Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 March 2018

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 31 March 2018

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KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: www.kpmg.com.qa

Independent auditor's report on review of condensed consolidated interim financial statements

To the Board of Directors of Ezdan Holding Group Q.P.S.C.
Doha, State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ezdan Holding Group Q.P.S.C. (the "Company") and its subsidiaries (together with the Company, the "Group"), as at 31 March 2018, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 31 March 2018 are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The condensed consolidated interim financial statements as at and for the three months ended 31 March 2017 were reviewed, and the consolidated financial statements as at and for the year ended 31 December 2017 were audited, by another auditor, whose review and audit reports dated 30 April 2017 and 24 January 2018 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

30 April 2018
Doha
State of Qatar

كي بي ام جي
ص.ب: ٤٤٧٣
الدوحة - قطر
KPMG
P.O.Box :4473
Doha - Qatar
مكتب تدقيق حسابات

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

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	*31 March 2018 (Reviewed) QR'000*	*31 December 2017 (Audited) QR'000*
ASSETS			
Cash and bank balances	5	**393,465**	371,120
Receivables and prepayments	6, 17	**230,608**	225,100
Inventories		**21,006**	22,265
Equity investments	7	**2,431,517**	2,470,953
Equity-accounted investees and joint venture	8	**1,345,134**	1,425,907
Investment properties	9	**43,839,386**	43,819,785
Property and equipment		**844,853**	832,413
TOTAL ASSETS		**49,105,969**	49,167,543
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	10	**2,833,616**	2,822,431
Sukuk and Islamic financing borrowings	12, 17	**16,060,412**	16,188,248
TOTAL LIABILITIES		**18,894,028**	19,010,679
EQUITY			
Share capital		**26,524,967**	26,524,967
Legal reserve		**1,572,678**	1,572,678
Fair value reserves		**(172,439)**	17,326
Foreign currency translation reserve		**(1,133)**	154
Retained earnings		**2,284,854**	2,037,602
Equity attributable to owners of the Company		**30,208,927**	30,152,727
Non-controlling interests		**3,014**	4,137
TOTAL EQUITY		**30,211,941**	30,156,864
TOTAL LIABILITIES AND EQUITY		**49,105,969**	49,167,543

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 30 April 2018

Dr. Ayed Al Qahtani
Board Member

Medhat Abdelmagid
Group Chief Financial Officer

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the three months ended 31 March 2018

	Note	*For the three months ended 31 March* **2018** *(Reviewed)* *QR'000*	2017 *(Reviewed)* *QR'000*
Rental income		**332,070**	404,534
Dividends income from equity investments	7	**121,630**	166,382
Other operating revenues		**12,035**	27,444
Net gain on sale of equity-accounted investee	8	**-**	177,777
Net gain on sale of equity investments	7	**-**	457,983
Operating expenses	13	**(75,133)**	(96,937)
OPERATING PROFIT FOR THE PERIOD		**390,602**	1,137,183
Share of result of equity-accounted investees and joint venture	8	**21,939**	42,534
Other income		**4,864**	2,023
Finance costs	12	**(237,147)**	(154,068)
General and administrative expenses	13	**(61,399)**	(80,309)
Loss from change in fair value of investment properties	9	**(12,589)**	-
Depreciation		**(4,086)**	(2,633)
PROFIT FOR THE PERIOD		**102,184**	944,730
Attributable to:			
Owners of the Company		**103,307**	945,791
Non-controlling interests		**(1,123)**	(1,061)
		102,184	944,730
BASIC AND DILUTED EARNINGS PER SHARE	14	**0.04**	0.36

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2018

	For the three months ended 31 March	
	2018	*2017*
	(Reviewed)	*(Reviewed)*
	QR'000	*QR'000*
Profit for the period	**102,184**	944,730
Other comprehensive loss		
Item that will not be reclassified to profit or loss		
Equity investments at FVOCI - net change in fair value	**(39,435)**	-
Items that are or may be reclassified subsequently to profit or loss:		
Cash flow hedges - effective portion of changes in fair value	**18,450**	-
Foreign operations - foreign currency translation differences	**(1,287)**	-
Equity-accounted investees - share of OCI	**(296)**	3,814
Available-for-sale financial assets - net change in fair value (IAS 39)	**-**	(25,446)
	16,867	(21,632)
Other comprehensive loss for the period	**(22,568)**	(21,632)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**79,616**	923,098
Attributable to:		
Owners of the Company	**80,739**	924,159
Non-controlling interests	**(1,123)**	(1,061)
	79,616	923,098

