

ISLAMIC HOLDING GROUP (Q.P.S.C.)
DOHA – STATE OF QATAR

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2019

**ISLAMIC HOLDING GROUP (Q.P.S.C.)
DOHA – STATE OF QATAR**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2019**

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INDEPENDENT AUDITOR’S REVIEW REPORT
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS
ISLAMIC HOLDING GROUP (Q.P.S.C.)
DOHA – STATE OF QATAR

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Islamic Holding Group (Q.P.S.C) (the “Company”) and its subsidiaries (together referred to as the “Group”), which comprise the consolidated statement of financial position as of June 30, 2019, and the related interim consolidated statements of profit or loss and other comprehensive income for the three months and six months ended 30 June 2019, interim consolidated statement of changes in shareholders’ equity and interim consolidated statement of cash flows for the six-month period then ended and notes to the interim condensed consolidated financial statement. The Board of directors of the Group are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements for the six months period ended 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34 – “Interim Financial Reporting”.

Rödl & Partner – Qatar Branch
Certified Public Accountants

Doha – Qatar
July 16, 2019

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

ISLAMIC HOLDING GROUP (Q.P.S.C.)**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2019**

		As at June 30, 2019	As at December 31, 2018
	<u>Note</u>	<u>(Unaudited)</u> QR.	<u>(Audited)</u> QR.
ASSETS			
Current assets			
Bank balances	3	126,639,789	123,933,125
Bank balances - customers' funds	4	122,326,028	121,977,239
Due from Qatar Central Securities Depository (QCSD)		10,534,006	431,983
Prepayments and other debit balances	5	850,872	3,308,821
Due from customers		999,995	--
Financial investments through profit or loss	7-a	--	40,664
Total current assets		<u>261,350,690</u>	<u>249,691,832</u>
Non-current assets			
Investment properties	6	8,636,356	8,636,356
Financial investments through other comprehensive income	7-b	3,671,610	3,671,610
Property and equipment	8	930,753	853,599
Total non-current assets		<u>13,238,719</u>	<u>13,161,565</u>
Total assets		<u>274,589,409</u>	<u>262,853,397</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Due to customers		133,865,493	122,434,578
Accrued expenses and other credit balances	9	2,661,838	2,259,455
Total current liabilities		<u>136,527,331</u>	<u>124,694,033</u>
Non-current liabilities			
Provision for employees' end of service benefits	10	1,420,064	1,354,779
Total liabilities		<u>137,947,395</u>	<u>126,048,812</u>
Shareholders' equity			
Share capital	11	56,635,810	56,635,810
Legal reserve	12	78,780,322	78,780,322
Fair value reserve		383,624	383,624
Retained earnings		842,258	1,004,829
Total shareholders' equity		<u>136,642,014</u>	<u>136,804,585</u>
Total liabilities and shareholders' equity		<u>274,589,409</u>	<u>262,853,397</u>

Mr. Rashid Nasser Rashid Sareea Al Kaabi
Head of Board of Directors

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

ISLAMIC HOLDING GROUP (Q.P.S.C.)
**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

	<u>Note</u>	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
		2019	2018	2019	2018
		(Unaudited) QR.	(Unaudited) QR.	(Unaudited) QR.	(Unaudited) QR.
Brokerage and commission income	14-a	1,712,130	1,020,883	3,045,833	2,388,603
Brokerage and commission expense	14-b	(431,113)	(260,883)	(765,056)	(612,639)
Net Brokerage and commission income		1,281,017	760,000	2,280,777	1,775,964
Add:					
Income from deposits and saving accounts with Islamic banks		884,905	858,224	--	1,700,697
Other income		11,159	--	11,159	--
Gain from sale of financial investments through profit or loss	7	--	--	45	--
Rental income		91,625	91,625	183,250	153,250
Dividend income from financial investments		--	--	--	290,000
Net operating income		2,268,706	1,709,849	4,225,163	3,919,911
Less:					
General and administrative expenses	15	(2,164,861)	(1,844,806)	(4,021,102)	(3,674,214)
Depreciation of property and equipment	8	(127,517)	(108,312)	(255,657)	(195,830)
Bank charges		(55,105)	(55,125)	(110,975)	(111,255)
Net Loss for the period attributable to the shareholders of the Company		(78,777)	(298,394)	(162,571)	(61,388)
Basic and diluted loss per share	16	(0.001)	(0.005)	(0.003)	(0.001)

