EZDAN HOLDING GROUP Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018

EZDAN HOLDING GROUP Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Ezdan Holding Group Q.P.S.C. (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matter (continued)

See Note 9 to the consolidated financial statements	
Description of key audit matter	**How the matter was addressed in our audit**
Valuation of Investment Properties • We focused on this area because investment properties on the consolidated statement of financial position amounted to QR 43,863,571 thousand which represents 88% of the Group's total assets. • Due to significant judgments, assumptions and estimates involved in the valuation of investment properties, it is considered as a key audit matter.	Our audit procedures in this area included, among others: • Assessing the independent external valuer's competence, capabilities and objectivity by discussing the scope of their work and reviewing their engagement for unusual terms or fee arrangements; • Inspecting the valuation reports and assessing whether any matters identified in them have a potential impact on the amounts recorded and /or the disclosure in the consolidated financial statements; • Agreeing the property information in the valuation by tracing a sample of inputs to the underlying property records held by the Group; • Involving our own valuation specialist to assist us in the following matters: - assessing the consistency of the valuation basis and appropriateness of the methodology used, based on generally accepted valuation practices; and - evaluating the appropriateness of the underlying assumptions used by comparing the assumptions used to internal and external data. • Evaluating the adequacy of the disclosures in the consolidated financial statements including the disclosures of key assumptions and judgments.

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other Matter

The consolidated financial statements as at and for the year ended 31 December 2017 were audited by another auditor, whose audit report dated 24 January 2018, expressed an unmodified audit opinion thereon.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work that we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

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

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the Board of Directors, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current year 31 December 2018, and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Group has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Group. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Group's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Group's consolidated financial position or performance as at and for the year ended 31 December 2018.

18 March 2019
Doha
State of Qatar

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

In thousands of Qatari Riyals

	Note	2018	2017*
ASSETS			
Cash and bank balances	4	**23,562**	371,120
Receivables and prepayments	5, 33	**196,349**	225,100
Inventories	6	**28,061**	22,265
Equity investments	7	**3,316,717**	2,470,953
Equity-accounted investees and joint venture	8	**1,425,613**	1,425,907
Investment properties	9	**43,863,571**	43,819,785
Property and equipment	10	**797,641**	832,413
TOTAL ASSETS		**49,651,514**	49,167,543
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	11	**2,764,318**	2,822,431
Sukuk and Islamic financing borrowings	13, 33	**15,770,522**	16,188,248
TOTAL LIABILITIES		**18,534,840**	19,010,679
EQUITY			
Share capital	14	**26,524,967**	26,524,967
Legal reserve	15	**1,616,053**	1,572,678
Fair value reserves	17	**719,779**	17,326
Foreign currency translation reserve		**1,827**	154
Retained earnings		**2,542,036**	2,037,602
Equity attributable to owners of the Company		**31,404,662**	30,152,727
Non-controlling interests	32	**(287,988)**	4,137
TOTAL EQUITY		**31,116,674**	30,156,864
TOTAL LIABILITIES AND EQUITY		**49,651,514**	49,167,543

These consolidated financial statements were approved by the Company's Board of Directors and were signed on their behalf by the following on 18 March 2019.

Tamer Fouad Mahmoud
Chief Financial Officer

Khaled Samir Ghazi
Board Member

* The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated (See Note 2(e)).

The notes on pages 12 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018 | In thousands of Qatari Riyals

	Note	**2018**	2017*
CONTINUED OPERATIONS			
Rental income	9	**1,319,285**	1,481,684
Other operating revenues	18	**54,883**	58,023
Operating expenses	19(i)	**(307,000)**	(374,767)
OPERATING PROFIT FROM MAIN OPERATIONS		**1,067,168**	1,164,940
Dividend income from equity investments	7	**124,055**	241,848
Net gain on sale of equity-accounted investees	8	**-**	177,777
Net gain on sale of equity investments	7	**-**	500,221
Share of results of equity-accounted investees and joint venture	8	**102,083**	141,354
Impairment loss of equity-accounted investees	8	**-**	(162,194)
Impairment loss of available-for-sale financial assets (IAS 39)	17	**-**	(67,487)
Loss on disposal of subsidiaries	25	**-**	(33,895)
NET OPERATING PROFIT		**1,293,306**	1,962,564
Gain from change in fair value of investment properties	9	**-**	457,276
Other income	20	**7,702**	241,286
Finance costs	21	**(835,545)**	(709,620)
General and administrative expenses	19(ii)	**(195,349)**	(244,112)
Provision for claims		**(41,056)**	-
Impairment loss of property and equipment	10	**(23,881)**	-
Depreciation of property and equipment	10	**(33,895)**	(15,596)
Impairment loss of trade and other receivables	5	**(29,457)**	(6,248)
PROFIT FROM CONTINUING OPERATIONS		**141,825**	1,685,550
DISCONTINUED OPERATION			
Loss from discontinued operations	26	**-**	(3,549)
PROFIT FOR THE YEAR		**141,825**	1,682,001
Profit attributable to:			
Owners of the Company		**433,749**	1,693,201
Non-controlling interests	32	**(291,924)**	(11,200)
		141,825	1,682,001
BASIC AND DILUTED EARNINGS PER SHARE	22	**0.16**	0.64
BASIC AND DILUTED EARNINGS PER SHARE CONTINUING OPERATIONS		**0.16**	0.64

* The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated (See Note 2(e)).

The notes on pages 12 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPRHENSIVE INCOME

For the year ended 31 December 2018 — In thousands of Qatari Riyals

	Note	**2018**	2017*
Profit for the year		**141,825**	1,682,001
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at FVOCI - net change in fair value	7,17	**862,852**	-
Equity-accounted investees - share of OCI	17	**1,167**	-
		864,019	-
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges - effective portion of changes in fair value	17	**(12,324)**	17,198
Foreign operations - foreign currency translation differences		**1,673**	(1,800)
Available-for-sale financial assets - net change in fair value (IAS 39)		**-**	(326,785)
Equity-accounted investees - share of OCI (IAS 39)		**-**	(2,667)
Other comprehensive income / (loss) for the year	17	**853,368**	(314,054)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**995,193**	1,367,947
Attributable to:			
Owners of the Company		**1,287,117**	1,379,147
Non-controlling interests		**(291,924)**	(11,200)
		995,193	1,367,947

* The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated (See Note 2(e)).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

In thousands of Qatari Riyals

	Attributable to owners of the Company							
	Share capital	***Legal reserve (1)***	***Fair value reserves***	***Foreign currency translation reserve***	***Retained earnings***	***Total***	***Non-controlling interest***	***Total equity***
Balance at 1 January 2018	26,524,967	1,572,678	17,326	154	2,037,602	30,152,727	4,137	30,156,864
Adjustment on initial application of IFRS 9 (Note 2(e))	-	-	(153,872)	-	129,534	(24,338)	(201)	(24,539)
Adjusted balance at 1 January 2018	**26,524,967**	**1,572,678**	**(136,546)**	**154**	**2,167,136**	**30,128,389**	**3,936**	**30,132,325**
Net profit for the year	**-**	**-**	**-**	**-**	**433,749**	**433,749**	**(291,924)**	**141,825**
Other comprehensive income for the Year	**-**	**-**	**851,695**	**1,673**	**-**	**853,368**	**-**	**853,368**
Total comprehensive income for the Year	**-**	**-**	**851,695**	**1,673**	**433,749**	**1,287,117**	**(291,924)**	**995,193**
Transfers of reserves on disposal of FVOCI (Note 7)	**-**	**-**	**4,630**	**-**	**(4,630)**	**-**	**-**	**-**
Transferred to legal reserve	**-**	**43,375**	**-**	**-**	**(43,375)**	**-**	**-**	**-**
Transferred to Social and Sports Activities Fund (Note 16)	**-**	**-**	**-**	**-**	**(10,844)**	**(10,844)**	**-**	**(10,844)**
Balance at 31 December 2018	**26,524,967**	**1,616,053**	**719,779**	**1,827**	**2,542,036**	**31,404,662**	**(287,988)**	**31,116,674**

The notes on pages 12 to 63 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
For the year ended 31 December 2018

In thousands of Qatari Riyals

	Attributable to owners of the Company							
	Share capital	*Legal reserve (1)*	*Fair value reserves*	*Foreign currency translation reserve*	*Retained earnings*	*Total*	*Non-controlling interest*	*Total Equity*
Balance at 1 January 2017	26,524,967	1,403,358	329,580	1,954	1,882,299	30,142,158	431,534	30,573,692
Net profit for the year	-	-	-	-	1,693,201	1,693,201	(11,200)	1,682,001
Other comprehensive loss for the Year	-	-	(312,254)	(1,800)	-	(314,054)	-	(314,054)
Total comprehensive income for the Year	-	-	(312,254)	(1,800)	1,693,201	1,379,147	(11,200)	1,367,947
Movement in non-controlling interest	-	-	-	-	-	-	(416,197)	(416,197)
Transferred to legal reserve	-	169,320	-	-	(169,320)	-	-	-
Dividends for 2017 (Note 23)	-	-	-	-	(1,326,248)	(1,326,248)	-	(1,326,248)
Transferred to Social and Sports Activities Fund (Note 16)	-	-	-	-	(42,330)	(42,330)	-	(42,330)
Balance at 31 December 2017	26,524,967	1,572,678	17,326	154	2,037,602	30,152,727	4,137	30,156,864

(1) In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015 and the Group's Article of Association, a minimum of 10% of the annual profit should be transferred to legal reserve until the reserve equals 50% of the share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Group's Article of Association.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018 — In thousands of Qatari Riyals

	Note	**2018**	2017*
OPERATING ACTIVITIES			
Profit for the year		**141,825**	1,682,001
Adjustments for:			
Gain from change in fair value of investment properties	9	**-**	(457,276)
Dividend income from equity investments	7	**(124,055)**	(241,848)
Share of results of equity-accounted investees and joint venture	8	**(102,083)**	(141,354)
Depreciation of property and equipment	10	**33,895**	15,596
Impairment loss of trade and other receivables	5	**29,457**	6,248
Impairment loss of property and equipment	10	**23,881**	-
Gain on expropriation of investment properties	20	**(19,054)**	(171,971)
Provision for employees' end of service benefits	19	**7,890**	11,635
Reversal of allowance for impairment loss of trade and other receivables	5	**(4,043)**	(9,391)
Net gain on sale of equity investments	7	**-**	(500,221)
Impairment loss of equity-accounted investees	8	**-**	162,194
Net gain on sale of equity-accounted investees	8	**-**	(177,777)
Impairment loss of available-for-sale financial assets (IAS 39)	17	**-**	67,487
Profit on Islamic bank accounts	21	**(1,051)**	(42,872)
Provision for slow-moving and obsolete inventories	6	**687**	4,683
Loss on disposal of property and equipment	10	**100**	-
Reversal of provision for obsolete and slow moving inventories	6	**(7)**	-
Loss on disposal of subsidiaries	25	**-**	33,895
Finance costs	21	**835,545**	709,620
		822,987	950,649
Changes in:			
Receivables and prepayments		**40,786**	69,266
Inventories		**(6,476)**	(7,740)
Payables and other liabilities		**(51,913)**	326,947
Cash from operating activities		**805,384**	1,339,122
Employees' end of service benefits paid	11	**(24,934)**	(7,569)
Net cash flows from operating activities		**780,450**	1,331,553
INVESTING ACTIVITIES			
Purchase of property and equipment	10	**(23,424)**	(31,798)
Payments for development of investment properties		**(82,242)**	(336,939)
Payments for purchase of completed investment properties	25	**-**	(3,064,117)
Purchase of equity investments	7	**(1,039)**	(300,261)
Proceeds from sale of equity investments		**18,127**	3,171,350
Proceeds from sale of equity-accounted investees		**-**	533,210
Proceeds from disposal of property and equipment		**320**	-
Dividends received	7, 8	**203,500**	351,472
Profit on Islamic bank accounts received		**1,051**	42,872
Net movement in restricted bank balances		**2,945**	(1,465)
Net cash flows from investing activities		**119,238**	364,324
FINANCING ACTIVITIES			
Proceeds from Sukuk and Islamic financing borrowings	13	**3,385,000**	1,992,865
Payments for Sukuk and Islamic financing borrowings	13	**(4,626,687)**	(2,402,140)
Dividends paid		**-**	(952,379)
Net movement non-controlling interest		**-**	(384,505)
Transaction cost paid		**(11,584)**	(4,440)
Net cash flows used in financing activities		**(1,253,271)**	(1,750,599)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(353,583)**	(54,722)
Net foreign exchange difference		**8,970**	(1,800)
Cash and cash equivalents as of 1 January		**366,550**	423,072
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	4	**21,937**	366,550

* The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated (See Note 2(e)).

