed evenly throughout the term of the contract.

Revenues for other bespoke IT service agreements are recognised at a point in time upon control of the goods or service is transferred to the customer.

Revenues associated with services not yet performed are deferred ("deferred revenue") and recognised when control over the goods or services is transferred to the customer.

Non-refundable upfront fee

The Company charge non-refundable fees associated to projects charged to customers. These fees are recognised as revenue at the time the related services are provided to the customers over the term of the contract.

Interest income

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discount estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend distribution

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

Leases

The Company as lessee

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

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

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

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

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

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

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

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

Foreign exchange difference

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

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in this financial statements:

Revenue recognition

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

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

Capitalisation of costs

Management determines whether the Company will recognise an asset from the costs incurred to fulfil a contract and costs incurred to obtain a contract if the costs meet all the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
b) the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and
c) the costs are expected to be recovered.

Such asset will be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Judgment in determining the timing of satisfaction of performance obligations

The Company generally recognise revenue over time as it performs continuous transfer of control of goods or services to the customers. Because customers simultaneously receives and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these POs, we have considered the nature of these goods and services as well as the nature of its performance.

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

4.1 Critical judgments in applying accounting policies (continued)

Judgment in determining the timing of satisfaction of performance obligations

For performance obligations satisfied at a point in time, the Company considers the general requirements of control (i.e. direct the use of asset and obtain substantially all benefits) and the following non-exhaustive list of indicators of transfer of control:

- Entity has present right to payment
- Customer has legal title
- Entity has transferred legal possession
- Customer has significant risk and rewards
- Customer has accepted the asset

In making its judgement, the Management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Company has transferred control of the goods to the customer. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Significant judgements are made by management when concluding whether the Company is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Company. The assessment requires an analysis of key indicators, specifically whether the Company:

- carries any inventory risk;
- has the primary responsibility for providing the goods or services to the customer;
- has the latitude to establish pricing; and
- bears the customer's credit risk.

These indicators are used to determine whether the Company has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. For example, any sale relating to inventory that is held by the Company, not on consignment, is a strong indicator that the Company is acting as a principal.

Business model assessment

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

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

4.1 Critical judgments in applying accounting policies (continued)

Significant increase in credit risk

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

Judgment in identifying whether a contract includes a lease

The Company has entered into a contracts with lessors for the lease of land, data centre space and office space.

Management has assessed whether or not the Company has contracted for the rights to substantially all of the lease of land and data centre space and office space and whether the contracts contains a lease.

Management assessed that the Company have the right to obtain substantially all of the economic benefits for the use of the assets. As stated, the Company has concluded that the contract contains a lease.

Determining the lease term

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). Potential future cash outflows of have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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

4.2 Key sources of estimation uncertainty

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

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease/at initial application date for existing lease contract as of January 1, 2019.

Impairment of tangible assets and useful lives

The Company's management tests annually whether there is an indication that tangible assets (including capital work in progress) have suffered impairment in accordance with accounting policies stated in Note 3.

Estimated useful lives of property, plant and equipment

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

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

During the year, the Company conducted a review of the expected Estimated Useful Lives ("EUL") of its assets. The change in the accounting estimate for the EUL has resulted in a decrease in the depreciation charge for the year by QR 13.05 million.

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

Calculation of loss allowance

An estimate of the collectible amount of trade receivables and due from related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time the amount has been due.

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

4.2 Key sources of estimation uncertainty (continued)

Calculation of loss allowance (continued)

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Assessment as to whether the right-of-use assets is impaired

In estimating the recoverable amount of the right-of-use asset, the management have made assumptions about the achievable market rates for similar properties with similar lease terms. Management assessed that there is no impairment on right-of-use assets as of reporting date.