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

ISLAMIC HOLDING GROUP (Q.P.S.C.)**INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2019 (Unaudited) QR.	2018 (Unaudited) QR.	2019 (Unaudited) QR.	2018 (Unaudited) QR.
Net Loss for the period	(78,777)	(298,394)	(162,571)	(61,388)
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods:				
Net change in fair value of financial investment through other comprehensive income	--	218,225	--	(114,550)
Total comprehensive loss for the period attributable to the shareholders of the company	(78,777)	(80,169)	(162,571)	(175,938)

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

ISLAMIC HOLDING GROUP (Q.P.S.C.)

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

	Share capital	Legal reserve	Fair value reserve	Retained earnings	Total
	QR.	QR.	QR.	QR.	QR.
As at 1 January 2018 (Audited)	56,635,810	78,780,322	(554,984)	1,152,388	136,013,536
Adjustments on adoption of IFRS 9	--	--	554,984	(554,984)	--
As at 1 January 2018 (adjusted)	56,635,810	78,780,322	--	597,404	136,013,536
Loss for the period	--	--	--	(61,388)	(61,388)
Other comprehensive losses for the period	--	--	(114,550)	--	(114,550)
Total comprehensive loss for the period	--	--	(114,550)	(61,388)	(175,938)
As at 30 June 2018 (Unaudited)	56,635,810	78,780,322	(114,550)	536,016	135,837,598
	Share Capital	Legal reserve	Fair value reserve	Retained earnings	Total
	QR.	QR.	QR.	QR.	QR.
As at 1 January 2019 (Audited)	56,635,810	78,780,322	383,624	1,004,829	136,804,585
Loss for the period	--	--	--	(162,571)	(162,571)
Other comprehensive income for the period	--	--	--	--	--
Total comprehensive loss for the period	--	--	--	(162,571)	(162,571)
As at 30 June 2019 (Unaudited)	56,635,810	78,780,322	383,624	842,258	136,642,014

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

ISLAMIC HOLDING GROUP (Q.P.S.C.)
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

	<u>Note</u>	Six-Month Period Ended June 30,	
		2019	2018
		(Unaudited) QR.	(Unaudited) QR.
Operating activities			
Net loss for the period		(162,571)	(61,388)
Adjustments for:			
Depreciation of property and equipment	8	255,657	195,830
Bank charges		110,975	111,255
Income from deposits and saving accounts with Islamic banks		(1,749,932)	(1,700,697)
Dividends income from financial investments		--	(290,000)
Net gain from sale of financial investment through profit or loss	7-a	(45)	--
Provision for penalty of Qatar Financial Markets Authority		500,000	--
Provision for employees' end of service benefits	10	65,285	68,464
		(980,631)	(1,676,536)
Operating loss before changes in working capital			
Working capital changes:			
Bank balances – customers' funds		(348,789)	(26,756,647)
Due from customers		(999,995)	
Due from Qatar Central Securities Depository (QCSD)		(10,102,023)	(1,595,699)
Prepayments expenses and other debit balances		2,457,949	(417,376)
Due to customers		11,430,915	32,856,320
Accrued expenses and other credit balances		(97,617)	83,872
		1,359,809	2,493,934
Cash flows generated from operating activities			
Bank charges paid		(110,975)	(111,255)
Employees end of service benefits paid		--	(9,388)
		1,248,834	2,373,291
Investing activities			
Purchase of property and equipment	8	(332,811)	(298,865)
Proceeds from sale of financial investment through profit or loss	7-a	40,709	--
Dividends income from financial investments		--	290,000
Income from deposits and saving accounts with Islamic banks		1,749,932	1,700,697
		1,457,830	1,691,832
Net cash flows generated from investing activities			
Net increase in cash and cash equivalents		2,706,664	4,065,123
Cash and cash equivalents at 1 January,		123,933,125	114,371,203
Cash and cash equivalents at 30 June,	3	126,639,789	118,436,326

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

ISLAMIC HOLDING GROUP (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019

1 LEGAL STATUS AND ACTIVITIES

Islamic Holding Group (Q.P.S.C) "Previously Islamic Financial Securities (Q.S.C) was established as a Qatari Private Shareholding Company and registered under the Commercial Registration No. 26337. The principal activities of the Company are investing in shares, bonds and brokerage services in Qatar Exchange according to the Islamic Sharea'a. The Company is governed by the provisions of Qatar Commercial Companies' Law No.11 of 2015 and the regulations of Qatar Financial Market Authority and Qatar Exchange.

