Ezdan Holding Group Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EZDAN HOLDING GROUP Q.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ezdan Holding Group Q.S.C. (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EZDAN HOLDING GROUP Q.S.C. (CONTINUED)

Report on legal and other requirements

Furthermore, in our opinion, proper books of account have been kept by the Group, an inventory count has been conducted in accordance with established principles, and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Article of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Article of Association having occurred during the year which might have had a material effect on the business of the Group or its financial position. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Group.

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 24 February 2015
Doha

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 DECEMBER 2014

	Notes	2014 QR'000	2013 QR'000
ASSETS			
Cash and bank balances	7	**297,785**	450,490
Receivables and prepayments	8	**212,376**	182,154
Inventory	9	**21,702**	13,158
Due from related parties	10	**72,562**	43,292
Investment properties held for sale	11	**299,537**	-
Available-for-sale financial assets	12	**5,190,446**	3,799,004
Investment properties	13	**34,216,539**	33,855,075
Investments in equity accounted investees	14	**3,053,834**	2,832,202
Property and equipment	15	**28,059**	27,538
TOTAL ASSETS		**43,392,840**	41,202,913
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	16	**449,919**	417,496
Due to a related party	10	**56,106**	64,863
Islamic financing borrowings	17	**12,809,634**	12,076,283
TOTAL LIABILITIES		**13,315,659**	12,558,642
EQUITY			
Share capital	18	**26,524,967**	26,524,967
Legal reserve	19	**1,055,927**	919,890
Revaluation reserve		**1,264,808**	335,980
Foreign currency translation reserve		**1,954**	1,954
Retained earnings		**1,229,525**	861,480
TOTAL EQUITY		**30,077,181**	28,644,271
TOTAL LIABILITIES AND EQUITY		**43,392,840**	41,202,913

Dr. Khalid Bin Thani Al-Thani
Chairman

Ali Al-Obaidli
Group Chief Executive Officer

The attached notes from 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2014

	Notes	**2014** **QR'000**	2013 QR'000
Rental income		**1,368,865**	965,482
Dividends income from available-for-sale financial assets		**167,194**	108,212
Net gain on sale of available-for-sale financial assets		**270,004**	261,967
Other operating revenues	22	**64,642**	43,497
Operating expenses	23	**(296,974)**	(184,098)
OPERATING PROFIT FOR THE YEAR		**1,573,731**	1,195,060
Add (less):			
Share of results of equity accounted investees		**324,119**	253,297
Gain on acquisition of an associate	6	**8,461**	-
Gain on sale of investment properties held for sale	11	**24,383**	-
Gain on revaluation of investment properties	13	**53,457**	16,588
Other income	24	**10,886**	7,449
General and administrative expenses	25	**(255,358)**	(180,960)
Depreciation	15	**(9,171)**	(8,349)
Impairment loss of available-for-sale financial assets		**(44,699)**	(138,583)
Finance costs	26	**(325,444)**	(212,458)
Gain on sale of investment properties		**-**	139,212
PROFIT FOR THE YEAR		**1,360,365**	1,071,256
BASIC AND DILUTED EARNINGS PER SHARE (QR)	27	**0.51**	0.40

The attached notes from 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Note	**2014** **QR'000**	2013 QR'000
PROFIT FOR THE YEAR		**1,360,365**	1,071,256
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain on available-for-sale financial assets	21	**928,837**	382,092
Loss on cash flow hedges	21	**(4,446)**	-
Share of net movement in revaluation reserve of associates	21	**4,437**	686
Net movement in foreign currency translation reserve	21	**-**	(1,238)
Total other comprehensive income for the year		**928,828**	381,540
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,289,193**	1,452,796

The attached notes from 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital QR'000	*Legal reserve QR'000*	*Revaluation reserve QR'000*	*Foreign currency translation reserve QR'000*	*Retained earnings QR'000*	*Total equity QR'000*
Balance at 1 January 2014	26,524,967	919,890	335,980	1,954	861,480	28,644,271
Profit for the year	-	-	-	-	1,360,365	1,360,365
Other comprehensive income for the year	-	-	928,828	-	-	928,828
Total comprehensive income for the year	-	-	928,828	-	1,360,365	2,289,193
Transferred to legal reserve	-	136,037	-	-	(136,037)	-
Dividends for 2013 (Note 28)	-	-	-	-	(822,274)	(822,274)
Transfer to Social and Sports Activities Fund (Note 20)	-	-	-	-	(34,009)	(34,009)
At 31 December 2014	**26,524,967**	**1,055,927**	**1,264,808**	**1,954**	**1,229,525**	**30,077,181**

The attached notes from 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2014

	Share capital QR'000	*Legal reserve QR'000*	*Revaluation reserve QR'000*	*Revaluation surplus QR'000*	*Foreign currency translation reserve QR'000*	*Retained earnings QR'000*	*Total equity QR'000*
Balance at 1 January 2013 – as previously stated	26,524,967	847,139	(96,592)	103,146	-	368,193	27,746,853
Prior year adjustments	-	-	49,794	(103,146)	3,192	(133,611)	(183,771)
Balance at 1 January 2013 – (restated)	26,524,967	847,139	(46,798)	-	3,192	234,582	27,563,082
Profit for the year	-	-	-	-	-	1,071,256	1,071,256
Other comprehensive income (loss) for the year	-	-	382,778	-	(1,238)	-	381,540
Total comprehensive income (loss) for the year	-	-	382,778	-	(1,238)	1,071,256	1,452,796
Transferred to legal reserve	-	72,751	-	-	-	(72,751)	-
Dividends for 2012 (Note 28)	-	-	-	-	-	(344,826)	(344,826)
Transfer to Social and Sports Activities Fund (Note 20)	-	-	-	-	-	(26,781)	(26,781)
At 31 December 2013	26,524,967	919,890	335,980	-	1,954	861,480	28,644,271

The attached notes from 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	Notes	*2014* *QR'000*	*2013* *QR'000*
OPERATING ACTIVITIES			
Profit for the year		**1,360,365**	1,071,256
Adjustments for:			
Gain on revaluation of investment properties	13	**(53,457)**	(16,588)
Depreciation	15	**9,171**	8,349
Loss on disposal of property and equipment		**16**	1,405
Gain on sale of investment properties held for sale		**(24,383)**	-
Gain on sale of investment properties		**-**	(139,212)
Gain on acquisition of an associate	6	**(8,461)**	-
Provision for employees' end of service benefits		**7,941**	7,331
Share of results of equity accounted investees		**(324,119)**	(253,297)
Allowance for impairment of tenants receivables	8	**28,960**	11,735
Reversal of allowance for impairment of tenants receivables	8	**(7,472)**	(5,148)
Impairment loss of available-for-sale financial assets		**44,699**	138,583
Profit on Islamic bank accounts	24	**(6,893)**	(5,651)
Net gain on sale of available for sale financial assets		**(270,004)**	(261,967)
Finance costs	26	**325,444**	212,458
		1,081,807	769,254
Working capital changes:			
Receivables and prepayments		**(51,710)**	(73,123)
Inventory		**(8,544)**	(4,681)
Due from/to related parties		**(38,027)**	(603,965)
Payables and other liabilities		**(13,049)**	160,764
Cash from operations		**970,477**	248,249
Employees' end of service benefits paid		**(733)**	(85)
Net cash flows from operating activities		**969,744**	248,164
INVESTING ACTIVITIES			
Purchase of property and equipment	15	**(9,800)**	(16,849)
Proceeds from disposal of property and equipment		**92**	966
Payments for development of investment properties	13	**(390,212)**	(738,923)
Proceeds from sale of investment properties held for sale		**84,010**	-
Purchase of available for sale financial assets		**(1,071,416)**	(2,353,745)
Proceeds from sale of available for sale financial assets		**869,919**	1,245,335
Payments for purchase of investments in associates		**(83,616)**	(9,488)
Dividends received from associates		**162,821**	177,426
Profit on Islamic bank accounts received		**6,893**	5,651
Net movement in short term deposits maturing after three months		**160,000**	(350,000)
Net movement in restricted bank balances		**4,986**	(11,451)
Proceeds from sale of investment properties		**-**	604,688
Net cash flows used in investing activities		**(266,323)**	(1,446,390)
FINANCING ACTIVITIES			
Proceeds from Islamic financing borrowings	17	**1,825,000**	2,622,000
Payments for Islamic financing borrowings	17	**(1,693,866)**	(1,316,818)
Dividends paid	28	**(822,274)**	(344,826)
Net cash flows (used in) from financing activities		**(691,140)**	960,356
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**12,281**	(237,870)
Cash and cash equivalents as of 1 January		**85,817**	323,687
CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER	7	**98,098**	85,817

The attached notes from 1 to 34 form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Ezdan Holding Group Q.S.C. ("the Company") (formerly, Ezdan Real Estate Company Q.S.C.) 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 on Qatar Exchange on 18 February 2008.

The Company's name has been changed from Ezdan Real Estate Company Q.S.C. to Ezdan Holding Group Q.S.C. based on a resolution from the Extraordinary General Assembly Meeting that was held on 17 September 2012.

The Company's registered office is at P.O. Box 3222, 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.