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2018

	Attributable to owners of the Company							
	Share capital *QR'000*	***Legal reserve(1)*** *QR'000*	***Fair value reserves*** *QR'000*	***Foreign currency translation reserve*** *QR'000*	***Retained earnings*** *QR'000*	***Total*** *QR'000*	***Non-controlling interest*** *QR'000*	***Total equity*** *QR'000*
Balance at 31 December 2017 (Audited)	26,524,967	1,572,678	17,326	154	2,037,602	30,152,727	4,137	30,156,864
Adjustment on initial application of IFRS 9 (Note 4)	-	-	(168,484)	-	143,945	(24,539)	-	(24,539)
Adjusted balance at 1 January 2018 (Audited)	**26,524,967**	**1,572,678**	**(151,158)**	**154**	**2,181,547**	**30,128,188**	**4,137**	**30,132,325**
Profit / (loss) for the period	**-**	**-**	**-**	**-**	**103,307**	**103,307**	**(1,123)**	**102,184**
Other comprehensive loss for the period	**-**	**-**	**(21,281)**	**(1,287)**	**-**	**(22,568)**	**-**	**(22,568)**
Total comprehensive income/ (loss) for the period	**-**	**-**	**(21,281)**	**(1,287)**	**103,307**	**80,739**	**(1,123)**	**79,616**
Balance at 31 March 2018 (Reviewed)	**26,524,967**	**1,572,678**	**(172,439)**	**(1,133)**	**2,284,854**	**30,208,927**	**3,014**	**30,211,941**

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
For the three months ended 31 March 2018

	Attributable to owners of the Company							
	Share capital QR'000	*Legal Reserve (1) QR'000*	*Fair value reserves QR'000*	*Foreign currency translation reserve QR'000*	*Retained earnings QR'000*	*Total QR'000*	*Non-controlling interests QR'000*	*Total equity QR'000*
Balance at 1 January 2017 (Audited)	26,524,967	1,403,358	329,580	1,954	1,882,299	30,142,158	431,534	30,573,692
Profit / (loss) for the period	-	-	-	-	945,791	945,791	(1,061)	944,730
Other comprehensive income for the period	-	-	(21,632)	-	-	(21,632)	-	(21,632)
Total comprehensive income for the period	-	-	(21,632)	-	945,791	924,159	(1,061)	923,098
Balance at 31 March 2017 *(Reviewed)*	26,524,967	1,403,358	307,948	1,954	2,828,090	31,066,317	430,473	31,496,790

(1) In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015, and the Company's Article of Association, a minimum of 10% of the annual profit should be transferred to legal reserve until the reserve equals 50% of the share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Company's Article of Association. No transfer has been made for the three months ended 31 March 2018 as the Group will transfer the total required amount by 31 December 2018.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2018

		For the three months ended 31 March	
	Note	***2018 (Reviewed) QR'000***	*2017 (Reviewed) QR'000*
OPERATING ACTIVITIES			
Profit for the period		**102,184**	944,730
Adjustments for:			
Provision for impairment of receivables and prepayments	6, 13	**195**	8,842
Net gain on sale of equity investments	7	**-**	(457,983)
Net gain on sale of equity-accounted investees	8	**-**	(177,777)
Share of resulted of equity-accounted investees and joint venture	8	**(21,939)**	(42,534)
Unrealized loss from change in fair value of investment property	9	**12,589**	-
Depreciation of property and equipment	13	**4,086**	2,633
Provision for employees' end of services benefits	13	**2,311**	2,290
Dividends income		**(121,630)**	(166,382)
Finance income		**(446)**	(642)
Finance costs	12	**237,147**	154,068
		214,497	267,245
Changes in:			
Receivables and prepayments		**12,155**	(533,278)
Inventories		**1,259**	(4,298)
Payables and other liabilities		**14,546**	1,387
Cash from / (used in) operating activities		**242,457**	(268,944)
Employees' end of service benefits paid		**(5,672)**	(617)
Net cash flows from / (used in) operating activities		**236,785**	(269,561)
INVESTING ACTIVITIES			
Purchase of equity investments		**-**	(111,315)
Proceeds from sale of equity investments		**-**	2,973,290
Proceeds from sale of equity-accounted investees		**-**	530,466
Additions to investment properties	9	**(26,115)**	(57,088)
Additions to property and equipment		**(16,526)**	(30,996)
Net movement in restricted bank balances		**(655)**	(180)
Dividends income received		**200,100**	190,015
Finance income received		**446**	642
Net cash flows from investing activities		**157,250**	3,494,834
FINANCING ACTIVITIES			
Proceeds from Islamic financing borrowings	12	**3,000,000**	182,075
Repayments for Islamic financing borrowings	12	**(3,337,983)**	(604,922)
Transaction cost paid		**(27,000)**	-
Net cash flows used in financing activities		**(364,983)**	(422,847)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**29,052**	2,802,426
Net foreign exchange differences		**(7,362)**	-
Cash and cash equivalents as of 1 January		**366,550**	423,072
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	**388,240**	3,225,498