Upon the recommendation of the Board of Directors on 28 December 2009 and the Extraordinary General Assembly Resolution of 22 August 2010, it was agreed to change the name and legal form of the Company from the Islamic Securities Company (a Qatari public shareholding company) to the Islamic Holding Group (a Qatari public shareholding company). The change was made on the basis of the decision of the Qatar Financial Markets Authority and the approval of the Ministry of Trade and industry on 19 July 2010.

These consolidated financial statements include the financial statements of the Company and its subsidiaries "Islamic Financial Securities Company (W.L.L.) and Agyad Real Estate Company (W.L.L.) (hereinafter referred to as the "Group").

Islamic Financial Securities Company (W.L.L.) was registered in the State of Qatar under Commercial Registration No. 46645 on 19 Jul 2010. It is fully owned by the Islamic Holding Group (Q.P.S.C.) ("the Company" or "the Parent"), the principal activities of the Company are brokerage services.

Agyad Real Estate Company (W.L.L.) was incorporated in the State of Qatar under Commercial Registration No. 56091 dated 4 June 2012. The Company is fully owned by the parent Company, Islamic Holding Group (Q.P.S.C) (the "Company" or the "Parent"), the principal activities of the Company are real estate trading and brokerage activities.

The interim condensed consolidated financial statements of the Group for the six month period ended June 30, 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 16 July 2019.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements are prepared in accordance with IAS 34-"Interim Financial Reporting". These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2019.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for Six-month period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and on the assets and liabilities, and profit or loss items. Actual results may differ from these estimates.

The significant judgments made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2018

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of newly effective and amended standards as set out below.

Newly effective standard and amendments and improvements to standards

The new International Financial Reporting Standard ("IFRS" or "standard") No. 16 and several other amendments and interpretations apply for the first time in 2019, but do not have any impact on the financial statements of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

• **IFRS 16 Leases**

IFRS 16 was issued in January 2016 and it replaces 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group intends to apply IFRS 16 using the modified retrospective approach. Under this approach the Group does not restate its comparative figures but recognises the cumulative effect of adopting IFRS 16, if any as an adjustment to equity as at January 1, 2019. The Group as a lessee only have one lease contract which will be end on October 2019, the Group is in the process of evaluating the impact of the adoption of IFRS 16 to the consolidated financial statements in respect to the new lease contract which will start on November 2019.

The following new standard, interpretation and amendments to standards, may result in additional disclosures at the yearend but did not result in any changes to previously reported net profit or equity of the Group.:

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle (issued in December 2017)
 - Amendments to IFRS 3 Business Combinations
 - Amendments to IFRS 11 Joint Arrangements
 - Amendments to IAS 12 Income Taxes
 - Amendments to IAS 23 Borrowing Costs

ISLAMIC HOLDING GROUP (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

New and amended standards not yet effective, but available for early adoption

The below new and amended IFRS that are available for early adoption for financial year ending 31 December 2019 are not effective until a later period, and they have not been applied in preparing these financial statements.

Adoption not expected to impact the Group's financial statements:

<u>Effective date</u>	<u>Description</u>
January 1, 2020	<ul style="list-style-type: none">•Amendments to IFRS 3•Amendments to References to the Conceptual Framework in IFRS Standards•Amendments to IAS 1 and IAS 8 on 'Definition of Material'
January 1, 2022	<ul style="list-style-type: none">•IFRS 17 Insurance Contracts
Effective date to be determined	<ul style="list-style-type: none">•Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3 BANK BALANCES

	<u>June 30, 2019</u> (Unaudited) QR.	<u>December 31, 2018</u> (Audited) QR.
Bank balances :		
Current Accounts	14,407	11,657
Saving Accounts	19,625,382	13,378,278
Term deposits *	107,000,000	110,543,190
Total	<u>126,639,789</u>	<u>123,933,125</u>

* Term deposits are held with reputed banks in Qatar which are rated by external credit rating agencies and considered to be having low risk of default. As such no expected credit loss allowance has been considered on these deposits.