5. PROPERTY, PLANT AND EQUIPMENT

	Data centre and network assets	Buildings and leasehold improvements	Office furniture & other equipment	Assets under construction	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Cost:					
At January 1, 2019	862,512	1,888	9,204	65,191	938,795
Additions	8,376	--	--	13,700	22,076
Disposals	61,302	182	--	(61,484)	--
At January 1, 2020	932,190	2,070	9,204	17,407	960,871
Additions	4,863	--	857	151,938	157,658
Transfers	30,764	--	--	(30,764)	--
Disposals	(9,637)	--	--	--	(9,637)
At December 31, 2020	**958,180**	**2,070**	**10,061**	**138,581**	**1,108,892**
Accumulated depreciation:					
At January 1, 2019	602,177	1,888	8,624	--	612,689
Depreciation expense	104,715	36	219	--	104,970
At January 1, 2020	706,892	1,924	8,843	--	717,659
Disposals	(8,907)	--	--	--	(8,907)
Depreciation expense	57,271	36	211	--	57,518
At December 31, 2020	**755,256**	**1,960**	**9,054**	**--**	**766,270**
Carrying amount:					
At December 31, 2020	**202,924**	**110**	**1,007**	**138,581**	**342,622**
At December 31, 2019	225,298	146	361	17,407	243,212
Depreciation rate 2019	10% - 33%	5% - 20%	20%		
Depreciation rate 2020	4% - 33%	5% - 20%	20%		

Depreciation expense of QR 57.27 million (2019: QR 104.72 million) has been charged in cost of sales, QR 0.25 million (2019: QR 0.26 million) in general and administrative expenses.

6. RIGHT-OF-USE ASSETS

Company as a Lessee

The Company leases several assets including land and data centre building, and office space. The average lease term for land ranges from 20 to 30 years while the office space is for 7 years.

The Company's obligations are secured by the lessor's title to the leased assets for such leases.

	Right-of-use assets			
	Land and data centre building	**Office space**	**Total**	**Lease liabilities**
	QR'000	**QR'000**	**QR'000**	**QR'000**
January 1, 2019 (initial application)	122,974	5,942	128,916	(133,141)
Depreciation expense (Notes 21, 22)	(4,851)	(2,086)	(6,937)	--
Finance costs	--	--	--	(7,387)
Principal payment	--	--	--	16,089
December 31, 2019	118,123	3,856	121,979	(124,439)
Additions/modifications	21,292	1,724	23,016	(23,016)
Depreciation expense (Notes 21, 22)	(5,351)	(1,830)	(7,181)	--
Finance costs	--	--	--	(7,992)
Principal payment	--	--	--	12,858
December 31, 2020	**134,064**	**3,750**	**137,814**	**(142,589)**

<u>Amounts recognised in profit and loss:</u>

	2020	2019
	QR'000	QR'000
Depreciation of right-of-use assets	**7.181**	6,937
Interest expense on lease liabilities	**7,992**	7,387
Expense relating to short-term leases	**1,245**	3,295
	16,418	17,619

As at December 31, 2020, the Company is committed to QR 0.43 million (December 31, 2019: QR 2.28 million) for short-term leases.

7. OTHER NON-CURRENT ASSETS

	2020	2019
	QR'000	QR'000
Retention receivables	**2,003**	2,003
Furniture grants	**90**	251
Vehicle loan advances	**710**	66
	2,803	2,320

8. PREPAYMENTS AND OTHER ASSETS

	2020	2019
	QR'000	QR'000
Advance to suppliers (i)	**57,600**	--
Prepayments	**10,789**	21,179
Other current assets	**7,493**	9,907
	75,882	31,086

(i) This balance pertains to the advance payments made to the vendors for the cost of construction, internal modification and extension of data centres.

9. CONTRACT COSTS

	2020	2019
	QR'000	QR'000
Contract costs	**--**	5,142

Deferred contract cost primary relates to the cost of goods and services already incurred by the Company for site wide projects but no corresponding revenue recognized yet as at reporting date. In 2020 site wide projects were completed.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	QR'000	QR'000
Trade receivables	**29,812**	54,582
Less: Loss allowance	**(1,568)**	(6,983)
Trade receivables – net	**28,244**	47,599
Unbilled revenue	**16,067**	23,333
	44,311	70,932

The Company measures the loss allowance for trade receivables and unbilled revenue at an amount equal to lifetime ECL. The expected credit losses on trade receivables and unbilled revenue are estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customer's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at December 31, the ageing of account receivables is as follows:

Expected credit loss rate	**5%**	**5%**	**5%**	**5%**	**5%**
December 31, 2020	**Less than 90 Days**	**91 to 180 Days**	**181 to 365 days**	**More than 365 days**	**Total**
	QR'000	**QR'000**	**QR'000**	**QR'000**	**QR'000**
Estimated total gross carrying amount at default	**9,383**	**4,372**	**4,994**	**11,063**	**29,812**
Lifetime ECL	**(493)**	**(230)**	**(263)**	**(582)**	**(1,568)**
Net receivable	**8,890**	**4,142**	**4,731**	**10,481**	**28,244**