1 REPORTING ENTITY

Ezdan Holding Group Q.P.S.C. (the "Company") is a Qatari Public Shareholding Company registered in the State of Qatar under the Commercial Registration Number 15466. The Company was established on 24 May 1993 as a limited liability company, and was publicly listed at Qatar Stock Exchange on 18 February 2008. The Company is domiciled in the State of Qatar and its registered office is at Ezdan Towers, West Bay Doha, State of Qatar.

The principal activities of the Company and its subsidiaries include financial and administrative control over a company or more by owing at least 51% of its shares, investment in shares, Sukuk, financial securities, and other investments inside and outside the State of Qatar, owning patents, commercial works and privilege , and other rights using them and renting them to others, providing real estate consulting services, managing property and collect rentals and providing property maintenance works.

The principal subsidiaries of the Group are as follows:

Name of the subsidiary	*Country of incorporation*	*Effective percentage of ownership*	
		31 March 2018	*31 December 2017*
Ezdan Hotels Company W.L.L.	Qatar	**100%**	100%
Ezdan Mall Company W.L.L.	Qatar	**100%**	100%
Ezdan Real Estate Company W.L.L.	Qatar	**100%**	100%
Al Ruba Al khali Trading Company W.L.L.	Qatar	**100%**	100%
Al Ekleem for Real Estate and Mediation Co. W.L.L.	Qatar	**100%**	100%
Al Taybin Trading Company W.L.L.	Qatar	**100%**	100%
Al Namaa for Maintenance Company W.L.L.	Qatar	**100%**	100%
Shatea Al Nile Company W.L.L.	Qatar	**100%**	100%
Arkan for Import and Export Company W.L.L.	Qatar	**100%**	100%
Tareek Al Hak Trading Company W.L.L.	Qatar	**100%**	100%
Manazel Trading Company W.L.L.	Qatar	**100%**	100%
Een Jaloot Trading Company W.L.L.	Qatar	**100%**	100%
Tareek Al-Khair Trading Company W.L.L.	Qatar	**100%**	100%
Alkora Alzahbya Company W.L.L.	Qatar	**100%**	100%
Ezdan International Limited	Jersey	**100%**	100%
Emtedad Real Estate for Projects W.L.L.	Qatar	**67.5%**	67.5%
Ezdan World W.L.L.	Qatar	**70%**	70%

The Parent of the Group is Al-Tadawul Holding Group Q.S.C. ("Tadawul") which aggregately owns directly and indirectly through its subsidiaries, approximately 54% of the share capital of the Company as at 31 March 2018 and 31 December 2017.

2 BASIS OF ACCOUNTING

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 (the "last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

This is the first set of the Group's condensed consolidated financial statements where IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied. Changes to significant accounting policies are described in Note 4.

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 30 April 2018.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 4.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports significant valuation issues directly to the Group’s Chief Financial Officer and audit committee.

The Group’s Chief Financial Officer and audit committee together with the valuation team regularly reviews valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Management believes that as at the reporting date the fair values of the Group’s financial assets and liabilities approximated their carrying amounts.

4 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group’s consolidated financial statements, as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements as at and for the year ending 31 December 2018.

Changes in accounting policies

During the current period, the Group adopted the below new and amended International Financial Reporting Standards (“IFRS”) and improvements to IFRS that are effective for annual periods beginning on 1 January 2018:

- *IFRS 15 “Revenue from Contracts with Customers”*
- *IFRS 9 “Financial Instruments”*
- *Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”*
- *Amendments to IAS 40 “Transfers of Investment Property”*
- *Annual improvements to IFRSs 2014-2016 Cycle “Amendments to IFRS 1 and IAS 28”*
- *IFRIC 22 Foreign Currency Transactions and Advances consideration.*

The adoption of the above new and amended IFRS and improvements to IFRS had no significant impact on the condensed consolidated interim financial statements, except for IFRS 9, which led to an increase in the provision for impairment of receivables and prepayments (Note 4 (ii)).

A. IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 “Revenue” and related interpretations.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies (continued)

A. IFRS 15 "Revenue from Contracts with Customers" (continued)

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in respect of the Group's significant revenue generating activities are set out below:

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy.
Rentals of property	Revenue is recognised on a monthly basis based on the period of contract and the space occupied.	No impact.
Ancillary services provided to occupants of the property	Revenue is recognised at a single time when the service is delivered to the customer	No significant impact.

B. IFRS 9 "Financial Instruments"

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement".

The following table summarises the impact of transition to IFRS 9 on the opening balance of reserves and retained earnings (for a description of the transition method, see Note 4 (iii) below).

	Fair Value Reserves QR'000	*Retained Earnings QR'000*
Balances at 31 December 2017 (As reported)	17,326	2,037,602
Adjustment on initial application of IFRS 9		
Equity investments at FVOCI (AFS investments under old IAS 39)	(168,484)	168,484
Investments on equity-accounted investees	-	(23,946)
Receivables and prepayments and related parties	-	(593)
	(168,484)	143,945
Adjusted opening balances at 1 January 2018	**(151,158)**	**2,181,547**

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available-for-sale financial assets.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

On initial recognition a financial asset is classified as:

- Amortised cost;
- Fair Value Through Other Comprehensive Income (FVOCI) debt investment;
- Fair Value Through Other Comprehensive Income (FVOCI) equity investment; or
- Fair Value Through Profit or Loss (FVTPL).

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies (continued)

B. IFRS 9 "Financial Instruments" (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

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

The following accounting policies apply to the subsequent measurement of the Group's financial assets:

Financial assets at amortised cost

These assets are subsequently measured at amortised costing using the effective interest method. The amortised cost is reduced by impairment losses (see below 4(ii)). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Group has no financial assets at FVTPL and debt investments at FVOCI as at reporting date.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018, is as described further below.

in QR '000	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Equity securities	(a)	Available-for-sale	FVOCI - equity instrument	2,470,953	2,470,953
Receivables and prepayments	(b)	Loans and receivables	Amortised cost	142,661	142,068
Cash and cash equivalents		Loans and receivables	Amortised cost	371,120	371,120
Total financial assets				2,984,734	2,984,141

(a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Receivables and prepayments that were previously classified as loans and receivables under IAS 39 are now classified at amortised cost as per IFRS 9. An increase of QR 593 thousand in the provision for impairment of these receivables and prepayments and related parties was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies (continued)

B. IFRS 9 "Financial Instruments" (continued)

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of receivables and prepayments and cash and cash equivalents under IFRS 9, and loss allowances are measured on either of the following bases:

- *12-month ECLs:* these are ECLs that result from possible default events within the 12 months after the reporting date.
- *lifetime ECLs:* these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for its financial assets at an amount equal to lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 to 90 days past due. The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 60 to 90 days past due.

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

Measurement of ECLs

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

Credit-impaired financial assets

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

Presentation of impairment

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

Impairment losses related to receivables and prepayments are presented under general and administrative expenses in the condensed consolidated statement of profit or loss.

Impact of the new impairment model

For financial assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance of QR 593 thousand.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies (continued)

B. IFRS 9 “Financial Instruments” (continued)

(ii) Impairment of financial assets (continued)

Impact of the new impairment model (continued)

The following table provides information about exposure to credit risk and ECL for receivables and prepayments as at 1 January 2018.

Particular	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
0-30 days past due	8%	14,270	1,210	-
31-60 days past due	16%	6,907	1,118	-
61-90 days past due	21%	5,883	1,213	-
90 -120 days past due	29%	2,801	803	-
Above 120 days	91%	105,874	-	95,928
Total		**135,735**	**4,344**	**95,928**

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using cumulative effect method. The Group has taken an exemption not to restate comparative information of prior periods. Differences in the carrying amounts of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

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

5 CASH AND BANK BALANCES

For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents comprised of the following:

	31 March 2018 (Reviewed) QR’000	*31 December 2017 (Audited) QR’000*	*31 March 2017 (Reviewed) QR’000*
Cash on hand	**1,408**	548	2,872
Cash at banks and other financial institutions			
Saving and call accounts	**227,157**	155,416	3,144,044
Current accounts	**159,675**	10,586	78,582
Margin accounts	**5,225**	4,570	3,285
Term deposits	**-**	200,000	-
Cash and bank balances	**393,465**	371,120	3,228,783
Less: Restricted bank balances	**(5,225)**	(4,570)	(3,285)
Cash and cash equivalents	**388,240**	366,550	3,225,498