The notes on pages 12 to 63 are an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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

The principal activity of the Company and its subsidiaries (collectively referred as the "Group") is management and rentals of real estate properties. The Group is also engaged in 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.

The principal subsidiaries of the Group are as follows:

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

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

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 18 March 2019.

2 BASIS OF PREPARATION

a) Statement of compliance

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

This is the first set of the Group's annual consolidated financial statements in which IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied. Changes to significant accounting policies are described in (Note 2(e)).

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, as modified by the derivative financial assets, equity investments at fair value through other comprehensive income (FVOCI) and investment properties which have been measured at fair value.

2 BASIS OF PREPARATION (Continued)

c) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). All Group entities have the Qatari Riyal ("QR") as their functional currency. The consolidated financial statements are presented in thousands of Qatari Riyals except when otherwise indicated.

d) Use of judgments and estimates

In preparing these consolidated financial statements, management has made 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 estimates are recognised prospectively.

Information about areas that involve a higher degree of judgement or complexity, or areas where assumptions or estimates have a significant risk of resulting in a material adjustment to the consolidated financial statements are as follows:

Going concern
The Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The Group has been profitable, and it had positive net assets (equity), and cash flow positions as at the year end. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Business model assessment
Classification and measurement of financial assets depends on the results of "solely payments of principal and interest" (SPPI) and the business model test (refer to the accounting policy "Financial instruments" in Note 3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

Impairment of receivables
On 1 January 2018, IFRS 9 "Financial Instruments" replaced the 'incurred loss' impairment model in IAS 39 "Financial Instruments: Recognition and Measurement" with an 'expected credit loss' (ECL) impairment model. The new impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. In the previous year, the impairment review on trade receivables was performed only for receivables for which management had an indication for impairment. That also entailed significant judgement. It was determined by reference to past default experience of a counterparty and an analysis of the counterparty's financial situation, but the "incurred loss" model disregarded entirely the current and expected future conditions. As a result, it is expected that under the new impairment model credit losses will be recognised earlier.

Fair value of cash flow hedges
The Group uses derivative financial instruments to manage its exposure to the variability of its bank loans due to fluctuations in interest rates. All such derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value and recognized in other comprehensive income. Their fair values are estimated using models and valuation methods due to the absence of quoted prices or other observable, market-corroborated data. These contracts are valued using models with inputs that include price curves for each of the different products that are built up from active market pricing data and extrapolated to the expiry of the contracts using the maximum available external pricing information

2 BASIS OF PREPARATION (Continued)

d) Use of judgments and estimates (continued)

Fair value of unquoted equity investments
Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provision of slow-moving and obsolete inventories
Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical realizable value.

Interests in other entities (equity-accounted investees and joint venture)
Judgment is required in assessing the level of control obtained in a transaction to acquire an interest in another entity; depending upon the facts and circumstances in each case, the Group may obtain control, joint control or significant influence over the entity or arrangement. The Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies. Judgment is also required to assess whether the arrangement is a joint operation or a joint venture. The Group assesses the arrangement as a joint venture since the rights of the Group reside in the net assets of the joint arrangement (i.e. it is the joint arrangement, not the parties to the joint arrangement, that has a direct right to the assets, and obligations for the liabilities of the joint arrangement).

Fair value measurement of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent external valuers to determine the fair value. The valuers used recognized valuation techniques such as income (discounted cash flow [DCF]), market and residual approaches.

Depreciation of property and equipment
Items of property and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, and technological or commercial obsolescence, and impacts the annual depreciation charge recognized in profit or loss. Management reviews annually the useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates.

Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets (equity-accounted investees and joint venture and property and equipment, but not inventories and investment properties) are reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires significant judgement..

Distinction between property and equipment and investment properties
The Group determines whether a property qualifies as an investment properties. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Property and equipment or owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Provision for employees' end of service benefits
Management has measured the Group's obligation for the post-employment benefits of its employees based on the provisions of the Qatar Labour Law No. 14 of 2004. The Group provides for each of its employees minimum of 21 days basic salary multiplied by the number of years since the date of joining the Group. Management does not perform an actuarial valuation as required by International Accounting Standard 19 "Employee Benefits" as it estimates that such valuation does not result to a significantly different level of provision. The calculation of the provision is performed by management at the end of each year, and any change to the projected benefit obligation at the year-end is adjusted in the provision for employees' end of service benefits in the profit or loss.

2 BASIS OF PREPARATION (Continued)

d) Use of judgments and estimates (continued)

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

Legal proceedings
From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. The Board of Director applies significant assumptions in measuring the risks of exposure to contingent liabilities related to existing legal proceedings and other unsettled claims. The Board of Director's judgment is required in estimating the probability of a successful claim against the Group or crystallising of a material obligation, and in determining the probable amount of the final settlement or obligation. As at the date of reporting, based on an assessment made by the internal / external legal advisors, management does not believe that the outcome of these matters will have a material effect on the Group's financial position.

Lease classification
When the Group enters into a new lease arrangement, the terms and conditions of the contract are analyzed in order to assess whether the Group retains or not the significant risks and rewards of ownership of the asset subject of the lease contract. In applying the criteria provided by IAS 17 "Leases", the Group can make significant judgement to determine whether the arrangement results in a finance lease or an operating lease. This judgement can have a significant effect on the amounts recognized in the consolidated financial statements.

e) Newly effective standards and amendments and interpretations to standards

During the current year, the below new and amended International Financial Reporting Standards ("IFRS" or "standards") and an interpretation to a standard became effective for the first time for financial years beginning on 1 January 2018:

- IFRS 15 "Revenue from Contracts with Customers"
- IFRS 9 "Financial Instruments"
- Amendments to IFRS 2 "Share Based Payment" on classification and measurement of share based payment transactions
- Amendments to IFRS 4 "Insurance Contracts" in applying IFRS 9 Financial Instruments
- Amendments to IAS 40 "Investment property" on transfers of investment property
- Amendments to IFRS 1 "Adoption of International Financial Standards" and IAS 28 "Investments in Associates and Joint Ventures" based on the Annual Improvements to IFRSs 2014-2016 Cycle
- Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 22 "Foreign Currency Transactions and Advance Consideration"

The adoption of the above new and amended standards and the interpretation to a standard had no significant on the Group's consolidated financial statements, except for IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" whose effects on the Group's consolidated financial statements are explained below.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

The Group has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

Management reviewed and assessed the Group's existing contracts with customers at 1 January 2018 and concluded that the initial application of IFRS 15 has had no significant impact on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss for the year then ended. Consequently, there were no adjustments as at 1 January 2018.

For the year ended 31 December 2018 In thousands of Qatari Riyals

2 BASIS OF PREPARATION (Continued)

e) Newly effective standards and amendments and interpretations to standards (continued)

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

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies of the Group's major revenue streams.

Type of revenue	**Nature, timing of satisfaction of performance obligations, significant payment terms**	**Nature of change in accounting policy.**
Rentals of property	Revenue is recognised on a monthly basis based on the period of contract and the space occupied.	No significant impact.
Ancillary services provided to occupants of the property	Revenue is recognised at a single time when the service is delivered to the customer.	No significant impact.
Sale of goods	Revenue is recognised when the control of the goods (food and beverages) are transferred to the buyer. The customers take control of the items at the time of delivery of goods. Invoices are generated and revenue is recognised at that point in time. The customers' balances are usually collectible at transaction date.	No significant impact.

The Group's major revenue streams are dealt under IAS 17 "Leases", thus, there is no significant impact on IFRS 15.

IFRS 9 "Financial Instruments"

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

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 "Presentation of Financial Statements", which require impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss. Previously, the Group's approach was to include the impairment of trade receivables in 'general and administrative expenses'. Consequently, the Group reclassified the provision for impairment losses recognised under IAS 39 from 'general and administrative expenses' to 'impairment loss of trade and other receivables' on the face of the consolidated statement of profit or loss for the year ended 31 December 2017.

Additionally, the Group has adopted consequential amendments to IFRS 7 "Financial Instruments: Disclosures" that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The following table summarizes the impact of transition to IFRS 9 on the opening balance of reserves, retained earnings and non-controlling interest:

	Fair value reserves	***Retained earnings***	***Non-controlling interest***	***Total***
Balances at 31 December 2017 (As reported)	17,326	2,037,602	4,137	2,059,065
Adjustment on initial application of IFRS 9				
Equity investments at FVOCI (AFS investments under old IAS 39) (Note 17)	(153,872)	153,872	-	-
Investments on equity-accounted investees (Note 8)	-	(23,946)	-	(23,946)
Receivables and prepayments (Note 5)	-	(392)	(201)	(593)
	(153,872)	129,534	(201)	(24,539)
Adjusted opening balances at 1 January 2018	**(136,546)**	**2,167,136**	**3,936**	**2,034,526**

For the year ended 31 December 2018 In thousands of Qatari Riyals

2 BASIS OF PREPARATION (Continued)

e) Newly effective standards and amendments and interpretations to standards (continued)

IFRS 9 "Financial Instruments" (continued)

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

Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Equity investments	(a)	Available-for-sale	FVOCI - equity instrument	2,470,953	2,470,953
Receivables and prepayments (excluding derivative financial assets)	(b)	Loans and receivables	Amortized cost	119,494	118,901
Derivative financial assets		Fair value - hedging instrument	Fair value - hedging instrument	23,167	23,167
Cash and bank balances		Loans and receivables	Amortized cost	371,120	371,120
Total financial assets				2,984,734	2,984,141

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

(b) Receivables and prepayments that were previously classified as loans and receivables under IAS 39 are now classified at amortized cost as per IFRS 9. An increase of QR 593 thousand in the provision for impairment of these receivables and prepayments was recognized in opening retained earnings at 1 January 2018 on transition to IFRS 9 (Note 5).

Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

(ii) Impairment of financial assets

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

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment of QR 593 thousand (Note 2(e)(i)).

2 BASIS OF PREPARATION (Continued)

e) Newly effective standards and amendments and interpretations to standards (continued)

IFRS 9 “Financial Instruments” (continued)

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. The Group has chosen not to retrospectively apply IFRS 9 on transition to the hedges where the Group excluded the forward points from the hedge designation under IAS 39. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group’s consolidated financial statements.

(iv) Transition

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

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

- The determination of the business model within which a financial asset is held.
- The designation of certain investments in equity instruments not held for trading as at FVTOCI.