4 BANK BALANCES – CUSTOMERS' FUNDS

Represent bank balances for the customers, which the Group holds in trust until the customers commit those funds to the purchase of shares, following which the Group transfers the committed funds to the Group's bank accounts and settles the same to the Authority which carry out the settlement.

5 PREPAYMENTS AND OTHER DEBIT BALANCES

	<u>June 30, 2019</u> (Unaudited) QR.	<u>December 31, 2018</u> (Audited) QR.
Refundable deposits	2,300	2,300
Prepaid expenses	610,336	570,515
Accrued revenue	93,666	2,402,436
Cheques under collection	141,000	327,000
Other assets	3,570	6,570
Total	<u>850,872</u>	<u>3,308,821</u>

ISLAMIC HOLDING GROUP (Q.P.S.C.)**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019****6 INVESTMENT PROPERTIES**

	<u>June 30, 2019</u> (Unaudited) QR.	<u>December 31, 2018</u> (Audited) QR.
Balance at the end of the period / year	<u>8,636,356</u>	<u>8,636,356</u>

(A) Real estate investments are located in the State of Qatar.

(B) The fair value of investment properties is measured on the basis of valuation by an authorized Independent property appraiser and property valuation specialists and similar activities. The fair value of the land is determined by reference to the market and the fair value of the buildings is determined based on the recent transaction prices of similar properties. The carrying amount as at the reporting date is as per the evaluation of the independent property appraiser. In assessing the fair value of properties, the current use of real estate is the lowest and best use. Real estate investments are included in Level 2 of the fair value hierarchy.

7 FINANCIAL INVESTMENTS

Financial investment includes the following

	<u>June 30, 2019</u> (Unaudited) QR.	<u>December 31, 2018</u> (Audited) QR.
Financial investments through profit or loss (a)	<u>--</u>	<u>40,664</u>
Financial investments through other comprehensive income (b)	<u>3,671,610</u>	<u>3,671,610</u>

(a) Movements in financial Investments in local listed companies through profit or loss is as follows:

	<u>June 30, 2019</u> (Unaudited) QR.	<u>December 31, 2018</u> (Audited) QR.
Balance at 1, January	40,664	3,958,500
Disposal during the period / year	(40,709)	(4,588,788)
Gain on sale of financial investment during the period / year	45	663,867
Gain from revaluation of financial investments through profit or loss	--	7,085
Total	<u>--</u>	<u>40,664</u>

(b) Financial investments in local unlisted companies through other comprehensive income

This investment is fair valued using adjusted net assets method based on the last approved consolidated financial statements at an amount of QR 3,671,610 (31 December 2018: QR 3,671,610). The change in fair value recognised in other comprehensive income is Nil (31 December 2018: 383,624)

ISLAMIC HOLDING GROUP (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019

8 PROPERTY AND EQUIPMENT

	Computers, software and office equipment	Furniture and fixtures	Leasehold improvements	Motor vehicles	Total
	QR.	QR.	QR.	QR.	QR.
Cost:					
As at 1 January 2019 (Audited)	9,345,217	722,973	2,013,671	72,777	12,154,638
Additions for the period	332,811	--	--	--	332,811
As at 30 June 2019 (Unaudited)	9,678,028	722,973	2,013,671	72,777	12,487,449
Accumulated Depreciation:					
As at 1 January 2019 (Audited)	8,703,015	678,646	1,846,603	72,775	11,301,039
Charge for the period	177,870	6,211	71,576	--	255,657
As at 30 June 2019 (Unaudited)	8,880,885	684,857	1,918,179	72,775	11,556,696
Net book value:					
As at 30 June 2019 (Unaudited)	797,143	38,116	95,492	2	930,753
	Computers, software and office equipment	Furniture and fixtures	Leasehold improvements	Motor vehicles	Total
	QR.	QR.	QR.	QR.	QR.
Cost:					
As at 1 January 2018 (Audited)	8,956,666	672,973	2,013,671	72,777	11,716,087
Additions for the year	388,551	50,000	--	--	438,551
As at 31 December 2018	9,345,217	722,973	2,013,671	72,777	12,154,638
Accumulated Depreciation: (Audited)					
As at 1 January 2018 (Audited)	8,450,312	668,714	1,703,135	72,775	10,894,936
Charge for the year	252,703	9,932	143,468	--	406,103
As at 31 December 2018 (Audited)	8,703,015	678,646	1,846,603	72,775	11,301,039
Net book value:					
As at 31 December 2018 (Audited)	642,202	44,327	167,068	2	853,599