6 RECEIVABLES AND PREPAYMENTS

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Net tenant receivables	**60,895**	57,600
Due from related parties (Note 11(b))	**29,330**	34,683
Prepaid expenses	**12,345**	15,488
Advances to suppliers and contractors	**59,902**	66,951
Derivative financial assets	**41,617**	23,167
Refundable deposits	**14,117**	18,617
Other receivables and debit balances (Net)	**12,402**	8,594
	230,608	225,100

The maturity of receivables and prepayments are as follows:		
Current	**188,991**	201,933
Non-current	**41,617**	23,167
	230,608	225,100

(1) The movements in the provision for impairment of receivables and prepayments were as follows:

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
At 31 December 2017 / 31 December 2016 (Audited)	**99,679**	103,169
Adjustments on intial application of IFRS 9 (Note 4)		
- Tenant receivables	**(4,347)**	-
- Due from related parties (Note 11(b))	**4,940**	-
Adjusted balance at 1 January	**100,272**	103,169
Provision made (Note 13)	**195**	6,248
Provision reversed	**-**	(9,391)
Provision written-off	**-**	(347)
Balance at 31 March (Reviewed) / 31 December (Audited)	**100,467**	99,679

7 EQUITY INVESTMENTS

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Quoted shares (1)	**2,328,212**	2,367,648
Unquoted shares (2)	**103,305**	103,305
	2,431,517	2,470,953

(1) The quoted shares are the Group's equity investments that are carried at FVOCI. The mortgages on these equity investments are disclosed in (Note 12).

7 EQUITY INVESTMENTS (Continued)

Quoted shares: concentration of investment portfolio

Concentration of investment portfolio arises when a number of investments are made in entities engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would be affected by changes in economic, political or other conditions. The Group manages this risk through diversification of investments in terms of industry concentration. The industry concentration of the investment portfolio is as follows:

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Quoted shares listed at Qatar Stock Exchange (QSE)		
Financial institutions	**2,231,010**	2,267,344
Consumer goods and services	**33,354**	35,009
Industries	**25,867**	26,013
Transportation	**22,132**	22,972
Telecommunication	**7,818**	7,595
Real estate	**5,236**	5,091
Insurance	**2,795**	3,624
	2,328,212	2,367,648

(2) The unquoted shares are the Group's equity investments that are not listed at QSE. These equity investments are carried at amortised cost.

The Group generated dividend income from the equity investments amounting to QR 121,630 (three-month period ended 31 March 2017: QR 166,382) during the period. A net gain on sale of equity investments amounting to QR 457,983 was also recognized for the three-month period ended 31 March 2017.

8 EQUITY-ACCOUNTED INVESTEES AND JOINT VENTURE

	Country of incorporation	***Ownership interest***			
		31 March 2018 (Reviewed) %	*31 December 2017 (Audited) %*	***31 March 2018 (Reviewed) QR'000***	*31 December 2017 (Audited) QR'000*
Qatar International Islamic Bank Q.S.C.	Qatar	**10.00 %**	10.00 %	**862,062**	926,377
Medicare Group Q.S.C.	Qatar	**12.50 %**	12.50 %	**234,371**	246,097
White Square Real Estate W.L.L.	Qatar	**32.50 %**	32.50 %	**183,033**	185,013
Qatar Islamic Insurance Company Q.S.C.	Qatar	**7.33 %**	7.33 %	**65,668**	68,420
				1,345,134	1,425,907

The Group recognized net gain on sale of equity-accounted investees amounting to QR 177,777 for the three-month period ended 31 March 2017. The Group also recognized its share on the operating results of its associates / joint venture amounting to QR 21,939 (three-month period ended 31 March 2017: QR 42,534) during the period.

The mortgages on equity-accounted investees are disclosed in (Note 12).