These consolidated financial statements of the Company and its subsidiaries (together referred to as "the Group") as at and for the year ended 31 December 2014, include the following subsidiaries:

Name of The Company	*Share capital QR*	*Country of incorporation*	*Effective percentage of ownership*	
			2014	*2013*
Ezdan Hotels Company S.O.C	200,000	Qatar	**100%**	100%
Ezdan Mall Company S.O.C	200,000	Qatar	**100%**	100%
Ezdan Real Estate Company S.O.C	200,000	Qatar	**100%**	100%
Ezdan Partnership Co. S.O.C	200,000	Qatar	**100%**	100%
Al Etkan Trading Co. S.O.C	200,000	Qatar	**100%**	100%
Alrobe Alkhale Trading Co. S.O.C	200,000	Qatar	**100%**	100%
Al Ekleem Real Estate Co. S.O.C	200,000	Qatar	**100%**	100%
Almnara Medical Equipment Co. S.O.C	200,000	Qatar	**100%**	100%
Al Taybeen Trading Co. S.O.C	200,000	Qatar	**100%**	100%
Al Kara Trading Co. S.O.C	200,000	Qatar	**100%**	100%
Ethmar Construction and Trading Co. S.O.C	200,000	Qatar	**100%**	100%
Al Namaa Maintenance Services Co. S.O.C	200,000	Qatar	**100%**	100%
Shatee Alneel Co. S.O.C	200,000	Qatar	**100%**	100%
Arkan Import and Export Co. S.O.C	200,000	Qatar	**100%**	100%
Tarek Al Haq Trading Co. S.O.C	200,000	Qatar	**100%**	100%
Manazel Trading Co. S.O.C	200,000	Qatar	**100%**	100%
Een Jaloot Trading Co. S.O.C	200,000	Qatar	**100%**	100%
Tareek Alkher Trading Co. S.O.C	200,000	Qatar	**100%**	100%
Alkora Alzahbya Co. S.O.C	200,000	Qatar	**100%**	100%

The Parent of the Group is Al-Tadawul Holding Group Q.S.C. (the "Parent") which aggregately owns directly and indirectly through its subsidiaries, 54 % of the share capital of the Company as at 31 December 2014.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies Law No. 5 of 2002.

The consolidated financial statement of the Group was authorized for issue in accordance with the resolution of the Board of Directors on 24 February 2015.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and available-for-sale financial assets which are measured at fair value.

The methods used to measure fair values are discussed further in Note 5.

These consolidated financial statements are presented in Qatari Riyals, which is the Group's functional and presentational currency.

All financial information presented in Qatari Riyals has been rounded to the nearest thousand except otherwise indicated.

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in Note 5.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and consolidated statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Non-controlling interests, if any, represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognized in the consolidated statement of income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration classified as a liability will be recognized in consolidated statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new sand amend tandards and interpretations effective as of 1 January 2014 as noted below:

Standard	*Content*
IFRS 10,12 and IAS 27	Investment Entities – Amendments to IFRS 10 Consolidated Financial Statements, Amendments IFRS 12 Disclosure of Interest in Other Entities and Amendments IAS 27 Separate Financial Statements
IAS 32 :	Offsetting Financial Assets and Financial Liabilities, Amendments to IAS 32Financial Instrument: Presentation
IAS 39 :	Novation of derivative and Continuation of Hedge Accounting Amendments to IAS 39, Financial Instrument: Recognition and Measurement.
IFRIC : 21	IFRIC 21 Levis

The adoption of the standards or interpretations is described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transaction relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group , sine none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
These amendments clarify the meaning of ’currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current year or prior years.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36
These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Group.

IFRIC 21 Levis
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

The Group is currently considering the implications of the new IFRS which are effective for future accounting periods and has not early adopted any of the new standards as listed in Note 4.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. Certain comparative amounts have been reclassified to conform with the current year's presentation.

Investments in equity accounted investees
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 to 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates or joint venture since the acquisition date. Goodwill relating to the associates or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of income reflects the Group's share of the results of operations of the associates or joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

The aggregate of the Group's share of profit or loss of an associates and a joint ventures is shown on the face of the consolidated statement of income.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates or joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss in the consolidated statement of income.

Upon loss of significant influence over the associates or joint control over the joint ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associates or joint ventures upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification
The Group presents assets and liabilities based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Foreign currency
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date. All differences are taken to the consolidated statement of income.

Revenue recognition

Rental income
Rental income receivable from operating leases, less the Group's initial direct costs of entering into the leases, is recognized on a straight-line basis over the term of the lease, except for contingent rental income which is recognized when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of income when they arise.

Service charges and expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognized in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue, as the directors consider that the Group acts as principal in this respect.

Sale of property
Revenue from the sale of property is measured at the fair value of the consideration received or receivable.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing involvement with the transferred property, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the sale contract of property, however and in the lack of other contractual determinants, it is presumed that risks and rewards are transferred to the buyer upon transfer of possession of the sold property.

When the Group is contractually required to perform further work on real estate already delivered to the buyer, the Group recognizes a provision and expense for the present value of the expenditures required to settle its obligations under such further works.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Services revenues
Revenues from services rendered is recognized in the consolidated statement of income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Finance income
Finance income is recognized on a time apportionment basis using the effective profit rate method.

Dividends income
Dividends income is recognised when the Group's right to receive the payment is established.

Investment properties
Investment properties are properties which are held either to earn rental income, including those under development, or for capital appreciation or for both are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. Any gain or loss arising from a change in fair value is recognized in the consolidated statement of income.

Property that is being constructed for future use as investment property is accounted for as investment property under the fair value model. Property under construction is designated as investment property only if there are unambiguous plans by management to subsequently utilize the property for rental activities upon completion of development, or if there is undetermined future use of the property and hence the property is held for long term capital appreciation.

Transfers between property categories
Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) commencement of development with a view to sale, for a transfer from investment property to inventories;
(c) end of owner-occupation, for a transfer from owner-occupied property to investment property;
(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognized directly in equity as a revaluation surplus. Any loss is recognized immediately in the consolidated statement of income.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with IAS 16 or IAS 2 shall be its fair value at the date of change in use.

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in consolidated statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment
Property and equipment is stated at cost less accumulated depreciation and any impairment in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that computers and office equipment.

Depreciation is recognized in the consolidated statement of income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land, if any, is not depreciated.

The estimated useful lives of the depreciable assets are as follows:

Buildings	20 years
Motor vehicles	5 years
Furniture, fixtures, and office equipment	2-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated statement of income as the expense is incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets with in a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and bank deposits with original maturities of three months or less, unrestricted balances held with banks, and highly liquid financial assets with original maturities ranging three to six months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments, net of outstanding bank overdrafts and restricted bank balances.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and other receivables are measured at amortised cost using the effective profit method, less any impairment losses. The losses arising from impairment are recognised in the consolidated statement of income.

Available-for-sale financial assets

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of other categories. Available-for-sale financial assets are recognised initially at fair value plus transaction costs. After initial recognition, available-for-sale financial assets are subsequently remeasured at fair value, with any resultant gain or loss directly recognised as a separate component of equity under other comprehensive income until the investment is sold, collected, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of income for that year. Profit earned on the investments is reported as profit income using the effective profit rate. Dividends earned on investments are recognised in the consolidated statement of income as “Dividend income” when the right to receive dividend has been established. All regular way purchases and sales of investment are recognised on the trade date when the Group becomes or commit to be a party to contractual provisions of the instrument.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period.

The Group assesses individually whether there is objective evidence of impairment of available-for-sale financial assets. In case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Where there is an evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of income. Impairment losses on equity investments are treated as direct write-offs. Reversals of any impairment losses on equity investments are treated as increase in fair value through the consolidated statement of changes in equity.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is transferred from equity to the consolidated statement of income. Impairment losses on equity instruments recognised in the consolidated statement of income are not subsequently reversed. Reversals of impairment losses on debt instruments are reversed through the consolidated statement of income; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of profit or loss.

When the investment is disposed off, the cumulative gain or loss previously recorded in equity is recognised in the consolidated statement of income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition (continued)
When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities
Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include contractor and supplier payables, loans and borrowings, due to a related party, derivative financial liabilities and other payables.

Non-derivative financial liabilities
The Group initially recognises financial liabilities on the date that they are originated which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective profit method. Other financial liabilities comprise Islamic financing borrowings, due to a related party and trade and other payables.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for services received or when the risks and rewards associated with goods are transferred to the Group, whether billed by the supplier or not.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using effective profit method.

Islamic financing borrowings
Islamic financing borrowings are recognized initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, those obligations are measured at amortized cost using the effective cost method.

Gains or losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process. Finance cost and other related charges are recognized as an expense when incurred.

Fees paid on the establishment of Islamic facilities are recognised as transaction costs of the financing to the extent that it is probable some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as prepayment for liquidity services and amortised over the period of the facility to which it relates.

Installments due within one year are shown as a current liability. Installments due after 1 year are shown as non-current liability.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments, including hedge accounting
Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the consolidated statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized as described below for those derivative instruments designated for hedging cash flows, while changes in the fair value of derivative instruments not designated for cash flow hedges are recognized in the consolidated statement of income .

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of income within ‘net finance costs’.

Amounts accumulated in equity are reclassified to the consolidated statement of income in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of cash flow hedge variable rate financing is recognised in the consolidated statement of income within ‘finance income/cost’. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income within ‘net finance costs’.

Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognized in the consolidated statement of income.

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statement of income;
b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of the estimated future cash flows discounted at the original effective finance cost rate.
d) Significant financial assets are tested for impairment on an individual basis.
e) The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

Financial assets (continued)
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of income.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of income.

Share capital
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

Borrowing costs
Borrowing costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognizes other borrowing costs as an expense in the period in which it incurs them.

The Group begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Group first meets all of the following conditions:

(a) incurs expenditures for the asset;
(b) incurs borrowing costs; and
(c) undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

The borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific borrowings mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset.

The amount of borrowing costs that the Group capitalizes during the period is not to exceed the amount of borrowing costs it incurred during that period. The Group suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Provisions
A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lease payments

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases, and are not recognized in the Group's consolidated financial position.

Payments made under operating leases are recognized in consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate.

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Qatar Labor Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group provides contributions to the General Pension and Social Insurance Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Inventory

Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each product to its present location and condition. Cost is determined on a weighted average basis.

Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Receivables

Rent and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenant deposits
Tenant deposits liabilities are initially recognized at fair value and subsequently measured at amortized cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognized on a straight-line basis over the lease term.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Segment reporting
Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and income and expenses.

4 STANDARDS ISSUED BUT NOT EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

The Group is currently considering the implications of the new IFRSs which are effective for future accounting periods and has not early adopted any of the new Standards as listed below:

IFRS 9 Financial Instruments: Classification and Measurement
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018,with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009,2010 and 2013) is permitted if the date of initial application in before a February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 is an optional standard that allows and entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line item on the statement of financial position and present movement in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

4 STANDARDS ISSUED BUT NOT EFFECTIVE (CONTINUED)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under UFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognition revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendment to IFRS 11 Joint Arrangements: Accounting for acquisition of interests

The amendment to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combination accounting. The amendment also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control in retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interest in the same joint operation and are prospectively effective for annual periods beginning on 1 January 2016, with early adoption permitted. The amendments are not expected to have any impact on the Group.

Amendments to IAS 16 and IAS 38: Classification of Acceptable Methods of Depreciation and Amortisation

The amendment clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investment in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from date of transition to IFRS. These amendments are effective for annual periods beginning on or after 1 January 2016. These amendments will not have any impact on the Group’s consolidated financial statements.

Annual Improvements July 2014

These improvements are effective for annual periods beginning on or after 1 July 2014. These improvements will not have an impact on the Group, but include:

IFRS 2	Share-based payments
IFRS 3	Business Combinations
IFRS 8	Operating Segments
IAS 16	Property Plant and Equipment and IAS 38 Intangible Assets
IAS 24	Related Party Disclosures
IFRS 13	Fair Value Measurement
IAS 40	Investment Property

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements other than estimates
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of property
The Group determines whether a property is classified as investment property or trading property:

- Investment property comprises land and buildings (principally residential, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Trading property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

Operating lease contracts – the Group as lessor
The Group in its normal course of rental activities, enters into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these property and so accounts for the leases as operating leases.

Impairment of receivables and prepayments
An estimate of the collectible amount of tenants and other 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 based on the provisioning policy applied by the Group, and a provision is applied according to the length of time past due, based on historical recovery rates.

At the reporting date, there were no allowances for impairment of due from related parties as the Group does not have collection concern with regards to its receivables from its related parties. The impairment of tenants receivable as the reporting date are disclosed in Note 8.

Estimates

Estimation of net realizable value for inventory
Inventory is stated at the lower of cost and net realizable value (NRV).

NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions.

Valuation of properties
The fair value of investment property is determined by independent real estate valuation experts using recognized valuation techniques. The valuation techniques used in carrying out the valuation exercise comprise the Investment, Depreciated Replacement Cost (DRC) and Comparable methods of valuation.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Valuation of properties (continued)

Techniques used for valuing investment properties
The investment method is generally adopted for income producing assets where an actual, notional or potential market rent can be identified. Having calculated the gross income and made appropriate cost deductions, a market investment return or "yield" is applied in capitalising the cash flow assumptions to arrive at a capital value.

Depreciated Replacement Cost (DRC) method is deemed an appropriate approach to adopt in making an assessment of Market Value. DRC is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation, whilst the land element is assessed using the direct comparison basis of valuation.

The Comparable method of valuation has primarily been adopted for the plots of land, considering the fact that transactional data is limited due to the financial climate and as such comparable evidence of available land transactions is examined , in addition to internal and third party valuations. Adjustments were made to rates as appropriate to reflect property/community specific factors.

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

6 ACQUISITION OF AN ASSOCIATE

On 5 March 2014, the Group acquired an additional 28.75% interest in Islamic Holding Group (Q.S.C.) and obtained significant influence over financial and operating policy decisions of Islamic Holding Group (Q.S.C.). with 36.03% interest.

Islamic Holding Group Q.S.C. was established as a Qatari Private shareholding Company and registered under the Commercial Registration under No. 26337. The principal activities of Islamic Holding Group Q.S.C. are investing in shares, bonds and brokerage services in Qatar Exchange according to the Islamic Shari'a. Islamic Holding Group Q.S.C. is governed by the provisions of Qatar Commercial Companies' Law No.5 of 2002 and the regulations of Qatar Financial Market Authority and Qatar Exchange.

The Board of Directors has decided to change the legal structure of Islamic Holding Group to a Qatari Public Shareholding Company on 22 September 2006, which was approved by the Ministry of Economy and Trade on 26 December 2006. The Company's shares were listed in Qatar Exchange on 3 March 2008.

The fair value of assets acquired and liabilities assumed of Islamic Holding Group Q.S.C. as at the date of acquisition were as follows;

	QR'000
ASSETS	
Current assets	
Bank balances	**36,336**
Bank balances - customers' funds	**257,769**
Due from customers	**475**
Prepayments and other debit balances	**13,742**
Property and equipment	**541**
Available for sale financial assets	**5,189**
Total assets	**314,052**
Liabilities	
Due to customers	**231,548**
Due to Qatar Exchange	**23,801**
Accrued expenses and other credit balances	**2,627**
Employees' end of service benefits	**882**
Total liabilities	**258,858**
NET ASSETS	**55,194**
Fair value of net assets	**19,886**
Goodwill arising on acquisition	**42,148**
Cost of an associate acquired	**62,034**
Cash considerations	**49,515**
Fair value of the Group's equity interest in Islamic Holding Group held before acquisition	**12,519**
	62,034

In compliance with the provisions of International Financial Reporting Standard 3 "Business Combinations", the Group has carried out one time "Purchase Price Allocation" (PPA) exercise for the value of the acquisition of the shares of Islamic Holding Group Q.S.C. PPA identifies the values paid for the tangible assets, intangible assets and the goodwill arising on the acquisition. The intangibles identified on acquisition of shares in Islamic Holding Group Q.S.C. were not material and accordingly were not considered.

6 ACQUISITION OF AN ASSOCIATE (CONTINUED)

The Group recognised a gain of QR 8,461 thousand as a result of measuring at fair value its 7.28% equity interest in Islamic Holding Group Q.S.C. before acquisition. The gain represents fair value reserve of available for sale at date of acquisition which has been transferred to the consolidated statement of income. The gain is included in "Gain on acquisition of an associate" in the Group's consolidated statement of income for the year ended 31 December 2014.

7 CASH AND CASH EQUIVALENTS

	2014 ***QR'000***	*2013* *QR'000*
Cash on hand	**291**	253
Cash at banks and other financial institutions		
Term deposits	**190,000**	400,000
Saving and call accounts	**66,164**	25,032
Current accounts	**31,643**	10,532
Margin accounts	**9,687**	14,673
Total cash and bank balances	**297,785**	450,490
Less: restricted bank balances	**(9,687)**	(14,673)
Less: short term bank deposits maturing after three months	**(190,000)**	(350,000)
Cash and cash equivalents	**98,098**	85,817

Notes:

(i) Restricted bank balances are against letters of guarantee and letters of credit provided for suppliers and contractors.

(ii) The Group earns profit rate ranging from 1.8% to 2% per annum on its short term bank deposits (2013: from 1.5% to 1.75% per annum).

8 RECEIVABLES AND PREPAYMENTS

	2014 ***QR'000***	*2013* *QR'000*
Tenants receivable	**90,737**	125,882
Less: allowance for impairment of tenants receivable	**(58,692)**	(37,644)
	32,045	88,238
Advances to suppliers	**112,869**	40,134
Prepaid expenses	**35,650**	25,645
Refundable deposits	**10,653**	8,914
Accrued income	**3,835**	1,597
Advances to contractors	**3,304**	4,001
Notes receivable	**1,818**	1,398
Other receivables and debit balances	**12,202**	12,227
	212,376	182,154

The Group's exposure to credit and impairment losses related to receivables and prepayments are disclosed in Note 32.

8 RECEIVABLES AND PREPAYMENTS (CONTINUED)

Receivables and prepayments are segregated between current and non-current portions as follows:

31 December 2014	***Current*** ***QR'000***	***Non-current*** ***QR'000***	***Total*** ***QR'000***
Net tenants receivable	**32,045**	**-**	**32,045**
Advances to suppliers	**112,869**	**-**	**112,869**
Prepaid expenses	**35,650**	**-**	**35,650**
Refundable deposits	**-**	**10,653**	**10,653**
Accrued income	**3,835**	**-**	**3,835**
Notes receivable	**1,818**	**-**	**1,818**
Advances to contractors	**-**	**3,304**	**3,304**
Other receivables and debit balances	**12,202**	**-**	**12,202**
	198,419	**13,957**	**212,376**

31 December 2013	*Current* *QR'000*	*Non-current* *QR'000*	*Total* *QR'000*
Net tenants receivable	88,238	-	88,238
Advances to suppliers	40,134	-	40,134
Prepaid expenses	25,645	-	25,645
Notes receivable	1,398	-	1,398
Refundable deposits	-	8,914	8,914
Advances to contractors	-	4,001	4,001
Accrued income	1,597	-	1,597
Other receivables and debit balances	12,227	-	12,227
	169,239	12,915	182,154

Movements in the allowance for impairment of tenants receivable were as follows:

	2014 ***QR'000***	*2013* *QR'000*
At 1 January	**37,644**	31,057
Allowance for impairment of tenants receivables (Note 25)	**28,960**	11,735
Reversal of allowance for impairment of tenants receivables (Note 25)	**(7,472)**	(5,148)
Transfers	**(440)**	-
At 31 December	**58,692**	37,644

Unimpaired financial assets are expected, on the basis of past experience, to be fully recoverable. The Group's practice is not to obtain collaterals over receivables and the vast majority of receivables are unsecured accordingly.