ISLAMIC HOLDING GROUP (Q.P.S.C.)**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019****9 ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	June 30, 2019	December 31, 2018
	(Unaudited) QR.	(Audited) QR.
Dividend payable to shareholders	1,483,739	1,514,793
Payable to shareholders from sale of shares	221,674	221,674
Accrued expenses	150,658	78,159
Due to shareholders from subscription surplus	39,770	39,770
Provision for sport and social activities contribution	--	10,447
Unearned revenue	140,542	323,792
Provision for penalty of Qatar Financial Markets Authority (Note 15)	500,000	--
Other payables	125,455	70,820
Total	2,661,838	2,259,455

10 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	June 30, 2019	December 31, 2018
	(Unaudited) QR.	(Audited) QR.
Provision as at 1 January	1,354,779	1,275,969
Provided during the period / year (Note 15)	65,285	133,694
Paid during the period / year	--	(54,884)
Provision as at June 30 / December 31	1,420,064	1,354,779

11 SHARE CAPITAL

	June 30, 2019	December 31, 2018
	(Unaudited) QR.	(Audited) QR.
Authorised and paid up		
56,635,810 shares with a nominal value of QR 1 per share (Note 11-a) (31 December 2018: 5,663,581 shares with value of QR 10 per share)	56,635,810	56,635,810

a - On 25 March 2019, the Extraordinary General Meeting of the Group approved to split the par value of the ordinary share from QR10 to be QR1, as per the instructions of Qatar Financial Markets Authority (QFMA). Accordingly, the number of ordinary shares increased from 5,663,581 to 56,635,810 (Note 22).

b - During the year 2016, the Group has increased the authorised capital from 4,000,000 shares to 5,663,581 shares after completing subscription in the right issue process and amending the commercial register.

c - At the shareholders meeting on 15 June 2015, the Board of Directors proposed a 50% increase in the Group's capital and increase the total number of shares to 6,000,000 shares. At the meeting held on May 4, 2015, the share price was determined by the Board of Directors based on a fair value study conducted by an independent valuer of QR10 per unit plus QR40 issued premium. As a result of the rights issue in 2016, the capital increased by QR 16,635,810 to 1,663,581 shares to be 5,663,581 shares. The issue premium was QR 66,142,115 and was included in the statutory reserve in accordance with the Companies Law No. 11 for the year 2015.

ISLAMIC HOLDING GROUP (Q.P.S.C.)**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019****12 LEGAL RESERVE**

In accordance with the provisions of Qatar Commercial Companies' Law No. 11 of 2015 and the Articles of Association of the Group, 10% of the Group's annual net profit should be transferred to the statutory reserve each year until the statutory reserve equals 50% of the paid-up share capital. The legal reserve is not available for distribution except in the cases stipulated in the Commercial Companies Law above.

13 DIVIDENDS

The Annual General Assembly Meeting of the Group that was held on 11 June 2019 and approved that no dividends will be distributed for the fiscal year 2018.

The Annual General Assembly Meeting of the Group that was held on 1 April 2018 and approved that no dividends will be distributed for the fiscal year 2017.

14 BROKERAGE AND COMMISSION INCOME

	Six-Month Period Ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
	QR.	QR.
(a) Revenue from contracts with customers	3,045,833	2,388,603

Disaggregated revenue information

	Six-Month Period Ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
	QR.	QR.
Type of goods and services		
Brokerage and commission income	3,045,833	2,388,603

Timing of services

	Six-Month Period Ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
	QR.	QR.
Services transferred point in time	3,045,833	2,388,603

Contract balances

	June 30,	December 31,
	2019	2018
	(Unaudited)	(Audited)
	QR.	QR.
Trade receivables (Due from Qatar Central Security Depository)	10,534,006	431,983

Trade receivables are non-interest bearing and are generally on terms of T+3 basis. The management has assessed the expected credit loss to be nothing.

