

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED  
30 SEPTEMBER 2017**

**TOGETHER WITH INDEPENDENT  
AUDITOR'S REVIEW REPORT**

**ISLAMIC HOLDING GROUP (Q.P.S.C.)**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED**  
**30 SEPTEMBER 2017**

**TABLE OF CONTENTS**

Independent auditor's review report	--
Interim consolidated Statement of Financial Position	2
Interim Consolidated Statement of Income	3
Interim Consolidated Statement of Comprehensive income	4
Interim Consolidated Statement of Changes in shareholders' Equity	5
Interim Consolidated Statement of Cash Flows	6
Notes to the Interim Condensed Consolidated Financial Statements	7-21

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying interim consolidated statement of financial position of Islamic Holding Group (Q.P.S.C) (the “Company”) and its subsidiaries (together referred to as the “Group”) as of September 30, 2017 and the related interim consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the nine-month period then ended and the related explanatory notes. Management is 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – “Interim Financial Reporting”.

### **Other Matters**

The consolidated financial statements of the Group for the year ended December 31, 2016 have been audited and the interim condensed consolidated financial statements of the Group for the nine-month period ended September 30, 2016 have been reviewed by other independent auditor, whose report dated January 25, 2017 and October 18, 2016 respectively, expressed an unqualified opinion and an unmodified conclusion on those statements.

**Rödl & Partner  
Certified Public Accountants**

**Doha – Qatar  
October 23, 2017**

**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 September 30, 2017**

		<b>September 30, 2017</b>	<b>December 31, 2016</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>Notes</b>	<b>QR</b>	<b>QR</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Bank balances	3	114,773,351	130,189,069
Bank balances - customers' funds	4	112,187,655	214,345,334
Due from Qatar Central Securities Depository (QCSD)		--	8,235,491
Prepayments and other debit balances	5	3,184,050	2,724,360
Notes Receivable – Short term		132,000	--
<b>Total current assets</b>		<b>230,277,056</b>	<b>355,494,254</b>
<b>Non-current assets</b>			
Investment properties	6	8,934,858	8,934,858
Available for sale financial assets	7	7,000,711	3,287,986
Notes Receivable – Long term		110,000	--
Property and equipment	8	798,139	980,259
<b>Total non-current assets</b>		<b>16,843,708</b>	<b>13,203,103</b>
<b>Total assets</b>		<b>247,120,764</b>	<b>368,697,357</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Due to customers		102,083,523	222,585,205
Due to Qatar Central Securities Depository (QCSD)		4,864,003	--
Un-earned revenues – Short term		126,500	--
Accrued expenses and other credit balances	9	2,148,162	2,031,368
<b>Total current liabilities</b>		<b>109,222,188</b>	<b>224,616,573</b>
<b>Non-current liability</b>			
Employees' end of service benefits	10	1,298,259	1,318,309
Un-earned revenues – Long term		105,417	--
<b>Total Non-current liability</b>		<b>1,403,676</b>	<b>1,318,309</b>
<b>Total liabilities</b>		<b>110,625,864</b>	<b>225,934,882</b>
<b>Shareholders' equity</b>			
Share capital	11	56,635,810	56,635,810
Legal reserve	12	78,780,322	78,780,322
Fair value reserve	7	(800,759)	--
Retained earnings		1,879,527	7,346,343
<b>Total shareholders' equity</b>		<b>136,494,900</b>	<b>142,762,475</b>
<b>Total liabilities and shareholders' equity</b>		<b>247,120,764</b>	<b>368,697,357</b>