The ageing of unimpaired financial assets as at 31 December is as follows:

		Neither past due nor impaired	*Past due but not impaired*			
	Total *QR'000*	*QR'000*	*< 30 days* *QR'000*	*31 – 60 days* *QR'000*	*61 – 90 days* *QR'000*	*>90 days* *QR'000*
2014	**127,462**	**14,748**	**5,355**	**49,179**	**4,854**	**53,326**
2013	152,671	27,815	9,123	15,306	2,612	97,815

9 INVENTORY

	2014 *QR'000*	*2013* *QR'000*
Consumables	**8,129**	7,229
Buildings and maintenance materials	**13,573**	2,082
Goods in transit	**-**	3,847
	21,702	13,158

10 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent the Parent of the Group, the major shareholders, associated companies, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors.

Related party balances

Balances with related parties included in the consolidated statement of financial position are as follows;

Due from related parties

	2014 *QR'000*	*2013* *QR'000*
Dar Al Arab W.L.L. *(Note i)*	**32,893**	32,893
Emtedad for Real Estate Projects W.L.L.	**25,016**	-
SAK Holding Group Company W.L.L.	**14,592**	9,565
White Square Real Estate Company W.L.L.	**46**	262
Other related parties	**15**	572
	72,562	43,292

Due from related parties are segregated between non-current and current portions as follows:

31 December 2014	***Current*** ***QR'000***	***Non-current*** ***QR'000***	***Total*** ***QR'000***
Dar Al Arab W.L.L.	**32,893**	**-**	**32,893**
Emtedad for Real Estate Projects W.L.L.	**25,016**	**-**	**25,016**
SAK Holding Group Company W.L.L.	**14,592**	**-**	**14,592**
White Square Real Estate Company W.L.L.	**46**	-	**46**
Other related parties	**15**	**-**	**15**
	72,562	**-**	**72,562**

31 December 2013	*Current* *QR'000*	*Non-current* *QR'000*	*Total* *QR'000*
Dar Al Arab W.L.L.	32,893	-	32,893
SAK Holding Group Company W.L.L.	9,565	-	9,565
White Square Real Estate Company W.L.L.	262	-	262
Other related parties	572	-	572
	43,292	-	43,292

10 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Note i
The Group has agreed to increase the share of its investment in Dar Al Arab W.L.L. (an associate company of the Group) and the receivable balance will be converted to investment in associate during the next financial year.

Due to a related party

	2014 QR'000	*2013 QR'000*
SAK Trading and Contracting Company S.O.C.	**56,106**	64,863

	2014 QR'000	*2013 QR'000*
Islamic financing borrowings from an associate Bank	**2,686,669**	2,840,659

Due to a related party is segregated between non-current and current portions as follows:

31 December 2014	***Current QR'000***	***Non-current QR'000***	***Total QR'000***
SAK Trading and Contracting Company S.O.C.	**56,106**	-	**56,106**

31 December 2013	*Current QR'000*	*Non-current QR'000*	*Total QR'000*
SAK Trading and Contracting Company S.O.C.	64,863	-	64,863

Related party transactions
Transactions with related parties during the year are as follows:

	2014 QR'000	*2013 QR'000*
Construction of investment properties (i)	**248,215**	629,884
Finance costs capitalized to properties under development	**67,042**	83,543
Finance costs charged to the consolidated statement of income	**61,615**	53,262
Rental income	**6,049**	4,117

Terms and conditions of transactions with related parties
Except for Islamic financing borrowings from an associate bank which are secured against mortgages on different types of investment properties owned by the Group and carries finance cost, outstanding balances of related parties at the year-end are unsecured and free of finance cost, in addition there have been no guarantees provided or received for any other related party receivables or payables.

For the years ended 31 December 2014 and 2013, the Group has not recorded any impairment of receivables relating to amounts owed by the related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(i) The Group has entered into a construction agreement with SAK Trading and Contracting Company S.O.C. to construct its investment properties.

10 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Compensation of directors and other key management personnel

	2014 ***QR'000***	*2013* *QR'000*
Board of Directors' remuneration (*)	**16,430**	10,000
Total key management and executive committee benefits	**41,129**	32,944
	57,559	42,944

* According to article 67 paragraph 4 of the Company's article of association, it has been decided to provide QR 16,430 thousand (2013: QR 10,000 thousand) as Board of Directors' remuneration for the year .

11 INVESTMENT PROPERTIES HELD FOR SALE

During the year, the Group has decided to dispose certain investment properties. The Group has sold certain properties during the year and Group has identified the buyers and agreed for the prices for the other properties classified as held for sale. These are planned to be disposed within twelve-months from the reporting date.

Carrying value and the movement of the investment properties held for sale are as follows;

	2014 ***QR'000***	*2013* *QR'000*
Balance at 1 January	-	-
Transferred from investment properties (Note 13)	**358,978**	-
Disposals during the year *(Note i)*	**(59,441)**	-
	299,537	-

Note i
The Group has recognised a gain of QR 24,383 thousand during the year from the sale of certain investment properties classified as held for sale.

Note ii
The Group has received an advance payment amounted to QR 19,308 thousand in respect of sale of certain investment properties classified as held for sale at the reporting date. These advances are recognised as a liability and included in Note 16 in these consolidated financial statements.

12 AVAILABLE FOR SALE FINANCIAL ASSETS

	2014	*2013*
Number of quoted shares in thousands	**92,275**	91,783

12 AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)

Movements in cumulative changes in fair values arising from available for sale financial assets owned by the Group are as follows:

	2014 ***QR'000***	*2013* *QR'000*
Balance at 1 January	**335,980**	(46,798)
Net gain on available for sale financial assets *(Note 21)*	**928,837**	382,092
	1,264,817	335,294

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:

	2014 ***QR'000***	*2013* *QR'000*
Banks and financial institutions	**3,877,425**	2,735,735
Industry	**1,040,351**	891,590
Consumer goods and services	**250,309**	16,239
Telecommunication	**21,607**	13,645
Insurance	**754**	-
Transportation	**-**	133,381
Real estate	**-**	8,414
	5,190,446	3,799,004

Notes:

(i) All available for sale financial assets of the Group are local shares listed at Qatar Exchange.

(ii) The mortgages on available for sale financial assets are disclosed in Note 17.

(iii) During the year, the Group's ownership interest in Widam Food Company Q.S.C. and Qatar Investors Group Q.S.C. reached to 23.02% and 20% respectively. However, these investments are still accounted for as available for sale financial assets since the Group does not have significant influence over the operating and financial decisions of the investees.

13 INVESTMENT PROPERTIES

The Movement in the investment properties during the year is as follows:

	2014 ***QR'000***	*2013* *QR'000*
At 1 January	**33,855,075**	33,203,145
Development costs during the year	**390,212**	738,923
Transferred to investment properties held for sale (Note 11)	**(358,978)**	-
Capitalized finance costs on property under development (Note 26) (*Note ii)*	**276,773**	333,248
Gain on revaluation of investment properties	**53,457**	16,588
Disposal of properties	**-**	(465,476)
Acquired land and properties during the year	**-**	28,647
At 31 December	**34,216,539**	33,855,075

Investment properties consists of:

	2014 ***QR'000***	*2013* *QR'000*
Completed properties	**26,533,581**	18,046,012
Projects under Development	**7,682,958**	15,809,063
	34,216,539	33,855,075

Note i:
Investment properties are stated at fair value, which has been determined based on valuation performed by accredited independent valuer as at 31 December 2014 and 2013. The valuer, D.T.Z Qatar L.L.C., is an accredited independent valuer with a recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuers have used their market knowledge and professional judgment and not only relied on historical transactions comparable. 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").

Note ii:
Capitalized finance cost is calculated based on the actual qualifying expenditures related to the projects under development. Finance cost is capitalized using the Group's weighted average finance cost rate of 4.98% (2013: 6.6%).

Note iii:
The mortgages on the investment properties are disclosed in Note 17.

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

The outstanding balances of the investments in equity accounted investees are represented as follows:

	Country of incorporation	*Ownership interest*			
		2014	*2013*	***2014***	*2013*
		%	*%*	***QR'000***	*QR'000*
Medicare Group Q.S.C.	Qatar	24.69%	24.69%	**326,465**	297,618
Qatar International Islamic Bank Q.S.C.	Qatar	22.66%	22.65%	**2,059,807**	1,963,175
Qatar Islamic Insurance Company Q.S.C.	Qatar	23.82%	23.82%	**216,178**	212,103
Dar Al-Sharq for Printing, Publishing, and Distribution W.L.L.	Qatar	30.00%	30.00%	**208,573**	188,929
Dar Al-Arab W.L.L.	Qatar	49.00%	49.00%	**34,089**	31,604
White Square Real Estate W.L.L.	Qatar	32.50%	32.50%	**150,581**	138,773
Islamic Holding Group Q.S.C.	Qatar	29.58%	**-**	**58,006**	-
Emtedad for Real Estate Projects W.L.L.	Qatar	67.50%	**-**	**135**	-
				3,053,834	2,832,202

Notes:

(i) The mortgages on investments in associates are disclosed in Note 17.

(ii) During the year, the Group has acquired additional interest in Islamic Holding Group Q.S.C and obtained significant influence over financial and operating policy decisions. Accordingly, Group has accounted the investment as equity accounted investees. Refer Note 6 for further details.

(iii) During the year the Group has invested in Emtedad for real estate projects W.L.L.

(iv) Goodwill was tested for impairment as at 31 December 2014. The recoverable amounts of the investment were determined based on value in use calculated using cash flows projections by Group's management covering a period of five to ten years.

Key assumptions used in value in use calculation

Key assumptions
The principal assumptions used in the projections relate to the average revenue, cost of goods sold, operating costs, and EBITDA. The assumptions are constructed based upon historic experience and Group's management best estimate of future trends and performance and take account over the budget period of anticipated efficiency improvements.