Expected credit loss rate	2%	3%	6%	48%	13%
December 31, 2019	Less than 90 Days	91 to 180 Days	181 to 365 days	More than 365 days	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Estimated total gross carrying amount at default	21,927	11,982	8,450	12,223	54,582
Lifetime ECL	(344)	(313)	(475)	(5,851)	(6,983)
Net receivable	21,583	11,669	7,975	6,372	47,599

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

	2020	2019
	QR'000	QR'000
Balance as at January 1,	**6,983**	7,502
Written off	**(3,200)**	--
Recovery during the year	**(2,215)**	(519)
Balance as at December 31,	**1,568**	6,983

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2020	2019
	QR'000	QR'000
Cash on hand	**5**	5
Bank balances	**110,874**	259,442
Time deposits	**155,142**	33,800
Cash and cash equivalents	**266,021**	293,247

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Qatar Central Bank. Accordingly, Management estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the Management has assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

The following table shows the movement in 12 month ECL that has been recognised for cash and cash equivalents in accordance with the simplified approach set out in IFRS 9; all collectively assessed:

	2020	2019
	QR'000	QR'000
Balance as at January 1,	**--**	454
Recovery during the year	**--**	(454)
Balance as at December 31,	**--**	--

12. SHARE CAPITAL

	2020	2019
	QR'000	QR'000
Authorised, issued and fully paid		
200 shares of nominal value 1,000 QR each	**200**	200

13. STATUTORY RESERVE

As required by the Company's Articles of Association, 10% of the profit for the year is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution.

14. ADVANCES FROM SHAREHOLDERS

This represents funds received from the shareholder to fund the working capital requirements of the Company. These funds are of a non-current in nature, interest free, unsecured and subordinated to all the liabilities of the Company. These advances will be converted to share capital after the necessary formalities for the increase in share capital are complied with.

Main shareholders of the Company have contributed the following:

	2020	2019
	QR'000	QR'000
Qatar Foundation Endowment Fund	**599,840**	599,840
Ooredoo Q.S.C.	**149,960**	149,960
	749,800	749,800

15. EMPLOYEES' END OF SERVICE BENEFITS

Movement in the employees' end of service benefits were as follows:

	2020	2019
	QR'000	QR'000
Balance as at January 1,	**10,206**	16,183
Expense for the year	**3,092**	3,460
Payments during the year	**(3,173)**	(9,437)
Balance as at December 31,	**10,125**	10,206

16. LEASE LIABILITIES

	2020	**2019**
	QR'000	QR'000
Balance as at January 1,	**124,439**	133,141
Additions/modifications	**23,016**	--
Accretion of finance cost	**7,992**	7,387
Principal payments	**(12,858)**	(16,089)
Balance as at December 31,	**142,589**	124,439

	2020	2019
	QR'000	QR'000
Maturity analysis		
Not later than 1 year	**3,284**	4,499
Later than 1 year and not later than 5 years	**15,062**	14,462
Later than 5 years	**124,243**	105,478
	142,589	124,439

The Company does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Company's treasury function.

17. BORROWINGS

	2020
	QR'000
Borrowings	**60,165**

The Company entered into a Facility Agreement with Dukhan Bank for QR 150 million on 10 December 2020 ("the facility") at Qatar Market Lending Rate (QMRL) subject to a minimum of 3.5% per annum, payable quarterly. The facility is repayable in 31 equal quarterly instalments of QR 3.39 million starting March 2023 and one final bullet payment of QR 45 million (30% of facility amount) in December 2030. An amount of QR 60.17 million was drawdown on the facility during the year. The facility is secured by the assignment of the full contract values of each of MV2 & MV4 Colocation & Data Centre Leases with Microsoft and MOTC favouring Dukhan Bank.