All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

f) New and amended standards and an interpretation to a standard not yet effective, but available for early adoption

The below new and amended International Financial Reporting Standards (“IFRS” or “standards”) and an interpretation to a standards that are available for early adoption for financial years beginning after 1 January 2018 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

Effective for year beginning 1 January 2019	• *IFRS 16 “Leases”* • *Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23 “Uncertainty over Tax Treatments”* • *Amendments to IFRS 9 “Financial Instruments” on prepayment features with negative compensation* • *Amendments to IAS 28 “Investments in Associates and Joint Ventures” on long-term interests in associates and joint ventures* • *Amendments to IAS 19 “Employee Benefits” on plan amendment, curtailment or settlement* • *Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle*
Effective for year beginning 1 January 2020	• *Amendments to references to conceptual framework in IFRS standards*
Effective for year beginning 1 January 2021	• *IFRS 17 “Insurance Contracts”*
Effective date deferred indefinitely / available for optional adoption	• *Amendments to IFRS 10 “ Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” on sale or contribution of assets between an investor and its associate or joint venture*

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Group’s consolidated financial statements, except for the IFRS 16 “Leases” whose effects on the Group’s consolidated financial statements are explained below.

2 BASIS OF PREPARATION (Continued)

f) New and amended standards and an interpretation to a standard not yet effective, but available for early adoption (continued)

IFRS 16 "Leases"

IFRS 16 "Leases" (hereafter "IFRS 16") provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives", and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The date of initial application of IFRS 16 for the Group will be 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17; i.e. lessors continue to classify leases as finance or operating leases.

The Group has chosen to apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019 with no restatement of comparative information. The Group also plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Impact on Lessee Accounting

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

On initial application of IFRS 16, for all leases, the Group will:

- Recognise right of use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognise depreciation of right of use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

For short term leases (lease term of 12 months or less) and leases of low value assets, the Group will opt to recognise a lease expense on a straight line basis as permitted by IFRS 16.

The Group will recognise new assets and corresponding lease liabilities for its operating leases of warehouse spaces. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under IFRS 16 would be to reduce the cash generated by operating activities and to increase net cash used in financing activities.

Based on management's assessment, the initial application of IFRS 16 has had no significant impact on the Group's consolidated statement of financial position and its consolidated statement of profit or loss.

2 BASIS OF PREPARATION (Continued)

f) New and amended standards and an interpretation to a standard not yet effective, but available for early adoption (continued)

IFRS 16 "Leases" (continued)

Impact on Lessor Accounting

Based on information currently available, management does not expect any significant impact on the relevant amounts recognised in the Group's consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the Group applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to both years presented in these consolidated financial statements, except for the changes in accounting policies described under Note 2(e).

a) Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see section on "Subsidiaries" below).

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

Subsidiaries

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

Non-controlling interests (NCI)

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

Loss of control

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

Equity-accounted investees and joint venture

Equity-accounted investees are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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 ventures. 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 Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of consolidation (continued)

Equity-accounted investees and joint venture (continued)

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 equity-accounted investees and a joint venture are accounted for using the equity method.

Under the equity method, the investment in an equity-accounted investee 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 equity-accounted investees or a joint venture since the acquisition date. Goodwill relating to the equity-accounted investees or a joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the equity-accounted investees and joint venture. 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 equity-accounted investees or a joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the equity-accounted investees or a joint venture are eliminated to the extent of the interest in the equity-accounted investees or a joint venture.

The aggregate of the Group's share of results equity-accounted investees and joint ventures is shown on the face of the consolidated statement of profit or loss.

The financial statements of the equity-accounted investees and a joint venture 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's accounting policies.

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

Upon loss of significant influence over the equity-accounted investees or a joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the equity-accounted investees or a joint venture 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 of profit or loss.

b) Financial instruments

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments (continued)

Classification and subsequent measurement of financial assets – policy applicable from 1 January 2018

On initial recognition, a financial asset is classified at:

- Amortised cost – if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- FVOCI - if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- FVTPL – All financial assets not classified as measured at amortised cost or FVOCI as described above.

On initial recognition, the Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The Group has classified on initial recognition its cash and bank balances and receivables at amortised cost.

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual cash flows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Financial assets – Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

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

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments (continued)

Classification and subsequent measurement of financial assets – policy applicable from 1 January 2018 (Continued)

Financial assets – Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI) (continued)

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

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

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

Financial assets – Subsequent measurement and gains and losses

- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Financial assets FVTPL -These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group does not hold such assets.
- Debt instruments at FVTOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Group does not hold such assets.
- Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to profit or loss. The Group hold such assets.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments (continued)

Classification and subsequent measurement of financial liabilities – policy applicable from 1 January 2018

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

Classification and subsequent measurement of financial assets − policy applicable before 1 January 2018

Financial assets

The Group classified its financial assets into the loans and receivables category (cash and bank balances and receivables). Subsequent to initial recognition, they were measured at amortized cost using effective interest method. The Group holds derivative financial assets.

Classification and subsequent measurement of financial liabilities − policy applicable before 1 January 2018

Financial liabilities

The Group classified its non-derivative financial liabilities into the other financial liabilities category (payables and bank financing borrowings). The Group did not hold any derivative financial liabilities.

Non-derivative financial liabilities were initially recognised on the trade date at fair value less any directly attributable transaction costs. Subsequently to initial recognition, these were measured at amortised cost using the effective interest method.

Derecognition

Financial assets

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

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

Financial liabilities

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

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

Offsetting

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

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments (continued)

Derivative financial instruments, including hedge accounting

Initial recognition and subsequent measurement

The Group has entered into derivative financial instruments in the form of profit rate swaps to manage the profit rate risk arising from certain Islamic finance borrowings. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors as detailed in the financial risk management disclosure in these consolidated financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the consolidated statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The profit rate swap arrangements are designated as hedging instruments, being hedges of a change in future cash flows as a result of profit rate movements. The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedging relationship is more than twelve months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than twelve months.

Cash flow hedge

To the extent that the Group's cash flow hedges are effective, gains and losses on the fair value of the profit rate swaps arrangements are deferred in equity in the hedging reserve until realised. On realisation, such gains and losses are recognised in the consolidated statement of profit or loss.

To the extent that any hedge is ineffective, gains and losses on the fair value of these profit rate swap arrangements are recognised immediately in the consolidated statement of profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in the consolidated statement of profit or loss.

c) Impairment

Non-derivative financial assets: Policy applicable from 1 January 2018

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost (cash at bank and receivables). The Group does not hold debt investments measured at amortised cost or contract assets.

The Group measures loss allowance either at an amount equal to:

- lifetime ECLs, which are those ECLs that result from all possible default events over the expected life of a financial instruments; or

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

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

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs.

Loss allowances on bank balances are always measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the customer is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Impairment (continued)

Non-derivative financial assets: Policy applicable from 1 January 2018 (continued)

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer; or
- a breach of contract such as a default or being more than 121 days past due (more than 365 days for mall operations); or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Presentation of impairment

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

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-derivative financial assets: Policy applicable before 1 January 2018

Financial assets were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor will enter bankruptcy; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Group considered evidence of impairment for these assets (cash at bank and receivables) at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Impairment (continued)

Non-derivative financial assets: Policy applicable before 1 January 2018 (continued)

Financial assets measured at amortized cost (continued)

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease could be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (equity-accounted investees and joint venture, property and equipment, but not inventories and investment properties) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

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

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

d) 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.

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. A provision is made for any write-down of inventories to net realisable value and such a provision is reflected as an expense in profit or loss in the period of write-down. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised in profit or loss in the period in which the reversal occurs.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) 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.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market condition at the reporting date. Gains and losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are determined based on revaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition.

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

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 profit or loss.

For a transfer from investment properties 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 properties 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 profit or loss.

g) 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 capital work in progress includes the cost of materials and direct labour, 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 profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Property and equipment (continued)

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

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

Land and capital work in progress are not depreciated. Once assets within capital work in progress are completed, they are reclassified to the relevant category of other property and equipment stated above and depreciated accordingly once they are put into use.

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 profit or loss 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 profit or loss in the year the asset is derecognized.

h) Share capital

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

i) 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 lessors 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 profit or loss when they arise.

Dividend income from equity investments
Dividend income is recognised when the Group's right to receive the payment is established which is generally when shareholders approve the dividend.

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 Group acts as principal in this respect.

Sale of goods
Revenue is recognized when the control of the goods are transferred to the buyer.

Other income
Revenue is recognized when earned.

The adoption of IFRS 15 had no significant impact on the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Expense recognition

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

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

k) Foreign currency transactions and balances

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 profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

l) 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.

m) Finance costs

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

n) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Tenants' deposits

Tenants 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.

p) Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Qatari 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 Qatari 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.

q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. The expense relating a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

r) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a major line of business or geographic area of operations;
- is a part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view of re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be reclassified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss is represented as if the operation had been discontinued from the start of the comparative year.

s) 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 Group by the weighted average number of ordinary shares outstanding during the year. 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.

t) Dividends

The Group recognizes a liability to make cash distributions to equity shareholders of the Parent when distribution is authorized and the distribution in no longer at the discretion of the company. As per the Qatar Commercial Law No 11 of 2015, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Operating segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 31 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under IFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

v) 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.

w) Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

x) Fair value measurement

The Group measures financial instruments such as derivatives, equity investment financial assets and non- financial assets such as investment properties at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value are disclosed in these consolidated financial statements in Note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

For the year ended 31 December 2018 In thousands of Qatari Riyals

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

x) Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4 CASH AND BANK BALANCES

	2018	2017
Cash on hand	**339**	548
Cash at banks and other financial institutions		
Current accounts	**11,105**	10,586
Saving and call accounts	**10,493**	155,416
Margin accounts	**1,625**	4,570
Term deposits	**-**	200,000
Total cash at banks and other financial institutions (Note 29)	**23,223**	370,572
Cash and bank balances	**23,562**	371,120
Less: restricted bank balances	**(1,625)**	(4,570)
Cash and cash equivalents	**21,937**	366,550

5 RECEIVABLES AND PREPAYMENTS

	2018	2017
Tenant receivables – net	**45,657**	57,600
Receivable from government on expropriation of investment properties (Notes 9 and 20)	**50,366**	-
Advances to suppliers and contractors (1)	**39,166**	66,951
Due from related parties - net (Note 12(b))	**29,219**	34,683
Refundable deposits – net	**13,954**	18,617
Derivative financial assets (Note 24)	**10,844**	23,167
Prepaid expenses	**5,614**	15,488
Accrued income	**202**	1,541
Net other receivables and debit balances	**1,327**	7,053
	196,349	225,100

(1) Due from related parties included in advances to suppliers and contractors are disclosed in (Note 12(b.ii)).