Discount rates
Discount rates reflect management's estimate of the risks specific to each investee company. Discount rates are based on a weighted average cost of capital for each investee Company. In determining appropriate discount rates for each investee company, regard has been given to the risk free rate, Beta, Equity risk premium and Size premium of each investee company.

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

Medicare Group Q.S.C.
Medicare Group Q.S.C. was incorporated in Qatar as a shareholding Company on 30 December 1996. Medicare Group Q.S.C. is engaged in providing medical services in the State of Qatar.

The following table summarizes the financial information of the Group's investment in the associate company.

	2014	*2013*
	QR'000	*QR'000*
Share of associates' statement of financial position:		
Total assets	**256,599**	225,127
Total liabilities	**(28,081)**	(25,414)
Net assets	**228,518**	199,713
Goodwill	**97,947**	97,905
Carrying amount of the investment	**326,465**	297,618
Share of associates' revenues and results:		
Revenues	**139,142**	103,141
Share of associates' results	**48,033**	23,458
Adjustments due to trading on shares of associate	**-**	(110,635)
Net share of associates' results	**48,033**	(87,177)

Qatar International Islamic Bank Q.S.C.
Qatar International Islamic Bank (the "Bank") was incorporated in the State of Qatar under Amiri Decree No.52 of 1990. The Bank is engaged in banking, financing and investing activities in accordance with Islamic Shari'a principles and regulations of Qatar Central Bank.

The following table summarizes the financial information of the Group's investment in the associate bank.

	2014	*2013*
	QR'000	*QR'000*
Share of associates' statement of financial position:		
Total assets	**8,784,577**	7,796,921
Total liabilities	**(7,485,176)**	(6,593,246)
Net assets	**1,299,401**	1,203,675
Goodwill	**760,406**	759,500
Carrying amount of the investment	**2,059,807**	1,963,175
Share of associates' revenues and results:		
Revenues	**294,467**	320,543
Results	**225,263**	182,998

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

Qatar Islamic Insurance Company Q.S.C.

Qatar Islamic Insurance Company Q.S.C. was incorporated in the State of Qatar as a Closed Shareholding Company on 30 October 1993. On 12 December 1999 the Company changed its status to a public listed Company. The Company is engaged in business of underwriting general, Takaful (life) and health non-interest insurance in accordance with the Islamic Shari'a principles.

The following table summarizes the financial information of the Group's investment in the associate company.

	2014 ***QR'000***	*2013* *QR'000*
Share of associates' statement of financial position:		
Total assets	**183,572**	176,592
Total liabilities	**(109,489)**	(106,584)
Net assets	**74,083**	70,008
Goodwill	**142,095**	142,095
Carrying amount of the investment	**216,178**	212,103
Share of associates' revenues and results:		
Revenues	**25,361**	25,230
Share of associates' results	**17,069**	16,506
Adjustments due to trading on shares of associate	**-**	(26,066)
Net share of associates' results	**17,069**	(9,560)

Dar Al-Sharq for Printing, Publishing and Distribution W.L.L.

Dar Al-Sharq for Printing, Publishing and Distribution W.L.L. was incorporated in the State of Qatar as a limited liability company on 24 October 1985.

The main activities of Dar Al-Sharq for Printing, Publishing and Distribution Company W.L.L. is the publication of two daily newspapers, Al Sharq newspaper (Arabic Language) and Peninsula Newspaper (English Language) and the operation of a printing press.

The following table summarizes the financial information of the Group investment in the associate company.

	2014 ***QR'000***	*2013* *QR'000*
Share of associates' statement of financial position:		
Total assets	**169,458**	149,281
Total liabilities	**(34,860)**	(34,327)
Net assets	**134,598**	114,954
Goodwill	**73,975**	73,975
Carrying amount of the investment	**208,573**	188,929
Share of associates' revenues and results:		
Revenues	**66,728**	60,134
Results	**15,692**	23,567

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

Dar Al-Arab W.L.L.

Dar Al-Aarab W.L.L. was incorporated in the State of Qatar as a Limited Liability Company on 9 September 2004. The main activities of Dar Al-Arab Company W.L.L. include the publication of Al Arab newspaper.

The following table summarizes the financial information of the Group's investment in the associate company

	2014 ***QR'000***	*2013* *QR'000*
Share of associates' statement of financial position:		
Total assets	**89,572**	79,785
Total liabilities	**(69,348)**	(62,046)
Net assets	**20,224**	17,739
Goodwill	**13,865**	13,865
Carrying amount of the investment	**34,089**	31,604
Share of associates' revenues and results:		
Revenues	**24,278**	21,535
Results	**2,485**	4,761

White Square Real Estate W.L.L.

White Square Real Estate W.L.L. is a jointly controlled entity which was incorporated in the State of Qatar as a limited liability company on 12 June 2011.

White Square Real Estate Company W.L.L. is involved in acquiring and sale of properties, real-estate development, and managing of property and collecting rentals.

The following table summarizes the financial information of the Group's investment in the joint venture company.

	2014 ***QR'000***	*2013* *QR'000*
Share of joint venture's statement of financial position:		
Total assets	**227,860**	184,497
Total liabilities	**(77,279)**	(45,724)
Carrying amount of the investment	**150,581**	138,773
Share of joint venture's results:		
Results	**11,808**	138,708

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

Islamic Holding Group Q.S.C.

Islamic Holding Group Q.S.C. was established as a Qatari Private Shareholding Company and registered under the Commercial Registration No. 26337 and was converted in to Public Shareholding Company during 2006. The principal activities of Islamic Holding Group Q.S.C. are investing in shares, bonds and brokerage services in Qatar Exchange according to the Islamic Shari'a. Islamic Holding Group Q.S.C. is governed by the provisions of Qatar Commercial Companies' Law No.5 of 2002 and the regulations of Qatar Financial Market Authority and Qatar Exchange.

The following table summarizes the financial information of the Group's investment in the associate company.

	2014 QR'000	*2013 QR'000*
Share of associates' statement of financial position:		
Total assets	**166,747**	-
Total liabilities	**(146,696)**	-
Net assets	**20,051**	-
Goodwill	**37,955**	-
Carrying amount of the investment	**58,006**	-
Share of associates' revenues and results:		
Revenues	**8,477**	-
Share of associates' results	**3,769**	-

Emtedad for Real Estate Projects W.L.L.

Emtedad for Real Estate Investments W.L.L.. is a limited liability Company incorporated in the State of Qatar on 18 Match 2014 under the Commercial Registration number 64782.

Emtedad for Real Estate Projects W.L.L. is involved in buying and selling of properties, property developments and real estate brokerage.

The following table summarizes the financial information of the Group's investment in the joint venture company.

	2014 QR'000	*2013 QR'000*
Share of joint venture's statement of financial position:		
Total assets	**135**	-
Total liabilities	**-**	-
Carrying amount of the investment	**135**	-

15 PROPERTY AND EQUIPMENT

	Buildings QR'000	*Motor vehicles QR'000*	*Furniture, fixtures and office equipment QR'000*	*Total QR'000*
Cost				
At 1 January 2014	12,852	5,634	50,300	68,786
Additions	-	1,116	8,684	9,800
Disposals	-	(166)	-	(166)
At 31 December 2014	12,852	6,584	58,984	78,420
Depreciation				
At 1 January 2014	2,678	1,386	37,184	41,248
Charge for the year	643	1,183	7,345	9,171
Relating to disposals	-	(58)	-	(58)
At 31 December 2014	3,321	2,511	44,529	50,361
Net carrying amount				
31 December 2014	**9,531**	**4,073**	**14,455**	**28,059**

	Buildings QR'000	*Motor vehicles QR'000*	*Furniture, fixtures and office equipment QR'000*	*Total QR'000*
Cost				
At 1 January 2013	12,852	7,684	38,762	59,298
Additions	-	3,688	13,161	16,849
Disposals	-	(5,738)	(1,623)	(7,361)
At 31 December 2013	12,852	5,634	50,300	68,786
Depreciation				
At 1 January 2013	2,035	3,117	32,737	37,889
Charge for the year	643	2,716	4,990	8,349
Relating to disposals	-	(4,447)	(543)	(4,990)
At 31 December 2013	2,678	1,386	37,184	41,248
Net carrying amount				
31 December 2013	10,174	4,248	13,116	27,538

16 PAYABLES AND OTHER LIABILITIES

	2014 ***QR'000***	*2013* *QR'000*
Tenants deposits	**145,130**	126,778
Unearned rents	**76,203**	130,343
Accrued expenses	**65,734**	34,048
Provision for Social and Sports Activities Fund	**46,562**	49,552
Contractors and suppliers payable	**53,555**	44,946
Provision for end of services benefits	**20,631**	13,423
Advances from customers (Note 11)	**19,308**	-
Retention payable	**11,593**	10,863
Derivative financial liability (Note 29)	**4,446**	-
Other payables	**6,757**	7,543
	449,919	417,496

Payables and accruals are segregated between current and non-current portions as follows:

31 December 2014	***Current*** ***QR'000***	***Non-current*** ***QR'000***	***Total*** ***QR'000***
Tenants deposits	**-**	**145,130**	**145,130**
Unearned rents	**76,203**	**-**	**76,203**
Accrued expenses	**65,734**	**-**	**65,734**
Provision for Social and Sports Activities Fund	**46,562**	**-**	**46,562**
Contractors and suppliers payable	**53,555**	**-**	**53,555**
Provision for end of services benefits	**-**	**20,631**	**20,631**
Advances from customers	**19,308**	**-**	**19,308**
Retention payable	**-**	**11,593**	**11,593**
Derivative financial liability	**-**	**4,446**	**4,446**
Other payables	**6,757**	**-**	**6,757**
	268,119	**181,800**	**449,919**