18. TRADE AND OTHER PAYABLES

	2020	2019
	QR'000	QR'000
Trade payables	**39,902**	35,217
Accrued expenses	**48,954**	41,848
Other liabilities	**7,335**	716
	96,191	77,781

19. RELATED PARTY DISCLOSURES

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.

a) Trading transactions

The following are the balances arising on transactions with related parties:

	2020	2019
	QR'000	QR'000
Sale of goods and services:		
Shareholders	**90,544**	126,808
Other affiliated companies	**75,570**	97,029
	166,114	223,837

19. RELATED PARTY DISCLOSURES (CONTINUED)

b) Balances arising from sales of goods/services

The following are the balances arising on transactions with related parties:

	2020	2019
	QR'000	QR'000
Due from related parties: (Refer Note below)		
Shareholders	**80,235**	108,957
Other affiliates	**40,889**	43,306
	121,124	152,263
Provision for loss allowance	**(9,462)**	(10,688)
At December 31	**111,662**	141,575

The due from related parties arise mainly from sale of goods and services transactions. The receivables are unsecured in nature and earn no interest.

The Company measures the loss allowance for due form related parties at an amount equal to lifetime ECL. The expected credit losses on due from related parties are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table shows the movement in lifetime ECL that has been recognised for due from related parties in accordance with the simplified approach set out in IFRS 9 all collectively assessed:

	2020	2019
	QR'000	QR'000
Balance as at January 1	**10,688**	20,878
Recovery during the year	**(1,226)**	(10,190)
Balance as at December 31	**9,462**	10,688

c) Compensation of key management personnel

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

	2020	2019
	QR'000	QR'000
Short-term benefits	**11,600**	13,526
Long-term benefits	**64**	231
	11,664	13,757

20. REVENUE

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major revenue streams.

	2020	2019
	QR'000	QR'000
Revenue – at a point of time:		
Master system integrator services	**5,064**	12,476
Solutions services	**40,561**	44,967
Revenue – over time:		
Data centre and managed services	**175,520**	154,330
Workplace services	**47,839**	126,890
Master system integrator services	**15,748**	17,487
Cloud services	**107**	122
	284,839	356,272

The current portion of the unearned revenue referred as "deferred revenue" in the statement of financial position amounting to QR 14.21 million is expected to be recognised as revenue during 2021. The unsatisfied performance obligation relating to the contract between Microsoft and MOTC to provide Colocation and Data Centre Services amounted to QR 763.26 million as at reporting date (Note 1).

21. COST OF SALES

	2020	2019
	QR'000	QR'000
Depreciation of property, plant and equipment (i) (Note 5)	**54,168**	104,715
Consumables	**46,383**	55,783
Salaries, wages and other benefits	**44,873**	49,427
Professional services	**18,145**	30,035
License fees	**17,147**	13,545
Date centre related costs	**12,965**	12,239
Subcontract costs	**12,211**	13,311
Depreciation of right-of-use assets (Note 6)	**5,351**	4,851
Others	**289**	94
	211,532	284,000

(i) This includes a reversal of long outstanding accruals for QR 3.10 million with one of the Company's vendors which has been fully depreciated in prior years.

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
	QR'000	QR'000
Staff costs and allowances	**25,295**	30,495
Professional fees	**3,576**	3,015
Depreciation of right-of-use assets (Note 6)	**1,830**	2,086
Rent	**1,245**	3,295
Office expenses	**1,051**	905
Insurance	**954**	1,187
Directors' remuneration	**906**	548
Depreciation of property, plant and equipment (Note 5)	**247**	255
Marketing costs	**62**	2,268
(Recovery)/Loss allowance (Notes 10, 11 and 19)	**(3,441)**	(11,163)
Others	**2,332**	2,489
	34,057	35,380

23. COMMITMENTS AND CONTINGENT LIABILITIES

	2020	2019
	QR'000	QR'000
Performance guarantee	**69,617**	52,828
Tender and other guarantees	**18,793**	32,431

24. COMMITMENTS UNDER OPERATING LEASES

The Company has entered into a non-cancellable short-term lease agreement for the lease of the premises for office space. The rental costs in respect of these properties are accounted for as operating leases.

The future lease commitments in respect of the above lease agreements are as follows:

	2020	2019
	QR'000	QR'000
Not later than 1 year	**434**	2,275

25. FINANCIAL INSTRUMENTS

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument.

(a) Fair value measurements

Financial assets consist of bank balances, unbilled revenue, due from related parties and trade receivable. Financial liabilities consist of trade payables, lease liabilities and borrowings.

Management believes that the fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments or are regularly repriced at market rates.