For the year ended 31 December 2018 In thousands of Qatari Riyals

5 RECEIVABLES AND PREPAYMENTS (Continued)

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

2018	**Current**	**Non-current**	**Total**
Tenant receivables - net	**45,657**	**-**	**45,657**
Receivable from government on expropriation of investment properties	**50,366**	**-**	**50,366**
Advances to suppliers and contractors	**39,166**	**-**	**39,166**
Due from related parties - net	**29,219**	**-**	**29,219**
Refundable deposits – net	**-**	**13,954**	**13,954**
Derivative financial assets	**745**	**10,099**	**10,844**
Prepaid expenses	**5,614**	**-**	**5,614**
Accrued income	**202**	**-**	**202**
Net other receivables and debit balances	**1,327**	**-**	**1,327**
	172,296	**24,053**	**196,349**

2017	Current	Non-current	Total
Tenant receivables - net	57,600	-	57,600
Advances to suppliers and contractors	66,951	-	66,951
Due from related parties	34,683	-	34,683
Refundable deposits	-	18,617	18,617
Derivative financial assets	-	23,167	23,167
Prepaid expenses	15,488	-	15,488
Accrued income	1,541	-	1,541
Net other receivables and debit balances	7,053	-	7,053
	183,316	41,784	225,100

The movements in the allowance for impairment of trade and other receivable were as follows:

	2018	2017
At 1 January	**99,679**	103,169
Adjustments on initial application of IFRS 9 (Note 2(e))		
- Tenant receivables	**(4,347)**	-
- Due from related parties	**4,940**	-
Adjusted balance at 1 January	**100,272**	103,169
Provision made during the year	**29,457**	6,248
Provision reversed (Note 20)	**(4,043)**	(9,391)
Provision written-off	**-**	(347)
At 31 December	**125,686**	99,679

The allowance for impairment is consists of:

	2018	2017
Tenants receivables	**109,025**	94,514
Due from related parties	**6,701**	-
Refundable deposits	**1,627**	-
Other receivables	**8,333**	5,165
	125,686	99,679

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6 INVENTORIES

	2018	2017
Consumables	**26,680**	9,982
Buildings and maintenance materials	**6,744**	16,966
Inventories, gross	**33,424**	26,948
Less: Provision for slow-moving and obsolete inventories	**(5,363)**	(4,683)
Inventories, net	**28,061**	22,265

The movements in the provision for slow-moving and obsolete inventories were as follows:

	2018	2017
At 1 January	**4,683**	-
Provision made during the year (Note 19(ii))	**687**	4,683
Provision reversed (Note 20)	**(7)**	-
At 31 December	**5,363**	4,683

7 EQUITY INVESTMENTS

	2018	2017
At 1 January	**2,470,953**	6,553,307
Purchases	**1,039**	300,261
Disposals	**(18,127)**	(4,313,208)
Loss of significant influence of equity-accounted investee (Note 8)	**-**	164,366
Loss of control of a subsidiary (Note 26)	**-**	30,749
Net change in fair value (Note 17)	**862,852**	(264,522)
At 31 December	**3,316,717**	2,470,953

The equity investments consist of:

	2018	2017
Quoted shares (1) (Note 29 (a))	**3,262,460**	2,367,648
Unquoted shares (2)	**54,257**	103,305
	3,316,717	2,470,953

(1) The quoted shares are the Group's equity investments that are carried at FVTOCI. The pledges on these equity investments are disclosed in Note 13.

Quoted shares: concentration of investment portfolio

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

Listed shares located in State of Qatar	2018	2017
Banks and financial institutions	**3,179,762**	2,267,344
Consumer goods and services	**38,423**	35,009
Transportation	**21,000**	22,972
Industries	**18,343**	26,013
Telecommunication	**1,362**	7,595
Real estate	**1,219**	5,091
Insurance	**2,351**	3,624
	3,262,460	2,367,648

(2) Unquoted shares represents the Group's investments in Dar Al Arab W.L.L. (Note 26) and Dar Al-Sharq for Printing, Publishing and Distribution W.L.L. (Note 8) with fair market value of QR 19,254 (2017: QR 30,749) and QR 35,003 (2017: QR 72,556), respectively.

The Group generated dividend income from the equity investments amounting to QR 124,055 (2017: QR 241,848) during the year a net loss on sale of equity investments amounting to QR 4,630 (2017: gain QR 500,221) was also recognized.

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8 EQUITY-ACCOUNTED INVESTEES AND JOINT VENTURE

The Group has following equity-accounted investees and joint venture:

	Country of incorporation	*Ownership interest*			
		2018	2017	***2018***	2017
Associates:					
Qatar International Islamic Bank Q.P.S.C. (i) (Note 12(c.ii))	Qatar	**10.00%**	10.00%	**919,796**	926,377
Medicare Group Q.P.S.C. (ii)	Qatar	**12.50%**	12.50%	**251,580**	246,097
Qatar Islamic Insurance Company Q.P.S.C. (iii)	Qatar	**7.33%**	7.33%	**71,556**	68,420
Total of associates				**1,242,932**	1,240,894
Joint venture:					
White Square Real Estate W.L.L. (iv)	Qatar	**32.50%**	32.50%	**182,681**	185,013
				1,425,613	1,425,907

(i) Qatar International Islamic Bank Q.P.S.C. (QIIB)

QIIB was incorporated under Amiri Decree No.52 of 1990. QIIB operates through its head office located on Grand Hamad Street in Doha and 20 local branches. The QIIB is listed and its shares are traded on the Qatar Stock Exchange. QIIB is engaged in banking, financing and investing activities in accordance with its Articles of Incorporation, Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of QIIB and regulations of Qatar Central Bank.

(ii) Medicare Group Q.P.S.C. (MCGS)

MCGS formerly known as Al Ahli Specialised Hospital Company Q.S.C. is a Qatari Public Shareholding Company incorporated on 30 December 1996 under Commercial Registration Number 18895. It's registered office is located at P.O. Box 6401, Doha, State of Qatar. It's main activity is to operate a specialised hospital and promote medical services in State of Qatar.

(iii) Qatar Islamic Insurance Company Q.P.S.C. (QISI)

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

Although the Group holds less than 20% of the ownership interest and voting rights of QIIB, MCGS and QISI, the Group has the ability to exercise significant influence through its nominated members in Board of Directors of the aforesaid equity-accounted investees, hence, the equity method has been applied.

(iv) White Square Real Estate W.L.L.(White Square)

White Square is a limited liability company registered and incorporated in the State of Qatar under the Commercial Registration No. 51302. White Square is structured as a joint venture company between the Company and Mr. Ibrahim Rashid Al-Mohannadi for the purpose of constructing and management of an investment property. White Square is principally engaged in real estate trading, development and rental activities.

The total fair market value of the equity-accounted investees amounted to QR 1,281,918 (2017: QR 1,129,664) as at reporting date.

Reconciliation of the summarized financial information presented to the carrying amount of its interests in equity-accounted investees and joint venture is as follows:

	2018	2017
At 1 January	**1,425,907**	3,279,040
Adjustment on initial application of IFRS 9 (Note 2(e))	**(23,946)**	-
Adjusted balance	**1,401,961**	3,279,040
Dividends received	**(79,445)**	(109,624)
Share of results	**102,083**	141,354
Share of net movement in other comprehensive income / (loss) (Note 17)	**1,167**	(2,667)
Share of the net movement of translation reserve	**(153)**	-
Disposals during the year	**-**	(1,555,636)
Impairment loss of equity-accounted investees	**-**	(162,194)
Transfer out to equity investments (Note 7)	**-**	(164,366)
At 31 December	**1,425,613**	1,425,907

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8 EQUITY-ACCOUNTED INVESTEES AND JOINT VENTURE (Continued)

Set out below are the summarized financial information for equity-accounted investees and joint venture which are accounted for using equity method.

Summarized statement of financial position:

	2018				
	QIIB	***MCGS***	***QISI***	***White Square***	***Total***
Total assets	**50,502,123**	**1,059,328**	**1,037,803**	**1,023,438**	**53,622,692**
Total liabilities	**(44,351,951)**	**(186,865)**	**(636,514)**	**(461,343)**	**(45,636,673)**
Equity	**6,150,172**	**872,463**	**401,289**	**562,095**	**7,986,019**
Group's interest	**615,017**	**109,080**	**29,427**	**182,681**	**936,205**
Goodwill	**304,779**	**142,500**	**42,129**	**-**	**489,408**
Carrying value of investment	**919,796**	**251,580**	**71,556**	**182,681**	**1,425,613**

	2017				
	QIIB	*MCGS*	*QISI*	*White Square*	*Total*
Total assets	46,505,519	1,017,968	881,206	1,024,141	49,428,834
Total liabilities	(40,289,541)	(189,193)	(522,691)	(454,870)	(41,456,295)
Equity	6,215,978	828,775	358,515	569,271	7,972,539
Group's interest	621,598	103,597	26,291	185,013	936,499
Goodwill	304,779	142,500	42,129	-	489,408
Carrying value of investment	926,377	246,097	68,420	185,013	1,425,907

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8 EQUITY-ACCOUNTED INVESTEES AND JOINT VENTURE (Continued)

Summarized statement of profit or loss and other comprehensive income are as follows:

	31 December 2018							
	QIIB	***MCGS***	***QISI***	***Dar Al Sharq*** *(Note 7)*	***White Square***	***IHGS***	***Widam***	***Total***
Revenues and gains	**2,161,821**	**494,535**	**113,344**		**54,926**	**-**	**-**	**2,824,626**
Profit / (loss) for the year	**780,762**	**146,069**	**96,902**	**-**	**(4,175)**	**-**	**-**	**1,019,558**
Group's share of comprehensive (loss) / income	**(162)**	**1,295**	**(119)**	**-**	**-**	**-**	**-**	**1,014**
Group's share of results for the year	**78,075**	**18,259**	**7,106**	**-**	**(1,357)**	**-**	**-**	**102,083**
Dividends	**60,548**	**14,072**	**3,850**	**-**	**975**	**-**	**-**	**79,445**

	31 December 2017							
	QIIB	*MCGS*	*QISI*	*Dar Al Sharq (Note 7)*	*White Square*	*IHGS*	*Widam*	*Total*
Revenues and gains	2,149,578	351,246	111,898	46,489	35,948	6,727	917,140	3,619,026
Profit / (loss) for the year	882,209	48,038	66,446	14,553	(1,999)	1,530	80,146	1,090,923
Group's share of comprehensive income / (loss)	345	(1,198)	-	(1,669)	-	(104)	(41)	(2,667)
Group's share of results for the year	120,279	6,277	6,210	6,517	(650)	310	2,411	141,354
Dividends	90,071	11,187	5,250	-	-	1,220	1,896	109,624

The Group's ownership in the above equity-accounted investees and joint venture changed as result of the disposal of the subsidiaries in 2017 (Note 25). Due to the disposal, the Group lost its significant influence over Dar Al-Sharq for Printing, Publishing and Distribution W.L.L. (Dar Al Sharq), Islamic Holding Group Q.S.C. (IHGS), Widam for Food Company Q.P.S.C. (Widam) and Al Waraq for Printing Press W.L.L. (Al Waraq). The remaining investments' balance on Dar Al Sharq, IHGS and Widam were recognized as equity investments (available-for-sale securities under IAS 39).

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8 EQUITY-ACCOUNTED INVESTEES AND JOINT VENTURE (Continued)

The Group recognized net gain on sale of equity-accounted investees amounting to QR Nil (2017: QR 177,777) during the year. The Group also recognized its share on the operating results of its equity-accounted investees / joint venture amounting to QR 102,083 (2017: QR 141,354) during the year.

The Group carried out an impairment testing for the carrying value of the equity-accounted investees as at 31 December 2017. 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 years. The Group determined that there is an impairment loss amounting to QR 162,194 for the year ended 31 December 2017 which represents the difference between the carrying amount and the recoverable amounts of these equity-accounted investees. The key assumptions used in value in use calculation are as follows:

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.

No impairment loss was recognized on equity-accounted investees during the year.

The pledges on the equity-accounted investees are disclosed in Note 13.

9 INVESTMENT PROPERTIES

The movements in the investment properties during the year are as follows:

	2018	2017
At 1 January	**43,819,785**	38,919,798
Gain from change in fair value of investment properties	**-**	457,276
Development costs during the year (Note 12(a))	**82,242**	336,939
Expropriation of investment properties (Notes 5 and 20) (4)	**(31,312)**	-
Foreign exchange adjustment	**(7,144)**	12,272
Purchase of completed investment properties (1)	**-**	4,657,866
Capitalized finance costs on investment properties under development (2) (Note 21)	**-**	43,187
Transfer out to property and equipment (3) (Note 10)	**-**	(779,524)
Addition of land as a compensation from government (5)	**-**	171,971
At 31 December	**43,863,571**	43,819,785

(1) With reference to Note 25, the amount represents the Group's purchase of SAK Holding Group share's completed investment properties.