9 INVESTMENT PROPERTIES

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
At 1 January	**43,819,785**	38,919,798
Development costs during the period/ year	**26,115**	360,110
Purchase of completed investment properties	**-**	4,657,866
Capitalized finance costs on properties under development	**-**	49,543
(loss)/ Gain on revaluation of investment properties	**(12,589)**	427,748
Addition of a land as a compensation from government	**-**	171,971
Transfer to property and equipment	**-**	(779,524)
Foreign exchange adjustment	**6,075**	12,273
	43,839,386	43,819,785

Investment properties consists of:

	31 March 2018 (Reviewed) QR'000	*31 December 2018 (Audited) QR'000*
Completed properties	**37,583,328**	37,587,135
Projects under development	**3,558,672**	3,535,133
Vacant lands	**2,697,386**	2,697,517
	43,839,386	43,819,785

(i) The Group conducts a revaluation of its investment properties on a semi annual basis. The Group did not appoint an independent valuer to value its investment properties as of the reporting date (31 December 2017: The Company carried out a valuation of all the investment properties as at 31 December 2017. The valuation was prepared by D.T.Z Qatar L.L.C., a certified valuer, specialized in the valuation of real estate and similar activities. The valuation has been prepared in accordance with the appropriate sections of the Practice Statements ("PS"), contained with the RICS Valuation- Professional Standards 2014 (the "Red Book")). Management, having the experience and knowledge in the real estate industry, believes that the carrying values of the investment properties are not materially different from their fair values and an overall revaluation to all the investment properties will be carried out at year end.

(ii) Investment properties are located in the State of Qatar, and the United Kindom.

The mortgages on the investment properties are disclosed in (Note 12).

10 PAYABLES AND OTHER LIABILITIES

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Due to a related party (Note 11(c))	**1,564,957**	1,558,880
Dividends payables	**763,030**	763,030
Tenants' deposits	**146,873**	144,830
Payables to contractors and suppliers	**100,097**	103,767
Unearned rent income	**95,944**	63,873
Provision for Social and Sports Activities Fund	**42,330**	42,330
Provision for employees' end of service benefits	**35,771**	39,131
Accrued expenses	**33,662**	52,899
Retention payable	**32,739**	31,852
Advances received from customers	**2,698**	2,698
Other payables	**15,515**	19,141
	2,833,616	2,822,431

10 RELATED PARTIES DISCLOSURES (Continued)

The maturity of payables and other liabilities are as follows:

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Non-current	**1,780,340**	1,774,693
Current	**1,053,276**	1,047,738
	2,833,616	2,822,431

11 RELATED PARTIES DISCLOSURES

(a) Related party transactions

Transactions with related parties included in the condensed consolidated interim statement of profit or loss are as follows:

	For the three months ended 31 March	
	2018 (Reviewed) QR'000	*2017 (Reviewed) QR'000*
Development costs of investment property (1)	**-**	16,343
Capitalized finance costs (2)	**-**	2,113
Expensed-out finance costs (2)	**33,618**	25,072
Compensation of directors and other key management personnel (Note 13)	**24,606**	8,850
Rental income	**1,930**	1,930

(1) The Group entered into a construction agreement with SAK Trading and Contracting Company W.L.L., to construct specific investment properties (Note 9).

(2) The Group had secured Islamic finance borrowing from its accounted investee.

All related party transactions were effected at commercial terms and conditions.

(b) Due from related parties

	Note	***31 March 2018 (Reviewed) QR'000***	*31 December 2017 (Audited) QR'000*
The Curve Hotel Company W.L.L.		**21,983**	22,380
Dar Al Arab W.L.L.		**12,012**	12,012
White Square Real Estate Company W.L.L.		**275**	275
Other related parties		-	16
		34,270	34,683
Allowance for impairment of related parties		**(4,940)**	-
	6	**29,330**	34,683

The above balances are of commercial nature, bear no interest or securities, and are receivable on demand.

(c.i) Due to a related party

	Note	***31 March 2018 (Reviewed) QR'000***	*31 December 2017 (Audited) QR'000*
SAK Holding Group W.L.L. (1)	10	**1,564,957**	1,558,880

(1) This amount represents the remaining outstanding balance due to SAK Holding Group W.L.L., in relation to the settlement agreement with the Group.

11 RELATED PARTIES DISCLOSURES (Continued)

The above balance is of commercial nature, bears no interest or securities, and a non-current obligation.