(b) Reconciliation of liabilities arising from financing activities

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

	At January 1, 2020	Financing cash flows	Non-cash changes	At December 31, 2020
	QR'000	QR'000	QR'000	QR'000
Dividend paid	--	(33,000)	--	--
Lease liabilities	124,439	(12,858)	31,008	142,589
Borrowings	--	60,165	--	60,165
	124,439	(14,307)	31,008	202,754

	At January 1, 2019	Financing cash flows	Non-cash changes	At December 31, 2019
	QR'000	QR'000	QR'000	QR'000
Lease liabilities	133,141	(16,089)	7,387	124,439
	133,141	(16,089)	7,387	124,439

26. CAPITAL MANAGEMENT

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

The capital structure of the Company comprises of capital, reserves, advances from shareholders and accumulated losses. The Company reviews the capital structure on an annual basis. As part of this review, the Company considers the cost of capital and the risks associated with capital. The Shareholders has confirmed its support to the Company should the capital proves to be insufficiently funded.

27. FINANCIAL RISK MANAGEMENT

Market risk management

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 optimizing the return. The company's activities expose it primarily to the financial risks of changes in foreign currency risks and interest rate risks.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by entering the transactions substantially in Qatari Riyal (QR) and United States Dollar (USD), which is pegged to Qatari riyal.

Interest rate risk management

The Company's exposure to interest rate risk is very limited as it borrows and deposits funds at fixed interest rates. This loan is carried at floating rate however the interest incurred during 2020 is immaterial (2019: Nil).

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at December 31, 2020, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise credit risk, the Company has tasked its management to develop and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default.

The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and considering the historical default experience and the current credit ratings of the banks, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk management (continued)

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

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

The tables below detail the credit quality of the Company's financial assets by credit risk rating grades:

December 31, 2020	**Note**	**12-month or lifetime ECL**	**Gross carrying**	**Loss allowance**	**Net carrying Amount**
			QR '000	**QR '000**	**QR '000**
Bank balances	11	12-month ECL	**266,021**	**--**	**266,021**
Trade receivables	10	Lifetime ECL	**29,812**	**(1,568)**	**28,244**
Unbilled revenue	10	Lifetime ECL	**16,067**	**--**	**16,067**
Due from related parties	19	Lifetime ECL	**121,124**	**(9,462)**	**111,662**

December 31, 2019	Note	12-month or lifetime ECL	Gross carrying	Loss allowance	Net carrying Amount
			QR '000	QR '000	QR '000
Bank balances	11	12-month ECL	293,247	--	293,247
Trade receivables	10	Lifetime ECL	54,582	(6,983)	47,599
Unbilled revenue	10	Lifetime ECL	23,333	--	23,333
Due from related parties	19	Lifetime ECL	152,263	(10,688)	141,575

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

At December 31, 2020	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	QR'000	**QR'000**	**QR'000**	**QR'000**	**QR'000**
Trade payables	**39,902**	**--**	**--**	**--**	**39,902**
Lease liabilities	**3,284**	**7.125**	**7,937**	**124,243**	**142,589**
Borrowings	**--**	**--**	**37,258**	**22,907**	**60,165**
	43,186	**7.125**	**45,195**	**147,150**	**242,656**

At December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Trade payables	35,217	--	--	--	35,217
Lease liabilities	4,499	3,568	10,894	105,478	124,439
	39,716	3,568	10,894	105,478	159,656

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At December 31, 2020	**Less than 1 year**	**Between 1 and 2 years**
	QR'000	**QR'000**
Trade and other receivables	**44,311**	**--**
Due from related parties	**111,662**	**--**
	155,973	**--**

At December 31, 2019	Less than 1 year	Between 1 and 2 years
	QR'000	QR'000
Trade and other receivables	70,932	--
Due from related parties	141,575	--
	212,507	--

28. IMPACT OF COVID-19

On March 11, 2020, Covid-19 was declared as pandemic by the World Health Organisation and is causing disruptions to businesses and economic activities. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. The Company will continue to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in 2020.

COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Company has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the financial statements. The Company's business operations remain largely unaffected by the current situation. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing a material adjustments to the financial statements:

Going concern

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from December 31, 2019. As a result, these financial statements have been appropriately prepared on a going concern basis.

The Company will continue to closely monitor its impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its 'operations and financial performance in 2021.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on April 27, 2021.