(2) Capitalized finance cost is computed based on the average qualifying expenditures related to the projects under developments. Finance cost is capitalized using the Group's weighted average capitalization rate of 4.6% in 2017. No capitalization of finance costs during the year.

(3) In 2017, the Group transferred an investment property under development to property and equipment. The property pertains to a hotel that commences operation during the year.

(4) A land with a fair value of QR 31,312 (Note 9) was expropriated by the government as a part of urban development. The Group has recorded QR 50, 366 as a receivable from government on expropriation of land (Note 5) and a gain on expropriation QR 19,054 (Note 20)

(5) The government expropriated land from the Group as a part of urban development and in return, the Group received land located in Al Wukair as form of compensation.

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9 INVESTMENT PROPERTIES (Continued)

Investment properties consists of:

	2018	2017
Completed properties	**41,020,221**	40,492,869
Vacant land	**2,698,180**	3,178,466
Projects under development	**145,170**	148,450
	43,863,571	43,819,785

Investment properties are located in State of Qatar and United Kingdom.

The mortgages on the investment properties are disclosed in Note 13.

Investment properties are stated at fair value, which has been determined based on valuation performed by accredited independent valuers as at 31 December 2018 and 2017. The valuer 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 2017 (the “Red Book”).

Description of valuation techniques used by the Group and key inputs to valuation of the investment properties are as follows:

Type of properties	*Valuation technique (Fair value hierarchy)*	*Key observable / unobservable inputs*
Residential properties	- Income (DCF) approach (Level 3)	Projected rental revenue per annum
		Projected rent growth per annum
		Projected occupancy per annum
		Projected operating expenses per annum
		Discount rate
		Exit / terminal yield rate
	- Market approach (Level 2)	Estimated value per square meter
	- Residual valuation approach (Level 3)	Change of land use from office to residential apartment
		Estimated value per square meter for apartment
		Estimated value for parking slot
		Conversion cost
		Allowance of developer’s profit
Commercial properties (office and retail)	- Income (DCF) approach (Level 3)	Projected rental revenue per annum
		Projected rent growth per annum
		Projected occupancy per annum
		Projected operating expenses per annum
		Discount rate
		Exit / terminal yield rate
Land	Market approach (Level 2)	Estimated value per square meter

Income approach
Income approach is a valuation method appraisers and real estate investors use to estimate the value of income producing real estate. It is based upon the premise of anticipation i.e., the expectation of future benefits. This method of valuation relates value to two things: the "market rent" that a property can be expected to earn and, the "reversion" (resale) when a property is sold.

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9 INVESTMENT PROPERTIES (Continued)

Income approach (continued)

The most commonly used technique for assessing market value within the income approach is discounted cash flow. This is a financial modelling technique based on explicit assumptions regarding the prospective cash-flow to a property or business and the costs associated with being able to generate the income. To this assessed cash-flow a market-derived discount rate is applied to establish a present value of the income stream. This net present value ("NPV") is an indication of market value.

Market approach
Market approach or direct comparison method is based on comparing the subject asset with identical or similar assets (or liabilities) for which price information is available, such as a comparison with market transactions in the same, or closely similar (i.e. similar properties that have actually been sold in arms'-length transactions or are offered for sale), type of asset (or liability) within an appropriate time horizon. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar assets (or liabilities) in an open and competitive market. Generally, the opinion on value is based on evidence of open market transactions in similar property with adjustments of the comparable to differentiate the differences between the subject property and the comparable. The market approach of valuation has primarily been adopted for plots of land in Qatar and residential properties in United Kingdom.

Residual valuation approach
Where the nature of the development is such that there are no (or limited) transactions to use for the market comparable method, the residual method provides an alternative valuation approach. As per the residual approach, costs of the proposed completed development (including developer's profit) to be deducted from the market value of the proposed completed development (known as gross development value) to arrive at the underlying residual asset value.

The following amounts are recognized in consolidated statement of profit or loss:

	2018	2017
Rental income	**1,319,285**	1,481,684
Direct operating expenses generating rental income	**(271,847)**	(340,245)
Profit arising from investment properties carried at fair value	**1,047,438**	**1,141,439**

The capital expenditure and operating lease commitments of the Group are fully disclosed in Note 28(i and ii).

10 PROPERTY AND EQUIPMENT

	Land	**Buildings**	**Motor vehicles**	**Furniture, fixtures and office equipment**	**Capital work in progress**	**Total**
Cost						
At 1 January 2018	**407,660**	**12,852**	**10,906**	**119,043**	**371,864**	**922,325**
Additions	-	-	**517**	**4,213**	**18,694**	**23,424**
Disposals	-	-	**(1,663)**	**(1,151)**	-	**(2,814)**
Reclassifications	-	**349,450**	-	**41,108**	**(390,558)**	-
Other reclassifications	-	-	**697**	**(697)**	-	-
At 31 December 2018	**407,660**	**362,302**	**10,457**	**162,516**	-	**942,935**
Accumulated depreciation						
At 1 January 2018	-	**5,251**	**7,101**	**77,560**	-	**89,912**
Charge for the year	-	**11,653**	**1,700**	**20,542**	-	**33,895**
Impairment (Note 19(ii))	-	-	**290**	**23,591**	-	**23,881**
Disposals	-	-	**(1,566)**	**(828)**	-	**(2,394)**
Reclassifications	-	-	**279**	**(279)**	-	-
At 31 December 2018	-	**16,904**	**7,804**	**120,586**	-	**145,294**
Carrying amounts						
31 December 2018	**407,660**	**345,398**	**2,653**	**41,930**	-	**797,641**

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10 PROPERTY AND EQUIPMENT (Continued)

	Land	Buildings	Motor vehicles	Furniture, fixtures and office equipment	Capital work in progress	Total
Cost						
At 1 January 2017	-	16,775	10,363	98,260	-	125,398
Additions	-	-	2,340	29,458	-	31,798
Disposals	-	(3,923)	(1,797)	(8,675)	-	(14,395)
Transfer in from investment properties (Note 9)	407,660	-	-	-	371,864	779,524
At 31 December 2017	407,660	12,852	10,906	119,043	371,864	922,325
Accumulated depreciation						
At 1 January 2017	-	5,353	6,250	72,039	-	83,642
Charge for the year	-	643	1,818	13,135	-	15,596
Disposals	-	(745)	(967)	(7,614)	-	(9,326)
At 31 December 2017	-	5,251	7,101	77,560	-	89,912
Carrying amounts						
31 December 2017	407,660	7,601	3,805	41,483	371,864	832,413

The Group recognized impairment loss on its property and equipment amounting to QR 23,881 (2017: Nil) during the year. The Group also recognized loss on disposal of property and equipment amounting to QR 100 (2017: Nil) during the year.

11 PAYABLES AND OTHER LIABILITIES

	2018	2017
Due to a related party (Note 12(c.i))	**1,559,192**	1,558,880
Dividend payables (Note 23)	**757,839**	763,030
Tenants' deposits	**148,528**	144,830
Payables to contractors and suppliers (1)	**68,113**	103,767
Unearned rent income	**57,168**	63,873
Retention payable (1)	**41,824**	31,852
Accrued expenses	**34,742**	52,899
Provision for Social and Sports Activities Fund (Note 16)	**10,844**	42,330
Provision for employees' end of service benefits (Note 19) (2)	**23,587**	39,131
Advances received from customers	**2,700**	2,700
Other payables	**59,781**	19,139
	2,764,318	2,822,431

(1) Due to related parties balances included in payable to contractors and suppliers, and retention payable are disclosed in (Note 12(c.ii)).

(2) The movements in the employees' end of service benefits were as follows:

	2018	2017
At 1 January	**39,131**	39,176
Provision made during the year (Note 19(ii))	**7,890**	11,635
Transferred from a related party	**1,500**	**-**
Transferred on loss of control of a subsidiary (Note 25)	**-**	(4,111)
Provision paid	**(24,934)**	(7,569)
At 31 December	**23,587**	39,131

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11 PAYABLES AND OTHER LIABILITIES (Continued)

The maturity of the payables and other liabilities are as follows:

2018	**Current**	**Non-current**	**Total**
Due to a related party	**1,559,192**	**-**	**1,559,192**
Dividend payables	**757,839**	**-**	**757,839**
Tenants' deposits	**148,528**	**-**	**148,528**
Payables to contractors and suppliers	**68,113**	**-**	**68,113**
Unearned rent income	**57,168**	**-**	**57,168**
Retention payable	**-**	**41,824**	**41,824**
Accrued expenses	**34,742**	**-**	**34,742**
Provision for Social and Sports Activities Fund	**10,844**	**-**	**10,844**
Provision for employees' end of service benefits	**-**	**23,587**	**23,587**
Advances received from customers	**2,700**	**-**	**2,700**
Other payables	**59,781**	**-**	**59,781**
	2,698,907	**65,411**	**2,764,318**

2017	Current	Non-current	Total
Due to a related party	1,558,880	-	1,558,880
Dividend payables	763,030	-	763,030
Tenants' deposits	144,830	-	144,830
Payables to contractors and suppliers	103,767	-	103,767
Unearned rent income	63,873	-	63,873
Retention payable	-	31,852	31,852
Accrued expenses	52,899	-	52,899
Provision for Social and Sports Activities Fund	42,330	-	42,330
Provision for employees' end of services benefits	-	39,131	39,131
Advances received from customers	2,700	-	2,700
Other payables	19,139	-	19,139
	2,751,448	70,983	2,822,431

12 RELATED PARTIES DISCLOSURES

(a) Related party transactions

Transactions with related parties are as follows:

	2018	2017
Development costs of investment property (1)	**81,071**	65,154
Expensed-out finance costs (2)	**109,756**	107,375
Capitalized finance costs (2)	**-**	7,564
Allowances of Board of Directors and other key management personnel (Notes 12(d) and 19(ii))	**52,296**	41,777
Rental income	**5,538**	5,789
Management fees	**2,526**	1,091

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

(2) The Group had secured Islamic finance borrowing from its equity-accounted investee (Note 12(c.ii)).

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

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12 RELATED PARTIES DISCLOSURES (Continued)

(b.i) Due from related parties

	2018	2017
Entities under common control:		
The Curve Hotel Company W.L.L.	**21,938**	22,380
Dar Al Arab W.L.L.	**13,719**	12,012
White Square Real Estate Company W.L.L.	**263**	275
Other related parties	**-**	16
Due from related parties, gross	**35,920**	34,683
Less: allowance for impairment of due from related parties (Note 5)	**(6,701)**	-
Due from related parties, net (Note 5)	**29,219**	34,683

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

(b.ii) Other related party receivable

	2018	2017
Entities under common control:		
Advances to suppliers and contractors including advances made to SAK Contracting and Trading W.L.L. and SAK Security Services W.L.L. (Note 5)	**29,936**	7,339

(c.i) Due to a related party

	2018	2017
Entity under common control:		
SAK Holding Group W.L.L. (1)	**1,559,192**	1,558,880

(1) This amount represents the remaining balance due to SAK Holding Group W.L.L. in relation to the settlement agreement with the Group (Notes 11 and 25).

The above balance is of financing in nature, bears no interest or securities and payable on demand.