(c.ii) Other related party payables

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Equity accounted investee:		
Islamic financing borrowings	**1,913,628**	2,880,900
Payable to a contractor	**2,799**	2,799

(d) Compensation of directors and other key management personnel

The remuneration of directors and other key management personnel during the period is as follows:

	For the three months ended 31 March	
	2018 (Reviewed) QR'000	*2017 (Reviewed) QR'000*
Board of directors remuneration	**15,456**	-
Key management and executive benefits	**9,150**	8,850
	24,606	8,850

12 SUKUK AND ISLAMIC FINANCING BORROWINGS

The movements on the Islamic financing borrowings during the period / year were as follows:

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
At 1 January	**16,270,461**	15,926,929
Additions	**3,000,000**	1,992,865
Finance costs	**237,147**	752,807
Repayments	**(3,343,011)**	(2,402,140)
	16,164,597	16,270,461
Deduct:		
Transaction costs	**(104,185)**	(82,213)
At the end of the period / year	**16,060,412**	16,188,248

The borrowings are presented in the condensed consolidated interim statement of financial position as follows:

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Non-current	**14,611,204**	13,412,992
Current	**1,449,208**	2,775,256
	16,060,412	16,188,248

12 SUKUK AND ISLAMIC FINANCING BORROWINGS (Continued)

Terms and conditions of the outstanding borrowing facilities were as follows:

Type of facility	*Currency*	*Condition*	*Profit rate*	***31 March 2018 (Reviewed) QR'000***	*31 December 2017 (Audited) QR'000*
Murabaha	QR	Secured	QMRL rate	**3,012,754**	4,661,852
Ijara	QR	Secured	QMRL rate	**5,736,791**	3,839,774
Ijara	USD	Secured	1M /3M LIBOR	**3,125,768**	3,475,027
Murabaha	USD	Secured	1Y/3 M LIBOR	**589,662**	636,923
Sukuk financing	USD	Unsecured	4.375 % and 4.875 %	**3,699,622**	3,656,885
				16,164,597	16,270,461

The Islamic financing borrowings have been obtained for the purpose of financing the obligations of the Group. All the contracts carry profits at commercial rates. The Group recognized finance costs amounting to QR 237,147 (three-month period ended 31 March 2017: QR 154,068) during the period.

As at 31 March 2018, the Group had secured borrowings against mortgages on different types of investment properties owned by the Group with a carrying value of QR 15,525,486 thousand (31 December 2017: QR 15,525,486 thousand) and mortgage against quoted shares included in the interim condensed consolidated financial statements within the equity accounted investee with carrying value of QR 562,938 thousand at 31 March 2018 (31 December 2017 : QR 600,531 thousand).

On 29 March 2018 the Group obtained Islamic financing borrowing from a local bank amounted QR 3,000,000 thousand. The purpose of the borrowing is to refinance some existing borrowing and the contract carry profits at commercial rates. The borrowing is secured by mortgage on some investment properties.

13 EXPENSES

Operating expenses:

	31 March 2018 (Reviewed) QR'000	*31 March 2017 (Reviewed) QR'000*
Utilities	**21,992**	15,007
Staff cost (1)	**20,238**	29,228
Repairs and maintenance	**7,321**	9,665
Sewage	**5,557**	9,304
Cleaning expenses	**4,320**	5,697
Security expenses	**3,422**	4,807
Food and beverages	**2,477**	2,051
Advertising costs	**1,872**	2,110
Laundry and dry cleaning	**1,208**	1,598
Rent expenses	**-**	7,440
Commissions	**289**	1,234
Fuel	**628**	1,230
Other operating expenses	**5,809**	7,566
	75,133	96,937

13 EXPENSES (Continued)

General and administrative expenses:

	31 March 2018 (Reviewed) QR'000	*31 March 2017 (Reviewed) QR'000*
Compensation of directors and other key management personnel (Note 11(a and d))	**24,606**	8,850
Staff cost (1)	**23,458**	40,884
Professional fees	**3,021**	6,428
Registration fees	**2,407**	1,990
Insurance cost	**920**	1,016
Communication	**855**	1,311
Advertising costs	**801**	4,015
Rent expense	**790**	2,188
Bank charges	**737**	466
Repairs and maintenance	**679**	759
Printing and stationery	**293**	325
Provision for impairment of receivables and prepayments (Note 6)	**195**	8,842
Other operating expenses	**2,637**	3,235
	61,399	80,309

(1) Staff cost includes a provision for employees' end of service benefits of QR 2,311 (three-month period ended 31 March 2017: QR 2,290) during the period.

14 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share are equal to the basic earnings per share.

	31 March 2018 (Reviewed)	*31 March 2017 (Reviewed)*
Profit for the period (in QR'000)	**103,307**	945,791
Weighted average number of shares outstanding during the period (thousand of share)	**2,652,497**	2,652,497
Basic and diluted earnings per share (QR)	**0.04**	0.36

15 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

The Group had the following contingent liabilities from which it is anticipated that no material liabilities will arise.

	31 March 2018 (Reviewed) QR'000	*31 December 2017 (Audited) QR'000*
Bank guarantees	**5,225**	4,570

15 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

Commitments

The Group has the following contractual obligations to develop investment property at the reporting date.