31 December 2013	*Current* *QR'000*	*Non-current* *QR'000*	*Total* *QR'000*
Tenants deposits	-	131,639	131,639
Unearned rents	130,343	-	130,343
Accrued expenses	34,048	-	34,048
Provision for Social and Sports Activities Fund	49,552	-	49,552
Contractors and suppliers payable	44,946	-	44,946
Provision for end of services benefits	-	13,423	13,423
Retention payable	-	10,863	10,863
Other payables	2,682	-	2,682
	261,571	155,925	417,496

17 ISLAMIC FINANCING BORROWINGS

The movements in the Islamic financing borrowings during the year were as follows:

	2014	*2013*
	QR'000	*QR'000*
At 1 January	**12,076,283**	10,225,395
Additional facilities obtained during the year	**1,825,000**	2,622,000
Finance costs	**602,217**	545,706
Repayments of outstanding facilities during the year	**(1,693,866)**	(1,316,818)
At 31 December	**12,809,634**	12,076,283

Islamic financing borrowings are segregated between current and non-current maturity periods as follows:

	2014	*2013*
	QR'000	*QR'000*
Current portion	**1,234,220**	1,540,682
Non-current portion	**11,575,414**	10,535,601
	12,809,634	12,076,283

Terms and conditions of the outstanding facilities were as follows:

			2014	*2013*
Type of facilities	***Currency***	***Profit rates charged by banks***	***QR'000***	*QR'000*
Secured Murabaha	QR	REPO rate	**7,505,803**	7,750,276
Secured Ijara	QR	REPO rate	**3,130,597**	3,318,496
Secured Murabaha	USD	REPO rate	**1,622,100**	660,280
Secured Ijara	USD	3 M LIBOR	**551,134**	300,177
Tawarruq Islamic financing	QR	REPO rate	**-**	47,054
			12,809,634	12,076,283

Note i:
The Islamic financing borrowings have been obtained for the purpose of financing long term projects and working capital requirements of the Group. The contracts carry profits at commercial rates.

Note ii:
In April 2014, the Group obtained a new syndicated Islamic financing borrowing amounted to QR 1,825,000 thousand. The syndicated Islamic financing borrowing carries profit at QCB Repo rate plus margin. The profit and the principal are payable on quarterly basis starting from 17 July 2015. The Group has entered into an interest rate swap contract to match the profit in relation to the part of this Islamic financing borrowing. Details are disclosed in Note 29.

Note iii:
As at 31 December 2014, the Group had secured borrowings against mortgages on different types of investment properties owned by the Group with a carrying value of QR 16,724,264 thousand (31 December 2013: QR 16,724,264 thousand) and mortgage against quoted shares included in the consolidated financial statements within available-for-sale financial assets and investments in equity accounted investees with carrying value of QR 4,451,507 thousand at 31 December 2014 (31 December 2013: QR 3,881,109 thousand).

17 ISLAMIC FINANCING BORROWINGS (CONTINUED)

The maturity profiles of the facilities are as follows:

31 December 2014	***1 year QR'000***	***2-5 years QR'000***	***Over 5 years QR'000***	***Total QR'000***
Secured Murabaha (QR)	**624,179**	**3,304,377**	**3,577,247**	**7,505,803**
Secured Ijara (QR)	**214,189**	**1,093,665**	**1,822,743**	**3,130,597**
Secured Murabaha (USD)	**295,606**	**1,296,146**	**30,348**	**1,622,100**
Secured Ijara (USD)	**100,246**	**450,888**	**-**	**551,134**
	1,234,220	**6,145,076**	**5,430,338**	**12,809,634**

31 December 2013	*1 year QR'000*	*2-5 years QR'000*	*Over 5 years QR'000*	*Total QR'000*
Secured Murabaha (QR)	755,300	4,787,301	2,207,675	7,750,276
Secured Ijara (QR)	425,522	2,158,696	734,278	3,318,496
Secured Murabaha (USD)	72,977	435,220	152,083	660,280
Secured Ijara (USD)	239,829	60,348	-	300,177
Tawarruq Islamic financing (QR)	47,054	-	-	47,054
	1,540,682	7,441,565	3,094,036	12,076,283

Note:
During the year, the Group rescheduled certain borrowings amounted to QR 5,404,168 thousand. The original maturity of these borrowings were in 2018 and these were rescheduled and the revised maturity period extended up to 2024.

18 SHARE CAPITAL

	2014 QR'000	*2013 QR'000*
Authorised, issued and fully paid up:		
2,652,496,691 shares of QR 10 each	**26,524,967**	26,524,967

19 LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies Law No. 5 of 2002 and the Company's Article of Association, a minimum of 10% of the net profit should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid up 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.

20 CONTRIBUTION TO SOCIAL AND SPORTS ACTIVITIES FUND

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit in amount of QR 34,009 thousands (2013: QR 26,781 thousands) equivalent to 2.5% of the consolidated net profit for the year for the support of sports, cultural, social and charitable activities.

21 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2014 ***QR'000***	*2013* *QR'000*
Revaluation reserve		
Available-for-sale financial assets		
Net gain on available-for-sale financial assets	**1,107,453**	325,375
Net gain on disposal of available-for-sale financial assets reclassified to consolidated statement of income	**(214,854)**	(81,866)
Reclassification of impairment losses on available-for-sale financial assets charged to consolidated statement of income	**44,699**	138,583
Reclassification of gain recognised in the statement of income	**(8,461)**	-
Net gain on available-for-sale financial assets	**928,837**	382,092
Loss on cash flow hedges (Note 29)	**(4,446)**	-
Share of net movement in revaluation reserve of associates	**4,437**	686
	928,828	382,778
Foreign currency translation reserve		
Share of net movement in foreign currency translation reserve of an associate	**-**	(1,238)
Other comprehensive income for the year	**928,828**	381,540

22 OTHER OPERATING REVENUES

	2014 ***QR'000***	*2013* *QR'000*
Compensation from Government (*Note i)*	**23,671**	-
Food and beverage revenues	**16,943**	9,362
Health hub income	**4,543**	465
Internet income	**4,522**	-
Rebate commission	**2,226**	4,391
Property management fee	**2,142**	-
Laundry revenue	**1,580**	1,161
Charges from tenants	**-**	12,481
Others	**9,015**	15,637
	64,642	43,497

Note i

This pertaining to the amounts received from the Government during the year on account of the acquisition of certain properties in prior years by the Government. The Group has recognised the cost of such properties in prior years in the consolidated statement of income.

23 OPERATING EXPENSES

	2014	2013
	QR'000	QR'000
Staff costs	**74,273**	38,076
Electricity and water	**51,926**	29,505
Sewage	**33,760**	21,905
Maintenance expenses	**28,950**	19,298
Generators and equipment rental	**29,439**	18,157
Cleaning	**22,136**	14,569
Security	**17,635**	8,933
Air-conditioning	**15,648**	14,769
Food and beverage	**7,465**	5,052
Laundry and dry cleaning	**5,933**	2,461
Rental commissions	**618**	5,345
Other expenses	**9,191**	6,028
	296,974	184,098

24 OTHER INCOME

	2014	2013
	QR'000	QR'000
Profit on Islamic bank accounts (Note 26)	**6,893**	5,651
Miscellaneous income	**3,993**	1,798
	10,886	7,449

25 GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	QR'000	QR'000
Staff costs	**117,817**	87,247
Executive Committee benefits	**32,500**	26,925
Allowance for impairment of tenants receivable (Note 8)	**28,960**	11,735
Reversal of impairment of tenants receivable (Note 8)	**(7,472)**	(5,148)
Advertising and marketing	**17,795**	12,821
Board of Directors remunerations (Note 10)	**16,430**	10,000
Consulting, legal & professional expenses	**10,407**	12,146
Qatar Exchange registration fees	**8,166**	8,311
Compensation expenses	**6,501**	-
Information systems expenses	**4,035**	2,584
Legal expenses	**2,495**	-
Communication	**1,803**	262
Printing & Stationery	**1,407**	333
Insurance	**1,343**	452
Donations	**1,271**	3,377
Bank charges	**665**	1,071
Other expenses	**11,235**	8,844
	255,358	180,960

26 FINANCE COSTS AND INCOME

	2014	*2013*
	QR'000	*QR'000*
Finance costs		
Profits charged by banks on Islamic financing borrowings	**602,217**	545,706
Less: capitalized finance costs (Note 13)	**(276,773)**	(333,248)
Banks profits charged to the consolidated statement of income	**325,444**	212,458
Finance income		
Profit on Islamic bank accounts (Note 24)	**6,893**	5,651

27 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year.

	2014	*2013*
Profit for the year (QR'000)	**1,360,365**	1,071,256
Weighted average number of shares outstanding during the year (thousands of share)	**2,652,497**	2,652,497
Basic earnings per share (QR)	**0.51**	0.40

There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

28 DIVIDENDS

At the General Assembly meeting held on 1 April 2014, the shareholders approved a cash dividend of QR 0.31 per share amounting to a total of QR 822,274 thousand for the year ended 31 December 2013 (2012: QR 0.13 per share amounting to a total of QR 344,826 for the year ended 31 December 2012).

The Board of Directors has proposed cash dividends of QR 0.40 per share totalling to QR 1,061,000 for the year ended 31 December 2014. The proposed dividend for the year ended 31 December 2014 will be submitted for approval at the Annual General Assembly meeting.

29 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into interest rate swap contract effective up to 2019 in order to hedge against the interest rate risk arising from certain Islamic financing borrowings obtained at variable profit rates. Under the terms of the interest rate swap contract, the Group pays fixed rate of profit at 1.36% per annum and will receive floating profit based on 3 months LIBOR. The terms of the interest rate swap contract has been negotiated to match the terms of the Islamic financing borrowings.