(c.ii) Other related party payable

	2018	2017
Equity accounted investee (QIIB):		
Secured Islamic financing borrowings (Note 8)	**1,946,000**	2,880,900
Other related parties:		
Borrowing from a main shareholder (Note 13)	**385,000**	-
Payables to contractors and suppliers and retention payable including balances made to SAK Contracting and Trading W.L.L. and SAK Security Services W.L.L. (Note 11)	**1,899**	910

(d) Compensation of directors and other key management personnel

The compensation of Board Directors and other key management personnel during the year is as follows (Notes 12(a) and 19(ii)):

	2018	2017
Allowances of Board of Directors and other key management personnel (Notes 12(a) and 19(ii))	**52,296**	41,777

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13 SUKUK AND ISLAMIC FINANCING BORROWINGS

The movements on the Sukuk and Islamic financing borrowings during the year were as follows:

	2018	2017
At 1 January	**16,270,461**	15,926,929
Additions	**3,385,000**	1,992,865
Finance costs (Note 21)	**835,545**	752,807
Repayments	**(4,626,687)**	(2,402,140)
Total	**15,864,319**	16,270,461
Less: transaction costs	**(93,797)**	(82,213)
At 31 December	**15,770,522**	16,188,248

The maturity of these borrowings are as follows:

	2018	2017
Current portion	**1,567,859**	2,775,256
Non-current portion	**14,202,663**	13,412,992
	15,770,522	16,188,248

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

Type of facility	*Currency*	*Condition*	*Profit rates / terms*	**2018**	2017
Ijara	QR	Secured	QMRL rate	**5,703,851**	3,839,774
Murabaha	QR	Secured	QMRL rate	**3,065,294**	4,661,852
Ijara	USD	Secured	1M/3M LIBOR	**2,525,201**	3,475,027
Murabaha	USD	Secured	1Y/3 M LIBOR	**524,088**	636,923
Sukuk financings	USD	Unsecured	4.375% / 4.875%	**3,660,885**	3,656,885
Borrowings from main shareholder	QR	Unsecured	Non-interest bearing	**385,000**	-
				15,864,319	16,270,461

The Sukuk and Islamic financing borrowings have been obtained for the purpose of financing the obligations of the Group. All the contracts carry profits at commercial rates.

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

During the year, the Group obtained unsecured, non-interest bearing borrowings from a main shareholder of the Group amounting to QR 385,000 which is payable on demand.

As part of a Sharia's approved programme to issue QAR 7,283,000 (USD 2,000,000) Sukuks through a special purpose entity ("Ezdan Sukuk Company Ltd."), two tranches of Sukuks of QR 1,820,750 (USD 500,000) each were issued on behalf of the Group with total issuance cost of QR 10,086 and QR 9,959, respectively. The Sukuks were issued at an annual fixed profit rate of 4.375% and 4.875% paid semi-annually with a tenor of five years maturing in May 2021 and April 2022. The Sukuks are listed on the Irish Stock Exchange. The Group has undertaken to repurchase the assets at the same issuance price.

As at 31 December 2018, the Group had secured borrowings against mortgages on different types of investment properties (Note 9) owned by the Group with a fair market value of QR 15,698,618 (2017: QR 15,525,486) and pledge against quoted shares included in the consolidated financial statements within the equity investments and equity-accounted investees (Notes 7 and 8) with fair market value of QR 663,929 (2017: QR 600,531).

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13 SUKUK AND ISLAMIC FINANCING BORROWINGS (Continued)

The maturity profiles of the facilities are as follows:

2018	**1 year**	**2-5 years**	**Over 5 years**	**Total**
Type of facility				
Ijara (USD)	**s**	**866,674**	**805,690**	**2,525,201**
Ijara (QR)	**230,091**	**1,512,463**	**3,961,297**	**5,703,851**
Murabaha (USD)	**142,551**	**204,573**	**176,964**	**524,088**
Murabaha (QR)	**31,792**	**2,153,248**	**880,254**	**3,065,294**
Sukuk financings (USD)	**19,385**	**3,641,500**	**-**	**3,660,885**
Other borrowings	**385,000**	**-**	**-**	**385,000**
	1,661,656	**8,378,458**	**5,824,205**	**15,864,319**

2017	1 year *QR'000*	2-5 years *QR'000*	Over 5 years *QR'000*	Total *QR'000*
Type of facility				
Ijara (USD)	968,351	1,701,435	805,241	3,475,027
Murabaha (QR)	784,887	2,934,385	942,580	4,661,852
Ijara (QR)	696,255	2,147,453	996,066	3,839,774
Murabaha (USD)	330,550	306,373	-	636,923
Sukuk financings (USD)	15,384	3,641,501	-	3,656,885
	2,795,427	10,731,147	2,743,887	16,270,461

Some of the Group's borrowings agreements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. As at 31 December 2018, the Group did not fulfil certain financial ratios as required in the contracts for some agreements. However, all contractual obligations from borrowings were paid on a timely basis during 2018 and management expects that the Group will be able to meet all contractual obligations from borrowings on a timely basis going forward. Management is in the process of renegotiating the financial ratios of certain borrowing agreements with concerned lenders and expects that revised ratios for temporary period will be in placed during 2019.

14 SHARE CAPITAL

	2018	2017
Authorised, issued and fully paid up:		
2,652,496,691 shares of QR 10 each	**26,524,967**	26,524,967

15 LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015 ("Law") and the Group'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 Group's Article of Association.

16 CONTRIBUTION TO SOCIAL AND SPORTS ACTIVITIES FUND

In accordance with Law No. 8 of 2011 (Amendment to Law No. 13 of 2008), the Group made an appropriation of profit in amount of QR 10,844 (2017: QR 42,330) equivalent to 2.5% of the consolidated net profit for the year for the support of sports, cultural, social and charitable activities (Note 11).

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17 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2018	2017
Fair value reserve:		
At 1 January	**17,326**	329,580
Adjustment on initial application of IFRS 9 (Note 2(e))	**(153,872)**	-
Adjusted balance	**(136,546)**	329,580
Movements (see below analysis)	**851,695**	(312,254)
Derecognition of fair value reserve on disposal of equity investments	**4,630**	-
At 31 December	**719,779**	17,326

	2018	2017
Fair value reserve movement on equity investments:		
- Net gain / (loss) on equity investments	**862,852**	(264,522)
- Net loss on disposal of equity investments reclassified to consolidated statement of profit or loss	**-**	(129,750)
- Reclassification of impairment losses on equity investments charged to consolidated statement of profit or loss	**-**	67,487
Net gain / (loss) on equity investments	**862,852**	(326,785)
Change in fair value of cash flow hedges	**(12,324)**	17,198
Share of net movement in fair value reserves of equity-accounted investees (Note 8)	**1,167**	(2,667)
Movement of fair value reserve	**851,695**	(312,254)
Foreign currency translation reserve		
Foreign operations - foreign currency translation differences	**1,673**	(1,800)
Other comprehensive income / (loss) for the year	**853,368**	(314,054)

18 OTHER OPERATING REVENUES

	2018	2017
Food and beverage	**25,050**	21,286
Health club	**7,952**	8,681
Internet	**5,717**	6,349
Property management fees	**2,526**	5,159
Laundry	**1,597**	1,288
Entertainment	**52**	10,684
Rebate commission	**21**	1,286
Others	**11,968**	3,290
	54,883	58,023

19 EXPENSES

(i) Operating expenses:

	2018	2017
Utilities	**82,273**	64,922
Staff cost (1)	**75,085**	94,045
Repairs and maintenance	**32,088**	62,444
Sewage	**22,107**	36,321
Air conditioning	**23,543**	25,105
Security	**13,149**	21,475
Cleaning	**13,006**	23,565
Food and beverage	**10,860**	9,203
Rent (Note 28(ii))	**10,596**	12,368
Laundry and dry cleaning	**5,301**	5,830
Registration fees	**5,049**	1,220
Advertising costs	**3,992**	7,379
Commission	**1,256**	913
Other operating expenses	**8,695**	9,977
	307,000	374,767

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19 EXPENSES (Continued)

(ii) General and administrative expenses:

	2018	2017
Staff cost and board allowances (1) (2)	**128,240**	160,445
Professional expenses	**14,677**	21,530
Fines and penalties	**10,650**	-
Registration fees	**8,385**	8,408
Bank charges	**4,517**	3,679
Information system	**3,958**	5,901
Rent (Note 28(ii))	**3,603**	5,085
Insurance	**3,440**	3,248
Advertising costs	**2,934**	11,402
Communication	**2,611**	4,941
Printing and stationery	**1,506**	1,316
Provision for slow-moving and obsolete inventories (Note 6)	**687**	4,683
Other general and administrative expenses	**10,141**	13,474
	195,349	244,112

(1) The account includes a provision for employees' end of service benefits of QR 7,890 (2017: QR 11,635) during the year (Note 11).

(2) The account charged under general and administrative expense also includes allowances of Board of Directors and other key management personnel amounting to QR 52,296 (2017: QR 41,777) (Note 12(a)).

20 OTHER INCOME

	2018	2017
Gain on expropriation of investment properties (Notes 5 and 9)	**19,054**	171,971
Reversal of provision for impairment of trade and other receivables (Note 5)	**4,043**	9,391
Profit on Islamic bank accounts (Note 21)	**1,051**	42,872
(Loss)/ gain from foreign currency exchange, net	**(18,267)**	16,124
Reversal of provision for obsolete and slow moving inventories (Note 6)	**7**	-
Miscellaneous income	**1,814**	928
	7,702	241,286

21 FINANCE COSTS AND INCOME

	2018	2017
Finance costs		
Profits charged on Sukuk and Islamic financing borrowings (Note 13)	**835,545**	752,807
Capitalized finance costs on investment properties under development (Note 9)	**-**	(43,187)
	835,545	709,620
Finance income		
Profit on Islamic bank accounts (Note 20)	**1,051**	42,872

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22 EARNINGS PER SHARE

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

	2018	2017
Profit attributable to equity holders of the parent (QR'000)	**433,749**	1,693,201
Profit attributable to equity holders of the parent from continuing operations (QR'000)	**433,749**	1,695,845
Weighted average number of shares outstanding during the year (thousands of share)	**2,652,497**	2,652,497
Basic and diluted earnings per share (QR)	**0.16**	0.64
Basic and diluted earnings per share from continuing operations (QR)	**0.16**	0.64

23 DIVIDENDS

At the General Assembly meeting held on 12 February 2018, the shareholders approved QR Nil dividend for the year ended 2017 (2017: QR 0.50 per share amounting to QR 1,326,248 for the year ended 2016). The outstanding dividend amounting to QR 757,839 (2017: QR 763,030) as at 31 December 2018.

24 DERIVATIVE FINANCIAL INSTRUMENTS

The Group entered into profit rate swap (PRS) contracts effective up to 2024 in order to hedge against the profit rate risk arising from certain Sukuk and Islamic financing borrowings obtained at variable profit rates. Under the terms of the PRS contracts, the Group pays fixed rate of profit and will receive floating profit based on 1M/3M LIBOR. The terms of the PRS have been negotiated to match the terms of the Sukuk and Islamic financing borrowings.

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

2018	**Positive fair value**	**Notional amount**	**Within 3 Months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**
PRS contracts 1	**745**	**149,944**	**-**	**745**	**-**	**-**
PRS contracts 2	**2,370**	**264,187**	**-**	**-**	**2,370**	**-**
PRS contracts 3	**4,419**	**472,324**	**-**	**-**	**4,419**	**-**
PRS contracts 4	**3,310**	**1,675,090**	**-**	**-**	**-**	**3,310**
	10,844	**2,561,545**	**-**	**745**	**6,789**	**3,310**

Positive fair value is included in the receivables and prepayments in Note 5.