	31 March 2018 QR'000 (Reviewed)	*31 December 2017 QR'000 (Audited)*
Contractual commitments to contractors and suppliers for development of investment property projects	**7,268**	48,781

16 OPERATING SEGMENTS

The Group has five strategic divisions, which are reportable segments. These divisions offer different services, and are managed by the Group separately for the purpose of making decisions about resource allocation and performance assessment.

The following summary describes the operations of each reportable segment:

Reportable segment	**Operations**
Residential and commercial property	Development, trade, and rental of real estates.
Investments	Investment activities including shares and bonds.
Hotel and suites	Management of hotels, suites, and restaurants.
Malls	Management of malls.
Distribution and publishing of newspapers (1)	Printing, publication, and distribution of newspapers

(1) This segment pertains to the operation of Dar Al-Arab W.L.L., an entity incorporated in the State of Qatar as a limited liability company in which the main activity is the publication of Al Arab newspapers. The segment's operation was discontinued effective on 2 October 2017, therefore, the segment's financial position and operating results were no longer presented in the segment note as at 31 March 2018.

The Group's Chief Executive Officer reviews the internal management reports of each division at least quarterly.

Inter-segment pricing is determined on an arm's length basis.

The following table presents segment results regarding the Group's operating segments for the three month period:

For the three months ended 31 March 2018 (Reviewed)	***Residential and commercial property***	***Investments***	***Hotel and suites***	***Malls (1)***	***Adjustments and eliminations***	***Total***
	QR'000	***QR'000***	***QR'000***	***QR'000***	***QR'000***	***QR'000***
Segment revenues	**264,277**	**143,586**	**55,036**	**34,224**	**(4,585)**	**492,538**
Segment expenses	**(354,213)**	**(30)**	**(30,359)**	**(17,276)**	**11,524**	**(390,354)**
Segment (loss) / profit	**(89,936)**	**143,556**	**24,677**	**16,948**	**6,939**	**102,184**

For the three months ended 31 March 2017 (Reviewed)	*Residential and commercial property*	*Investments*	*Hotel and suites*	*Malls (1)*	*Adjustments and eliminations*	*Total*
	QR'000	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*
Segment revenues	316,851	845,595	70,592	56,076	(10,436)	1,278,678
Segment expenses	(279,005)	(348)	(27,843)	(37,522)	10,770	(333,948)
Segment profit	37,846	845,247	42,749	18,554	334	944,730

16 OPERATING SEGMENTS (Continued)

(1) This includes the operating results of "Distribution and publishing of newspapers" segment which had QR 8,870, QR 10,268, and QR 1,398 segment revenues, expenses, and net loss, respectively.

The following table presents the assets and liabilities of the Group's operating segments as at reporting date:

	Residential and commercial property	*Investments*	*Hotel and suites*	*Malls*	*Adjustments and eliminations*	*Total*
	QR'000	*QR'000*	*QR'000*	*QR'000*	*QR'000*	*QR'000*
Segment assets						
As at 31 March 2018 (Reviewed)	**38,850,680**	**8,738,072**	**5,844,149**	**1,387,562**	**(5,714,494)**	**49,105,969**
As at 31 December 2017 (Audited)	38,175,302	8,660,747	5,760,860	1,391,948	(4,821,314)	49,167,543
Segment liabilities						
As at 31 March 2018 (Reviewed)	**24,426,247**	**-**	**70,280**	**118,934**	**(5,721,433)**	**18,894,028**
As at 31 December 2017 (Audited)	23,725,678	-	66,702	67,526	(4,849,227)	19,010,679

17 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary in order to conform to the current period presentation in the condensed consolidated interim financial statements. Such reclassification do not affect previously reported net profit or net assets of the Group for the previous period (see Note A below).

A. Reclassification of accounts

The Sukuk and Islamic financing borrowing transaction costs amounting to QR 82,213 thousand as at 31 December 2017 were recognized and classified by the Group as prepaid asset instead of treating it as a contra-liability account in compliance with the provisions of IFRS 9 "Financial Instruments".

Condensed consolidated statement of financial position	***As previously presented QR'000***	***Reclassification QR'000***	***As reclassified QR'000***
Receivables and prepayments	307,313	(82,213)	225,100
Sukuk and Islamic financing borrowings	16,270,461	(82,213)	16,188,248

Independent auditor's report on review of condensed consolidated interim financial statements on page 1.