Derivative financial instrument included in the statement of financial position are as follows;

	2014 ***QR'000***	*2013* *QR'000*
Derivative financial liabilities		
Negative fair value (Note 16)	**4,446**	-
	4,446	-

Negative fair value is included in the payables and other liabilities in Note 16.

30 CONTINGENT LIABILITIES

	2014 ***QR'000***	*2013* *QR'000*
Bank guarantees	**9,687**	9,787
Letters of credit	**8,875**	4,886

The Group anticipates that no material liabilities will arise from the above guarantees and letter of credits, which are issued in the ordinary course of business.

31 CONTRACTUAL COMMITMENTS

	2014 ***QR'000***	*2013* *QR'000*
Contractual commitments to contractors and suppliers for development of projects	**113,047**	357,022

32 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT

Risk management framework
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The management is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group subsidiaries follow the Group risk management policies, being that the activities of the subsidiaries of the Group are monitored by the Company's Board of Directors and Committees.

The Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework, and implementing the same through the Executive Committee. Executive Committee report regularly to the Board on its activities, either on ad-hoc basis or periodically.

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

(i) credit risk
(ii) liquidity risk
(iii) market risk
(iv) operational risks
(v) real estate risk
(iv) other risks

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

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from rental activities, advances to contractors and suppliers, bank balances and due from related parties.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Tenants receivable
The Group's exposure to credit risk is mainly influenced by the individual characteristics of each tenant leasing its rental units. However, management also considers the demographics of the Group's tenants base, including the default risk in the real estate industry and the country in which the Group operates (i.e. the State of Qatar), as these factors directly influence credit risk.

As a result of improving the economic circumstances in 2014, certain tenants groups have been redefined, particularly the tenants of commercial property, since the Group's experience is that the economic recovery has had a greater impact in the commercial property sector than the other residential sectors by its classes, as commercial sector is directly correlated with the increased aggregate demand in the market in which the property operates.

Allowances for impairment
The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its receivables. The main component of this allowance is a provision policy loss component that relates to individually significant exposures. The allowances for impairment of receivables and movement thereon during the year is disclosed in Note 8.

32 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Write-off

The Group writes off receivables (and any related allowances for impairment) when the management determines that the receivables and balances are uncollectible based on the approval of the Chief Executive Officer of the Group. This is determined after all possible efforts of collecting the amounts have been exhausted.

Advances and related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each contractor/suppliers, and related party. The demographics of the Group's project base, including the default risk of the industry and country, in which the contractor/supplier operate, has less of an influence on credit risk. Material amounts of the Group's advances/ collections are attributable to contractors originating from the State of Qatar.

On the other hand, all material transactions with related parties are firstly approved by the Board of Directors, and / or the Shareholders in their General Assembly Meetings, if stipulated under the relevant laws. The Group's policy is that advances and related parties are stated at original paid advance / invoice amount less a provision for any uncollectible amounts. An estimate for impairment of receivable is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery, if any.

Balances with banks

Credit risk on balances and placements with banks and other financial institutions is limited as they are placed with local banks having good credit ratings assigned by international credit rating agencies.

Exposure to credit risk

The carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2014	*2013*
	QR'000	*QR'000*
Banks balances (excluding cash)	**297,494**	450,237
Receivables and other debit balances	**54,900**	109,379
Due from related parties	**72,562**	43,292
	424,956	602,908

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 damage to the Group's reputation.

The Group uses project-based costing to cost its projects and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group monitors its bank accounts and cash requirements through monthly budgets and reviews actual versus budgeted cash movements on a daily basis, as to ensure that cash and bank accounts are managed in the optimum manner to the Group.

32 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The following are the contractual maturities of financial assets and financial liabilities excluding deferred finance profit of Islamic borrowings and excluding the impact of netting agreements, if any:

31 December 2014	*Carrying amounts QR'000*	*Contractual cash in (out) flows QR'000*	*Less than 1 year QR'000*	*1 – 2 years QR'000*	*2 – 5 years QR'000*	*More than 5 years QR'000*
Financial Assets						
Cash and bank balances	**297,785**	**297,785**	**297,785**	**-**	**-**	**-**
Due from related parties	**72,562**	**72,562**	**72,562**	**-**	**-**	**-**
Financial receivables						
Net tenants receivable	**32,045**	**32,045**	**32,045**	**-**	**-**	**-**
Refundable deposits	**10,653**	**10,653**	**-**	**-**	**10,653**	**-**
Notes receivables	**1,818**	**1,818**	**1,818**	**-**	**-**	**-**
Accrued income	**3,835**	**3,835**	**3,835**	**-**	**-**	**-**
Other receivables	**12,202**	**12,202**	**12,202**	**-**	**-**	**-**
	430,900	**430,900**	**420, 247**	**-**	**10,653**	**-**
Financial Liabilities						
Islamic financing borrowings	**12,809,634**	**(12,809,634)**	**(1,234,220)**	**(1,175,737)**	**(4,969,340)**	**(5,430,337)**
Due to a related party	**56,106**	**(56,106)**	**(56,106)**	**-**	**-**	**-**
Financial payables						
Contractors and suppliers payable	**53,555**	**(53,555)**	**(53,555)**			
Retention payable	**11,593**	**(11,593)**	**-**	**(11,593)**	**-**	**-**
Tenants deposits	**145,130**	**(145,130)**	**-**	**(145,130)**	**-**	**-**
Accrued expenses	**65,734**	**(65,734)**	**(65,734)**	**-**	**-**	**-**
Other payables	**6,757**	**(6,757)**	**(6,757)**	**-**	**-**	**-**
	13,148,509	**(13,148,509)**	**(1,416,372)**	**(1,332,460)**	**(4,969,340)**	**(5,430,337)**

32 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Liquidity risk (continued)

31 December 2013	*Carrying amounts QR'000*	*Contractual cash in (out) flows QR'000*	*Less than 1 year QR'000*	*1 – 2 years QR'000*	*2 – 5 years QR'000*	*More than 5 years QR'000*
Financial Assets						
Cash and bank balances	450,490	450,490	450,490	-	-	-
Due from related parties	43,292	43,292	43,292	-	-	-
Financial receivables						
Net tenants receivable	88,238	88,238	88,238	-	-	-
Refundable deposits	8,914	8,914	-	-	8,914	-
Notes receivables	1,398	1,398	-	-	-	-
Accrued income	1,597	1,597	1,597	-	-	-
Other receivables	12,227	12,227	12,227	-	-	-
	606,156	606,156	595,844	-	8,914	-
Financial Liabilities						
Islamic financing borrowings	12,076,283	(12,076,283)	(1,540,682)	(1,900,632)	(5,540,933)	(3,094,036)
Due to related parties	64,863	(64,863)	(64,863)	-	-	-
Financial payables						
Contractors and suppliers payable	44,946	(44,946)	(44,946)	-	-	-
Retention payable	10,863	(10,863)	-	(10,863)	-	-
Tenants deposits	131,639	(131,639)	-	(131,639)	-	-
Accrued expenses	34,048	(34,048)	(34,048)	-	-	-
Other payables	2,682	(2,682)	(2,682)	-	-	-
	12,365,324	(12,365,324)	(1,687,221)	(2,043,134)	(5,540,933)	(3,094,036)

Market risk

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

Currency risk

The Group is not exposed to currency risk as the Group has a facility balance denominated in USD disclosed in Note 17, and the USD is pegged to Qatari Riyal. In respect of other monetary assets and liabilities denominated in foreign currencies, the relevant transactions' values are immaterial to result in currency risks to the Group.

Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates.The Group adopts a policy of ensuring that profit rates on short term deposits and finance cost rate on Islamic financing borrowings exposures are reviewed monthly, and that finance cost rates are not subject to present fluctuations in profit rates. The Group's policy ensures that most of the exposure on profit rates on borrowings are on a fixed basis or are based on Qatar Central Bank rate REPO rates , unless, the variable basis are in favourable terms to the Group.

Further, the Group does not account for any financial assets and liabilities at fair value through profit or loss, and the Group does not enter into derivative instrument agreements, except for those disclosed in Note 29 to these consolidated financial statements. Therefore the changes to bank profit rates at the reporting date would not adversely affect the profit or loss.

32 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Market risk (continued)

Profit rate risk (continued)
At the reporting date the profit rate profile of the Group's interest bearing financial instruments was:

	2014 QR'000	*2013 QR'000*
Deposits	**190,000**	400,000
Islamic financing borrowings	**11,428,789**	11,969,238

The following table demonstrates the sensitivity of equity and profit or loss to reasonably possible changes in profit rates by 25 basis points, with all other variables held constant. The sensitivity of equity and profit or loss is the effect of the assumed changes in profit rates for one year, based on the floating rate financial instruments held at 31 December. The effect of decreases in profit rates is expected to be equal and opposite to the effect of the increases shown.

	Net effect on profit or loss +25b.p QR'000
At 31 December 2014	**(28,096)**
At 31 December 2013	(28,923)

Equity price risk
Equity price risk is the risk that the fair value of equities decreases as the result of unfavourable changes in equity levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Group's investments in equity securities.The Group manages this risk through diversification of its investments in terms of industry concentration and by seeking representation on the Board of Directors within the investee companies.

The following table demonstrates the sensitivity of the effect of cumulative changes in fair value of the Group to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decrease in equity prices is expected to be equal and opposite to the effect of the increase shown.

	Changes in equity prices	***Effect on equity QR'000 2014***	*Effect on equity QR'000 2013*
Available for sale financial assets	**+10%**	**519,045**	379,900

32 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each department. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements documentation of controls and procedures.
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- requirements for the reporting of operational losses and proposed remedial action.
- development of contingency plans.
- training and professional development.
- ethical and business standards.
- risk mitigation, including insurance of property and against embezzlement, where this is effective.