2017	Positive fair value	Notional amount	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
PRS contracts 1	1,808	449,832	-	-	1,808	-
PRS contracts 2	4,821	422,700	-	-	4,821	-
PRS contracts 3	8,765	742,223	-	-	8,765	-
PRS contracts 4	7,773	1,675,090	-	-	-	7,773
	23,167	3,289,845	-	-	15,394	7,773

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25 DISPOSAL OF SUBSIDIARIES

In accordance with the Extra Ordinary General Assembly meetings held on 20 November 2013 and 13 August 2017, the shareholders of the Group approved the purchase of the share of SAK Holdings Group W.L.L. in the development of investment property (the "Project") at a value of QR 6,087,384. The development is carried out by a subsidiary of the Group, Emtedad Real Estate for Projects W.L.L.

The Group appointed a valuation expert to assess the value of the Project and entered into a settlement agreement with SAK Holdings Group W.L.L. As part of the agreement, the Group partially settled on 2 October 2017 the purchase consideration by cash amounting to QR 3,064,117 and in kind in the form of subsidiaries companies having an fair value of QR 2,805,926 (Note 12(c.i)). The valuation of these subsidiaries was carried out by an independent valuation expert appointed by the Group's management.

The net assets, purchase price, and loss on disposal of these subsidiaries were as follows:

	Assets	*Liabilities*	*Net assets*	*Selling price*	*Gain / (loss)*
Name of the company:					
Ethmar for Trading and Construction Co. W.L.L.	1,016,334	(10,094)	1,006,240	1,016,221	9,981
Al Etkan Trading Co. W.L.L.	791,230	(3,490)	787,740	877,547	89,807
Al Manara for Medical Equipment Co. W.L.L.	269,257	-	269,257	181,777	(87,480)
Al Kara Trading Co. W.L.L.	521,848	-	521,848	453,156	(68,692)
Amaken for Electronic W.L.L.	120,561	(459)	120,102	130,741	10,639
Gulf Imtiaz for Trading W.L.L.	37,038	(19)	37,019	40,300	3,281
High Trade for Trading W.L.L	97,635	(20)	97,615	106,184	8,569
	2,853,903	(14,082)	2,839,821	2,805,926	(33,895)

The disposal was not treated as discontinued operations as it doesn't represent a separate line of business or geographical area of operations. The above subsidiaries did not constitute a business, as they were for the purpose of investing activities only (Note 8).

26 DISCONTINUED OPERATION

The Group lost control over the financing and operational decisions of Dar Al Arab W.L.L. as a result of the disposal of the subsidiaries as mentioned in Note 25 since the Group invested indirectly in Dar Al Arab through these subsidiaries.

Dar Al Arab W.L.L. was incorporated in the State of Qatar as a limited liability company under Commercial Registration Number 27324 on 3 September 2004. It's registered office is located at P.O. Box 22612, Doha, State of Qatar. The main activity of Dar Al Arab W.L.L. is the publication of Al Arab newspapers.

Dar Al Arab W.L.L. has been classified as discontinued operation and no longer presented in the segment note in (Note 31).

The operating results of Dar Al Arab W.L.L. on the date of disposal were as follows:

	2 October 2017
Revenue	23,985
Cost of sales	(24,226)
Gross loss	(241)
Other income	164
Share of results of equity-accounted investees	1,336
General and administrative expenses	(4,808)
Total comprehensive loss for the year	(3,549)

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26 DISCONTINUED OPERATION (Continued)

The cash flows of Dar Al Arab W.L.L. on the date of disposal were as follows:

	2 October 2017
Operating activities	1,243
Investing activities	2,479
Financing activities	(924)
Net cash inflows	2,798

27 CONTINGENT LIABILITIES

	2018	2017
Bank guarantees	**11,688**	4,570

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

28 COMMITMENTS

(i) Capital expenditure commitments:

The Group has contractual commitments to contractors and suppliers amounting to QR 56,562 (2017: QR 48,781) for development of investment property projects (Note 9).

(ii) Operating lease commitments

Group as lessor:

The Group leases out residential and commercial properties under non-cancelable operating lease agreements (Note 9).

The rent income recognized to profit or loss during the year is disclosed in Note 9 as “Rental income”.

The future aggregate minimum lease receivables under non-cancelable operating leases are as follows:

	2018	2017
No later than one year	**687,779**	846,179
Later than one year and no later than five years	**267,247**	374,438
More than five years	**225,054**	27,085
	1,180,080	1,247,702

Group as lessee:

The Group leases warehouses under cancelable operating lease agreements, thus, future aggregate minimum lease payments are not disclosed in the consolidated financial statements.

The lease expenditure charged to profit or loss during the year is disclosed in Note 19 (i and ii) as “Rent expense”.

29 FINANCIAL INSTRUMENTS

(a) Financial risk management

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

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

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

The Board of Directors has the overall responsibility for the establishment and oversight of the Group’s risk management framework. The Group’s risk management policies are established to identify and analyse the risks faced by the Group and to monitor risks.

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29 FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management (continued)

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.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Group's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets, which are the following:

	2018	2017
Tenants receivables	**154,682**	152,114
Due from related parties	**35,920**	34,683
Refundable deposits	**15,581**	18,617
Accrued income	**202**	1,541
Other receivables	**9,660**	12,218
Cash at bank	**23,223**	370,572
At 31 December	**239,268**	589,745

Tenants' receivables

The Group renders services to around 16 thousand customers with its largest ten customers accounting for 17% (2017: 16%) of its tenants receivables. This significant concentration risk has been managed through enhanced monitoring and periodic tracking. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which help reduce the Group's credit risk exposure in case of defaults by the tenants. The Group has a rigorous policy of credit screening prior to providing services on credit. Management evaluates the creditworthiness of each client prior to entering into contracts. Management also periodically reviews the collectability of its tenants' receivables and has a policy to provide any amounts whose collection is no longer probable and to write-off as bad debts any amounts whose recovery is unlikely. As a result, management believes that there is no significant credit risk on its tenants' receivables as presented on the consolidated statement of financial position.

More than 30% of the Group's customers have been transacting with the Group for over three years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a government or non-government entity, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

The Group's most significant customers are corporates and individuals.

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29 FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management (continued)

Credit risk (continued)

Tenants' receivables (continued)

The Group uses an allowance matrix to measure the ECLs of tenants' receivables.

The following table provides information about the exposure to credit risk and ECLs for tenants' receivables as at 31 December 2018:

	Weighted average loss rate (1)	**Gross carrying amount**	**Loss allowance**
Not past due	**2.16%**	**23,753**	**514**
1-30 days past due	**5.36%**	**11,858**	**636**
31-60 days past due	**7.47%**	**4,202**	**314**
61-90 days past due	**21.51%**	**3,658**	**787**
90 -120 days past due	**70.91%**	**1,729**	**1,226**
Above 120 days (2)	**96.58%**	**71,016**	**68,586**
Above 365 days (3)	**88.05%**	**12,585**	**11,081**
Specific provision (4)	**100.00%**	**25,881**	**25,881**
Total (Note 5)	**70.48%**	**154,682**	**109,025**

(1) Loss rates are calculated using a 'net flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Net flow rates are calculated based on common credit risk characteristics.

(2) This represents default period for residential, commercial and hotel segments.

(3) This represents default period for mall segment.

(4) This represents provision made by management for customers where the recoverability is doubtful or balances are considered credit-impaired.

The movements in the provision for impairment of tenants' receivables are disclosed in Note 5.

Due from related parties

Management believes that there is no significant credit risk in its receivables from the related parties because these counterparties are under the control of the Group's shareholders, who are financially healthy (Note 5).

Refundable deposits

Credit risks are considered to be minimal as the refundable deposits are collectible from a government agency.

Accrued income and other receivables

Credit risks on these receivables are considered to be minimal as these are substantially recovered on monthly basis and based on historical payment behaviour and analysis of customer credit base.

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29 FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management (continued)

Credit risk (continued)

Cash at bank

The Group's cash at bank is held with banks that are independently rated by credit rating agencies as follows:

	2018	2017
Credit ratings (by Moody's)		
A1	**7,631**	245,697
A2	**11,259**	55,417
A3	**1,778**	141
Aa3	**888**	5,157
Baa2	**1,667**	64,160
At 31 December (Note 4)	**23,223**	370,572

The Group has balances with credit worthy and reputable banks in Qatar with high credit ratings. Therefore, management believes that credit risk in respect of these balances is minimal.

Liquidity risk

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

The table below summarizes the contractual undiscounted maturities of the Group's financial liabilities at the reporting date. The Group's financial liabilities include any contractual interest payments.

	Carrying amounts	**Contractual cash flows**	**Less than 1 year**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
2018						
Non-derivative financial liabilities						
Payables and other liabilities:						
- Due to related parties	**1,559,192**	**(1,559,192)**	**-**	**(1,559,192)**	**-**	**-**
- Tenants' deposits	**148,528**	**(148,528)**	**(148,528)**	**-**	**-**	**-**
- Payables to contractors and suppliers	**68,113**	**(68,113)**	**(68,113)**	**-**	**-**	**-**
- Retention payable	**41,824**	**(41,824)**	**-**	**(41,824)**	**-**	**-**
- Other payables	**59,781**	**(59,781)**	**(59,781)**	**-**	**-**	**-**
Sukuk and Islamic financing borrowings	**15,864,319**	**(19,193,758)**	**(2,281,628)**	**(6,331,128)**	**(5,521,114)**	**(5,059,888)**
	17,741,757	**(21,071,196)**	**(2,558,050)**	**(7,932,144)**	**(5,521,114)**	**(5,059,888)**

	Carrying amounts	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
2017						
Non-derivative financial liabilities						
Payables and other liabilities:						
- Due to related parties	1,558,880	(1,558,880)	-	(1,558,880)	-	-
- Payables to contractors and suppliers	103,767	(103,767)	(103,767)	-	-	-
- Retention payable	31,852	(31,852)	-	(31,852)	-	-
- Tenants' deposits	144,830	(144,830)	(144,830)	-	-	-
- Other payables	19,141	(19,141)	(19,141)	-	-	-
Sukuk and Islamic financing borrowings	16,270,461	(18,315,184)	(3,085,139)	(5,044,367)	(7,303,015)	(2,882,663)
	18,128,931	(20,173,654)	(3,352,877)	(6,635,099)	(7,303,015)	(2,882,663)

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29 FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management (continued)

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

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As the QR is pegged to the US Dollar, balances denominated in US Dollars are not considered to represent significant currency risks.

Management is of the opinion that the Group's exposure to currency risk is minimal as the Group's significant transactions are denominated in Qatari Riyal (QR) and the US Dollar, which is pegged against QR.

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 interest rates. The Group's exposure to the risk of changes in market profit rates relates primarily to the Group's Islamic financing borrowings and term deposits with floating profit rates.

The Group adopts a policy of ensuring that profit rates on short-term deposits and borrowing costs rate on Islamic financing borrowings exposures are reviewed monthly and that finance cost rates are not subject to present fluctuations in profit rates. Also 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 MRL rates , unless, the variable basis are in favourable terms to the Group.

To manage certain floating profit rate borrowings, the Group enters into profit rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable profit rate amounts calculated by reference to an agreed-upon notional principal amount.

At the reporting date the profit rate profile of the Group's interest bearing financial instruments was:

	2018	2017
Term deposits	**-**	200,000
Islamic financing borrowings	**(6,114,583)**	(8,773,804)
Net financial liability	**(6,114,583)**	(8,573,804)

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 after impact of hedge accounting. 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
At 31 December 2018	**(15,286)**
At 31 December 2017	(21,435)

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29 FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management (continued)

Market risk (continued)

Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification in terms of industry concentration and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

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.