ISLAMIC HOLDING GROUP (Q.P.S.C.)**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019****14 NET BROKERAGE AND COMMISSION INCOME (CONTINUED)****(B) BROKERAGE AND COMMISSION EXPENSE**

	Six-Month Period Ended June 30,	
	2019	2018
	(Unaudited) QR.	(Unaudited) QR.
Commission paid to Qatar Central Securities Depository (QCSD)	765,056	612,639

15 GENERAL AND ADMINISTRATIVE EXPENSES

	Six-Month Period Ended June 30,	
	2019	2018
	(Unaudited) QR.	(Unaudited) QR.
Staff cost	1,440,182	1,679,163
Rent expense	680,301	730,681
Telephone and postage	340,195	302,777
Repair and maintenance	156,895	175,183
Brokerage fees	207,146	219,091
Professional fees	265,000	114,000
Annual leave cost	45,708	50,676
Provision for employees' end of service benefits (Note 10)	65,285	68,464
Advertising and marketing expense	73,693	56,376
Air ticket cost	80,251	32,974
Government fees	73,150	62,670
Stationery and printing expense	32,598	7,428
Vehicles expenses	6,592	5,081
Provision for penalty of Qatar Financial Markets Authority*	500,000	--
Miscellaneous expenses	54,106	169,650
Total	4,021,102	3,674,214

(*) At the 7th Accounting Committee meeting for 2019 held on Sunday April 7, 2019, the Qatar Financial Markets Authority issued a decision to impose a financial penalty on Islamic Financial Securities Company (W.L.L.) (a subsidiary of Islamic Holding Group Q.P.S.C.) amounted to QR 500,000 as a result of Company's violation of the provisions of the Financial Services Rulebook because of allowing Duntons legal office which is licensed by Qatar Financial Center to manage mutual fund accounts established in the Cayman Islands, which is considered as an investment management activity in securities without the authorization from Qatar Financial Markets Authority (QFMA).

16 BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share are calculated by dividing loss for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	Six-Month Period Ended June 30,	
	2019	2018
	(Unaudited) QR.	(Unaudited) QR.
Loss for the period (QR)	(162,571)	(61,388)
Weighted average number of shares (Note 11-a)	56,635,810	56,635,810
Basic and diluted loss per share (QR)	(0.003)	(0.001)

There were no potentially dilutive shares outstanding at any time during the period and therefore, the diluted loss per share is equal to the basic loss per share.

ISLAMIC HOLDING GROUP (Q.P.S.C.)**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019****17 CONTINGENT LIABILITIES**

	<u>June 30, 2019</u> (Unaudited) QR.	<u>December 31, 2018</u> (Audited) QR.
Letters of guarantee	<u>125,000,000</u>	<u>125,000,000</u>

18 RELATED PARTIES TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by those parties.

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

	<u>Six-Month Period Ended June 30,</u>	
	<u>2019</u> (Unaudited) QR.	<u>2018</u> (Unaudited) QR.
Income from deposits and saving accounts with Islamic banks	<u>1,749,932</u>	<u>1,700,697</u>
Brokerage and commission income, net	<u>84,752</u>	<u>76,326</u>
Returned commissions	<u>24,132</u>	<u>40,324</u>

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

	<u>June 30, 2019</u> (Unaudited) QR.	<u>December 31, 2018</u> (Audited) QR.
Bank balances – customers' funds	<u>110,872,594</u>	<u>109,481,835</u>
Bank Balances – Group fund	<u>126,623,272</u>	<u>123,919,358</u>

Key management salaries

The salaries of key management during the period were as follows:

	<u>Six-Month Period Ended June 30,</u>	
	<u>2019</u> (Unaudited) QR.	<u>2018</u> (Unaudited) QR.
Management salaries	<u>506,000</u>	<u>666,000</u>

ISLAMIC HOLDING GROUP (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019

19 FAIR VALUE

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial investments 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

For financial instruments that are recognised at fair value 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.