Real estate risk

The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses its related parties in developing its projects, which employs experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process, and utilizes the accumulated experience in contracting for the purpose of reducing development costs as compared to the relevant market.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property see also credit risk. To reduce this risk, the Group reviews the financial status of all prospective major tenants and decides on the appropriate level of security required via rental deposits or guarantees.
- The exposure of the fair values of the portfolio to market and occupier fundamentals.

Other risks

Other risks to which the Group is exposed are regulatory risk, legal risk, and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues that are considered to have reputational repercussions for the Group, with guidelines and policies being issued as appropriate.

32 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to the shareholders.

The Group's main objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- to remain within the Group's quantitative banking covenants and attain a strong credit rating.

Further, the Board seeks to maintain a balance between higher targeted returns that might be possible with higher levels of borrowings, and the advantages and security afforded by the strong capital position of the Group.

The Group's net debt to equity ratio at the reporting date was as follows:

	2014 ***QR'000***	*2013* *QR'000*
Total liabilities	**13,315,659**	12,558,642
Less: cash and cash equivalents	**(98,098)**	(85,817)
Net debt	**13,217,561**	12,472,825
Total equity	**30,077,181**	28,644,271
Net debt to equity ratio at 31 December	**44%**	44%

On the other hand, the Board reviews regularly the borrowing to value ratio, which is calculated as the amount of outstanding debt divided by the fair value of investment properties portfolio. The Group's policy is to keep average borrowing to value at a low risk ratio.

The Group's borrowing to value ratio at the reporting date was as follows:

	2014 ***QR'000***	*2013* *QR'000*
Islamic financing borrowings	**12,809,634**	12,076,283
Fair value of investment properties	**34,216,539**	33,855,075
Borrowing to fair value ratio at 31 December	**37.44%**	35.67%

32 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Accounting classifications and fair values

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	2014		*2013*	
	Carrying Values QR'000	***Fair values QR'000***	*Carrying values QR'000*	*Fair Values QR'000*
Financial assets				
Bank balances	**297,494**	**297,494**	450,237	450,237
Available for- sale- financial assets	**5,190,446**	**5,190,446**	3,799,004	3,799,004
Due from related parties	**72,562**	**72,562**	43,292	43,292
Receivables	**54,900**	**54,900**	109,379	109,379
	5,615,402	**5,615,402**	4,401,912	4,401,912
Financial liabilities				
Islamic financing borrowings	**12,809,634**	**12,809,634**	12,076,283	12,076,283
Due to related parties	**56,106**	**56,106**	64,863	64,863
Payables and other liabilities	**221,481**	**221,481**	197,436	197,436
	13,087,221	**13,087,221**	12,338,582	12,338,582

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of the Group's assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The following table shows an analysis of assets recorded at fair value by level of the fair value hierarchy:

At 31 December 2014	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***	***Total QR'000***
Investment properties held for sale	**-**	**-**	**299,537**	**299,537**
Investment properties	-	**-**	**34,216,539**	**34,216,539**
Available for- sale- financial assets	**5,190,446**	-	-	**5,190,446**

At 31 December 2013	*Level 1 QR'000*	*Level 2 QR'000*	*Level 3 QR'000*	*Total QR'000*
Investment properties	-	-	33,855,075	33,855,075
Available for- sale- financial assets	3,799,004	-	-	3,799,004

During the years ended 31 December 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33 SEGMENT INFORMATION

For management purposes, the Group is divided into four operating segments which are based on business activities, as follows:

▪ Residential and commercial property	: The segment includes developing, owning, trading and renting of real estates.
▪ Investments	: The segment is engaged in investing activities including shares and bonds.
▪ Hotel and suites	: The segment includes managing hotels, suites, and restaurants.
▪ Mall	: The segment includes management of shopping malls.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

All of the assets of the Group are located in the State of Qatar, and hence there is no geographical segmentation for the Group.

33 SEGMENT INFORMATION (CONTINUED)

The following table presents revenues and expenses regarding the Group's operating segments.

31 December 2014	*Residential and commercial property QR'000*	*Investments QR'000*	*Hotels and suites QR'000*	*Mall QR'000*	*Total QR'000*
Rental income	**1,051,480**	**-**	**216,863**	**100,522**	**1,368,865**
Other operating revenues	**29,316**	**2,226**	**29,673**	**3,427**	**64,642**
Dividends income from available for sale financial assets	**-**	**167,194**	**-**	**-**	**167,194**
Net gain on sale of available for sale financial assets	**-**	**270,004**	**-**	**-**	**270,004**
Share from the results of equity accounted investees	**-**	**324,119**	**-**	**-**	**324,119**
Gain on sale of investment properties held for sale	**24,383**	**-**	**-**	**-**	**24,383**
Gain on acquisition of associate	**-**	**8,461**	**-**	**-**	**8,461**
Other income	**8,927**	**355**	**40**	**1,564**	**10,886**
Operating expenses	**(206,292)**	**-**	**(59,466)**	**(31,216)**	**(296,974)**
General and administrative expenses	**(219,870)**	**(3,337)**	**(16,959)**	**(15,192)**	**(255,358)**
Depreciation	**(6,758)**	**-**	**(2,279)**	**(134)**	**(9,171)**
Segment profit	**681,186**	**769,022**	**167,872**	**58,971**	**1,677,051**
Gain on revaluation of investment properties	**53,457**	**-**	**-**	**-**	**53,457**
Impairment loss of available for sale financial assets	**-**	**(44,699)**	**-**	**-**	**(44,699)**
Finance costs	**(325,444)**	**-**	**-**	**-**	**(325,444)**
Net profit	**409,199**	**724,323**	**167,872**	**58,971**	**1,360,365**

33 SEGMENT INFORMATION (CONTINUED)

31 December 2013	*Residential and commercial property QR'000*	*Investments QR'000*	*Hotels and suites QR'000*	*Mall QR'000*	*Total QR'000*
Rental income	718,312	-	191,938	55,232	965,482
Other operating revenues	10,155	4,391	12,285	16,666	43,497
Dividends income from available for- sale- financial assets	-	108,212	-		108,212
Net gain on sale of available for- sale- financial assets	-	261,967	-		261,967
Share from the results of equity accounted investees	-	253,297	-		253,297
Gain on sale of investment properties	139,212	-	-		139,212
Other income	6,322	69	34	1,024	7,449
Operating expenses	(122,933)	-	(52,915)	(8,250)	(184,098)
General and administrative expenses	(149,960)	(2,898)	(15,757)	(12,345)	(180,960)
Depreciation	(5,750)		(2,478)	(121)	(8,349)
Segment profit	595,358	625,038	133,107	52,206	1,405,709
Gain on revaluation of investment properties	16,588	-	-		16,588
Impairment loss of available for- sale- financial assets	-	(138,583)	-		(138,583)
Finance costs	(212,458)	-	-		(212,458)
Net profit	399,488	486,455	133,107	52,206	1,071,256

33 SEGMENT INFORMATION (CONTINUED)

The following table presents assets and liabilities of the Group's operating segments as of 31 December 2014 and 31 December 2013.

31 December 2014	*Residential and commercial property QR'000*	*Investments QR'000*	*Hotels and suites QR'000*	*Mall QR'000*	*Total QR'000*
Segment assets					
Cash and bank balances	**288,354**	**386**	**3,370**	**5,675**	**297,785**
Receivables and prepayments	**104,738**	**90,383**	**13,789**	**3,466**	**212,376**
Inventory	**13,574**	**-**	**8,128**	**-**	**21,702**
Due from related parties	**27,638**	**32,893**	**12,031**	**-**	**72,562**
Investment properties held for sale	**299,537**	**-**	**-**	**-**	**299,537**
Investments in equity accounted investees and available for sale financial assets	**-**	**8,244,280**	**-**	**-**	**8,244,280**
Investment properties	**28,216,315**	**-**	**4,460,250**	**1,539,974**	**34,216,539**
Property and equipment	**22,941**	**-**	**4,759**	**359**	**28,059**
Total assets	**28,973,097**	**8,367,942**	**4,502,327**	**1,549,474**	**43,392,840**
Segment liabilities					
Payables and other liabilities	**378,491**	**-**	**32,636**	**38,792**	**449,919**
Due to related parties	**56,106**	**-**	**-**	**-**	**56,106**
Islamic financing borrowings	**12,809,634**	**-**	**-**	**-**	**12,809,634**
Total liabilities	**13,244,231**	**-**	**32,636**	**38,792**	**13,315,659**

33 SEGMENT INFORMATION (CONTINUED)

31 December 2013	*Residential and commercial property QR'000*	*Investments QR'000*	*Hotels and suites QR'000*	*Mall QR'000*	*Total QR'000*
Segment assets					
Cash and bank balances	442,977	508	3,727	3,278	450,490
Receivables and prepayments	129,461	28,301	11,036	13,356	182,154
Inventory	7,239	-	5,919	-	13,158
Due from related parties	3,954	32,893	6,445	-	43,292
Investments in equity accounted investees and available-for-sale financial assets	-	6,631,206	-	-	6,631,206
Property and equipment	21,329	-	5,445	764	27,538
Investment properties	27,932,659	-	4,444,576	1,477,840	33,855,075
Total assets	28,537,619	6,692,908	4,477,148	1,495,238	41,202,913
Segment liabilities					
Payables and other liabilities	351,166	-	29,694	36,636	417,496
Due to related parties	64,863	-	-		64,863
Islamic financing borrowings	12,076,283	-	-	-	12,076,283
Total liabilities	12,492,312	-	29,694	36,636	12,558,642

34 COMPARATIVE FIGURES

Certain comparative figures in the financial statements for the year ended 31 December 2013 were reclassified to match with the current year's classification. However, such reclassifications did not have any effect on the consolidated net profit, comprehensive income or the total consolidated equity for the comparative year.