	Change in equity prices		*Effect on equity*
		2018	2017
Quoted equity investments (Note 7)	+10%	**326,246**	236,765

(b) 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 share capital, reserves and retained earnings of the Group. The Board monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

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 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:

	2018	2017
Sukuk and Islamic financing borrowings (Note 13)	**15,864,319**	16,270,461
Less: cash and cash equivalents (Note 4)	**(21,937)**	(366,550)
Net debt	**15,842,382**	15,903,911
Total equity	**31,116,674**	30,156,864
Net debt to equity ratio at 31 December	**51%**	53%

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 and equity investments. The Group's policy is to keep average borrowing to value at a low risk ratio.

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29 FINANCIAL INSTRUMENTS (Continued)

(b) Capital management (continued)

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

	2018	2017
Sukuk and Islamic financing borrowings (Note 13)	**15,864,319**	16,270,461
Fair values of:		
- Investment properties (Note 9)	**43,863,571**	43,819,785
- Equity investments (Note 7)	**3,316,717**	2,470,953
Total	**47,180,288**	46,290,738
Borrowing to fair value ratio at 31 December	**34%**	35%

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's capital management policy remained unchanged since the previous year.

The Group is subject to externally imposed capital requirements.

30 FAIR VALUES

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:

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. The Group has not disclosed the fair values of its bank balances, receivables, equity investments and payables because their carrying amounts are a reasonable approximation of their fair values.

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 financial assets recorded at fair value by level of the fair value hierarchy:

At 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial assets (interest rate swaps) (Note 5)	**-**	**10,844**	**-**	**10,844**
Equity investments (Note 7)	**3,262,460**	**-**	**54,257**	**3,316,717**

At 31 December 2017	Level 1	Level 2	Level 3	Total
Derivative financial assets (interest rate swaps) (Note 5)	-	23,167	-	23,167
Equity investments (Note 7)	2,367,648	-	103,305	2,470,953

During the years ended 31 December 2018 and 2017, 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.

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31 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its business activities and has four reportable segments, as follows:

a. Residential and commercial properties — The segment includes developing, owning, and renting of real estate properties.
b. Investments — The segment is engaged in investing activities including shares and Sukuk.
c. Hotel and suites — The segment includes managing hotels, suites and restaurants.
d. Malls — The segment includes management of shopping malls.

The distribution and publishing of newspapers segment pertains to the operation of Dar Al-Arab W.L.L., an entity incorporated in the State of Qatar as a limited liability company in which the main activity is the publication of Al Arab newspapers. The segment's operation was discontinued effective on 2 October 2017, therefore, the segment's financial position and operating results were no longer presented in the segment note as at reporting date (Note 26).

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

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

	Residential and commercial properties	Investments	Hotel and suites	Malls	Adjustments and eliminations	Total
31 December 2018						
Rental income	**1,093,566**	**-**	**180,085**	**87,832**	**(42,198)**	**1,319,285**
Dividends income from equity investments		**124,055**	**-**	**-**	**-**	**124,055**
Share from the results of equity-accounted investees and joint venture		**102,083**	**-**	**-**	**-**	**102,083**
Other operating revenues	**5,730**	**81**	**43,144**	**5,928**	**-**	**54,883**
Other income	**3,611**	**17**	**3,310**	**764**	**-**	**7,702**
Operating expenses	**(189,305)**	**-**	**(88,096)**	**(41,489)**	**11,890**	**(307,000)**
General and administrative expenses	**(148,772)**	**(550)**	**(32,023)**	**(28,519)**	**14,515**	**(195,349)**
Provision for claims	**(41,056)**	**-**	**-**	**-**	**-**	**(41,056)**
Impairment loss of property and equipment	**(23,881)**	**-**	**-**	**-**	**-**	**(23,881)**
Depreciation	**(23,079)**	**-**	**(2,318)**	**(8,498)**	**-**	**(33,895)**
Segment profit	**676,814**	**225,686**	**104,102**	**16,018**	**(15,793)**	**1,006,827**
Finance costs	**(835,545)**	**-**	**-**	**-**	**-**	**(835,545)**
Impairment loss of trade and other receivables	**(20,381)**	**(503)**	**-**	**(8,573)**	**-**	**(29,457)**
Net profit	**(179,112)**	**225,183**	**104,102**	**7,445**	**(15,793)**	**141,825**

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31 SEGMENT INFORMATION (Continued)

31 December 2017	Residential and commercial properties	Investments	Hotel and suites	Malls	Adjustments and eliminations	Total
Rental income	1,180,365	-	203,480	145,244	(47,405)	1,481,684
Net gain on sale of equity investments	-	464,932	-	-	35,289	500,221
Dividends income from equity investments	-	241,848	-	-	-	241,848
Other operating revenues	14,854	1,286	39,996	2,399	(512)	58,023
Net gain on sale of equity-accounted investees	-	177,777	-	-	-	177,777
Share from the results of equity-accounted investees and joint venture	-	141,354	-	-	-	141,354
Other income	222,581	-	8,086	-	10,619	241,286
Operating expenses	(252,729)	-	(86,819)	(50,472)	15,253	(374,767)
General and administrative expenses	(229,996)	(2,350)	(38,442)	(5,989)	32,665	(244,112)
Depreciation	(13,340)	-	(2,096)	(160)	-	(15,596)
Segment profit	921,735	1,024,847	124,205	91,022	45,909	2,207,718
Gain from change in fair value of investment properties	457,276	-	-	-	-	457,276
Impairment loss of equity investments	-	(67,487)	-	-	-	(67,487)
Loss on disposal of subsidiaries	-	-	-	-	(33,895)	(33,895)
Impairment loss of trade and other receivables	(5,160)	-	-	(1,088)	-	(6,248)
Impairment loss of equity-accounted investees	-	(162,194)	-	-	-	(162,194)
Finance costs	(709,620)	-	-	-	-	(709,620)
Loss from discontinued operation	-	-	-	-	(3,549)	(3,549)
Net profit	664,231	795,166	124,205	89,934	8,465	1,682,001

For the year ended 31 December 2018 In thousands of Qatari Riyals

31 SEGMENT INFORMATION (Continued)

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

31 December 2018	Residential and commercial properties	Investments	Hotel and suites	Malls	Adjustments and eliminations	Total
Segment assets						
Cash and bank balances	**18,976**	**142**	**2,156**	**2,288**	**-**	**23,562**
Receivables and prepayments	**2,364,943**	**4,981,158**	**80,299**	**86,836**	**(7,316,887)**	**196,349**
Inventories	**6,530**		**21,317**	**214**	**-**	**28,061**
Equity investments	**-**	**3,316,717**	**-**	**-**	**-**	**3,316,717**
Equity-accounted investees and joint venture	**-**	**1,425,613**	**-**	**-**	**-**	**1,425,613**
Investment properties	**35,075,936**	**-**	**5,233,095**	**3,554,540**	**-**	**43,863,571**
Property and equipment	**11,204**	**-**	**786,183**	**254**	**-**	**797,641**
Total assets	**37,477,589**	**9,723,630**	**6,123,050**	**3,644,132**	**(7,316,887)**	**49,651,514**
Segment liabilities						
Payables and other liabilities	**9,793,126**	**130**	**136,993**	**135,163**	**(7,301,094)**	**2,764,318**
Sukuk and Islamic financing borrowings	**15,770,522**	**-**	**-**	**-**	**-**	**15,770,522**
Total liabilities	**25,563,648**	**130**	**136,993**	**135,163**	**(7,301,094)**	**18,534,840**

Geographically, the Group operates in the State of Qatar and the United Kingdom. Qatar operations contributed approximately 100% of the Group's profit for the year ended 31 December 2018 (31 December 2017: 100%) and approximately 99.97 % (31 December 2017: 99.72%) of its assets.

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31 SEGMENT INFORMATION (Continued)

31 December 2017	Residential and commercial properties	Investments	Hotel and suites	Malls	Adjustments and eliminations	Total
Segment assets						
Cash and bank balances	357,535	67	1,489	12,029	-	371,120
Receivables and prepayments	166,364	4,763,820	27,188	89,042	(4,821,314)	225,100
Inventories	11,075	-	11,190	-	-	22,265
Equity investments	-	2,470,953	-	-	-	2,470,953
Equity-accounted investees and joint venture	-	1,425,907	-	-	-	1,425,907
Investment properties	35,154,392	-	4,936,638	3,728,755	-	43,819,785
Property and equipment	15,434	-	784,355	32,624	-	832,413
Total assets	35,704,800	8,660,747	5,760,860	3,862,450	(4,821,314)	49,167,543
Segment liabilities						
Payables and other liabilities	7,537,430	-	66,702	67,526	(4,849,227)	2,822,431
Sukuk and Islamic financing borrowings	16,188,248	-	-	-	-	16,188,248
Total liabilities	23,725,678	-	66,702	67,526	(4,849,227)	19,010,679

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32 NON-CONTROLLING INTERESTS

Proportion of equity interest held by non-controlling interest are as follows:

	2018	2017
Subsidiaries:		
Emtedad Real Estate for Projects W.L.L.	**32.50%**	32.50%
Ezdan World W.L.L.	**30%**	30%

Loss allocated to non-controlling interests

	2018	2017
Subsidiaries:		
Ezdan World W.L.L.	**(10,813)**	(5,770)
Emtedad Real Estate for Projects W.L.L.	**(281,111)**	(4,525)
Dar Al Arab W.L.L. (Note 26)	**-**	(905)
	(291,924)	(11,200)

Accumulated non-controlling interests

	2018	2017
Emtedad Real Estate for Projects W.L.L.	**(21,695)**	14,818
Ezdan World W.L.L.	**(266,293)**	(10,681)
	(287,988)	4,137

The financial information of Group's subsidiaries are provided below. The summarized financial information below represent amounts before intragroup eliminations.

	2018	2017
Total assets	**1,663,484**	2,506,469
Total liabilities	**77,687**	57,708
Equity attributable to the parent	**1,873,785**	2,444,624
Non-controlling interests	**(287,988)**	4,137

	2018	2017
Revenues	**813**	23,894
Loss from change in fair value of investment properties	**(864,800)**	(12,767)
Operating expenses	**-**	(29,081)
General and administrative expenses	**(37,013)**	(15,204)
Loss for the year	**(901,000)**	(33,158)
Loss attributable to parent of the Company	**(609,076)**	(21,958)
Loss attributable to non-controlling interests	**(291,924)**	(11,200)
Loss for the year	**(901,000)**	(33,158)

	2018	2017
Net cash (used in) / from operating activities	**(316)**	25,844
Net cash used in investing activities	**-**	(24,843)
Net cash used in financing activities	**-**	(1,603)
Net decrease in cash and cash equivalents	**(316)**	(602)

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33 COMPARATIVE FIGURES

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

A. Reclassification of accounts

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

Consolidated statement of financial position	***As previously presented QR'000***	***Reclassification QR'000***	***As reclassified QR'000***
Receivables and prepayments (Note 5)	307,313	(82,213)	225,100
Sukuk and Islamic financing borrowings (Note 13)	16,270,461	(82,213)	16,188,248

34 SUBSEQUENT EVENTS

The Board of Directors has invited for an Extraordinary General Meeting of Shareholders on 18 March 2019 to approve the share split and amend the Articles of Association in accordance with Qatar Financial Markets Authority ("QFMA") resolution at its 4th meeting for the year 2018 held on 16th of December 2018, to reduce the nominal value of shares of listed companies in Qatar to be one (1) Qatari Riyal, so that each existing share will split into ten (10) shares.

Independent auditor's report on pages 1, 2, 3, 4 and 5.