As at 30 June 2019, the Group held the following financial instruments measured at fair value:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
30 June 2019 (Unaudited)	QR.	QR.	QR.	QR.
Financial investment through other comprehensive income	3,671,610	--	--	3,671,610
Investment properties	8,636,356	--	--	8,636,356
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
31 December 2018 (Audited)	QR.	QR.	QR.	QR.
Financial investment through other comprehensive income	3,671,610	--	--	3,671,610
Financial investment through profit or loss	40,664	40,664	--	--
Investment properties	8,636,356	--	--	8,636,356

During the period ended 30 June 2019, 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.

20 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their nature of activities and has nine reportable segments and other activities. The three reportable segments are as follows:

- Brokerage – this segment includes financial brokerage services provided to customers;
- Real Estate – this segment includes providing property management, marketing and sales services for real estate
- Others – represents the Holding Group, which provides corporate services to the subsidiaries in the Group.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

ISLAMIC HOLDING GROUP (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019

20 SEGMENT INFORMATION (CONTINUED)

Six-Month Ended June 30, 2019 (Unaudited)	Brokerage Service	Real estate	Other	Total	Adjustments and eliminations	Consolidated
	QR.	QR.	QR.	QR.	QR.	QR.
Net brokerage and commission income	2,280,777	--	--	2,280,777	--	2,280,777
Others	662,053	840,702	517,499	2,020,254	(75,868)	1,944,386
Segment revenue	2,942,830	840,702	517,499	4,301,031	(75,868)	4,225,163
Segment profit / loss	(610,267)	682,813	(235,117)	(162,571)	--	(162,571)
Depreciation	(237,048)	--	(18,609)	(255,657)	--	(255,657)
Six-Month Ended June 30, 2018 (Unaudited)	Brokerage Service	Real estate	Other	Total	Adjustments and eliminations	Consolidated
	QR.	QR.	QR.	QR.	QR.	QR.
Net brokerage and commission income	1,775,964	--	--	1,775,964	--	1,775,964
Others	925,147	789,743	499,286	2,214,176	(70,229)	2,143,947
Segment revenue	2,701,111	789,743	499,286	3,990,140	(70,229)	3,919,911
Segment profit / (loss)	(294,590)	632,064	(398,862)	(61,388)	--	(61,388)
Depreciation	(176,213)	--	(19,617)	(195,830)	--	(195,830)

ISLAMIC HOLDING GROUP (Q.P.S.C.)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

20 SEGMENT INFORMATION (CONTINUED)

The following table presents the segment assets and liabilities:

	<u>Brokerage Service</u> QR.	<u>Real estate</u> QR.	<u>Other</u> QR.	<u>Total</u> QR.	<u>Adjustments and eliminations</u> QR.	<u>Consolidated</u> QR.
At 30 June 2019 (Unaudited)						
Segment assets	<u>188,972,731</u>	<u>51,438,234</u>	<u>133,544,215</u>	<u>373,955,180</u>	<u>(99,365,771)</u>	<u>274,589,409</u>
Segment liabilities	<u>135,741,735</u>	<u>225,410</u>	<u>2,369,619</u>	<u>138,336,764</u>	<u>(389,369)</u>	<u>137,947,395</u>
At 31 December 2018 (Audited)						
Segment assets	<u>177,484,515</u>	<u>52,203,195</u>	<u>134,427,485</u>	<u>364,115,195</u>	<u>(101,261,798)</u>	<u>262,853,397</u>
Segment liabilities	<u>123,643,252</u>	<u>476,082</u>	<u>3,017,770</u>	<u>127,137,104</u>	<u>(1,088,292)</u>	<u>126,048,812</u>

The Group's operations are located in the State of Qatar.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019**

21 COMPARATIVE FIGURES

Comparative figures for the previous period / year have been reclassified, where appropriate, to confirm with the presentation of the consolidated financial statements for the current period. This reclassification has no impact on previously reported net profit or equity.

22 SHARES SPLIT

In accordance with the instructions of Qatar Financial Markets Authority (QFMA), the Extraordinary General Assembly Meeting of the Group held on 25 March 2019, approve to split of the par value of the ordinary share from QR 10 to QR 1 per share and amendment related Article of Association, share split was implemented on 12 June 2019.

The periods presented for the share and the data for each share (excluding the par value) reflect the effects of share split. The number of ordinary share capital has been adjusted in the attached financial statements and their notes to reflect the retroactive segmentation of the shares. Accordingly, the number of ordinary shares has been increased from 5,663,581 to 56,635,810 ordinary share.