Dr. Youseef ahmed Al-Neema  
Head of Board of Directors

Khalid Mohamed Al-Emadi  
Board Member

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

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

**INTERIM CONSOLIDATED STATEMENT OF INCOME**

**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

	<u>Notes</u>	Three-month period ended September 30,		Nine-month period ended September 30,	
		2017	2016	2017	2016
		(Unaudited) QR	(Unaudited) QR	(Unaudited) QR	(Unaudited) QR
Brokerage and commission income		860,905	6,071,425	6,375,235	9,149,621
Brokerage and commission expense	14	(219,117)	(4,285,704)	(1,819,665)	(2,783,544)
<b>Net Brokerage and commission income</b>		<b>641,788</b>	<b>1,785,721</b>	<b>4,555,570</b>	<b>6,366,077</b>
<b>Add:</b>					
Income from saving and deposit accounts with Islamic banks		810,151	557,217	1,896,951	1,266,335
Net profit from available for sale financial assets	7	--	--	70,165	--
Rental income		21,083	--	21,083	--
Other income		19,235	--	228,550	--
<b>Net operating income</b>		<b>1,492,257</b>	<b>2,342,938</b>	<b>6,772,319</b>	<b>7,632,412</b>
<b>Less:</b>					
General and administrative expenses	15	(1,922,939)	(1,950,301)	(6,137,266)	(6,026,667)
Depreciation		(86,415)	(84,654)	(264,617)	(228,266)
Bank Charges		(55,961)	(55,677)	(173,671)	(171,095)
<b>Net Loss/Profit for the period</b>		<b>(573,058)</b>	<b>252,306</b>	<b>196,765</b>	<b>1,206,384</b>
Basic and diluted (Losses) / earnings per share	16	<b>(0.10)</b>	<b>0.04</b>	<b>0.03</b>	<b>0.21</b>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

**ISLAMIC HOLDING GROUP (Q.P.S.C.)****INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

	<u>Notes</u>	Three-month period ended September 30,		Nine-month period ended September 30,	
		2017	2016	2017	2016
		(Unaudited) QR	(Unaudited) QR	(Unaudited) QR	(Unaudited) QR
<b>Net (Loss)/Profit for the period</b>		<b>(573,058)</b>	<b>252,306</b>	<b>196,765</b>	<b>1,206,384</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Net change in fair value of available-for-sale financial assets	7	<u>(318,275)</u>	<u>--</u>	<u>(800,759)</u>	<u>--</u>
<b>Total comprehensive (Loss)/income for the period</b>		<b><u>(891,333)</u></b>	<b><u>252,306</u></b>	<b><u>(603,994)</u></b>	<b><u>1,206,384</u></b>

The attached notes 1 to 21 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 NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

	Share capital	Legal reserve	Fair value reserve	Retained earnings	Total
	QR	QR	QR	QR	QR
<b>As at 1 January 2016 (Audited)</b>	<b>40,000,000</b>	<b>12,638,207</b>	--	<b>9,342,934</b>	<b>61,981,141</b>
Profit for the period	--	--	--	1,206,384	1,206,384
<b>Total comprehensive income for the period</b>	--	--	--	1,206,384	1,206,384
			-		
Dividends paid to shareholders (Note 13)	--	--	-	(6,000,000)	(6,000,000)
Increase in share capital (Note 11)	16,635,810	66,142,115	--	--	82,777,925
<b>As at 30 September 2016 (Unaudited)</b>	<b>56,635,810</b>	<b>78,780,322</b>	--	<b>4,549,318</b>	<b>139,965,450</b>
	Share capital	Legal reserve	Fair value reserve	Retained earnings	Total
	QR	QR	QR	QR	QR
<b>As at 1 January 2017 (Audited)</b>	<b>56,635,810</b>	<b>78,780,322</b>	--	<b>7,346,343</b>	<b>142,762,475</b>
Profit for the period	--	--	--	196,765	196,765
Change in fair value	--	--	(800,759)	--	(800,759)
<b>Total comprehensive income for the period</b>	--	--	(800,759)	196,765	(603,994)
Dividends paid to shareholders (Note 13)	--	--	--	(5,663,581)	(5,663,581)
<b>As at 30 September 2017 (Unaudited)</b>	<b>56,635,810</b>	<b>78,780,322</b>	<b>(800,759)</b>	<b>1,879,527</b>	<b>136,494,900</b>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

**ISLAMIC HOLDING GROUP (Q.P.S.C.)****INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

		For the nine-month period ended September 30,	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	QR	QR
<b>Operating activities</b>			
Profit for the period		196,765	1,206,384
Adjustments for:			
Depreciation expense	8	264,617	228,266
Bank charges		173,671	171,095
Income from saving accounts and deposits with Islamic banks		(1,896,951)	(1,266,335)
Net gain from sale of available-for-sale financial assets	7	(70,165)	--
Provision for employees' end of service benefits	10	131,542	115,554
		<b>(1,200,521)</b>	<b>454,964</b>
<b>Working capital changes:</b>			
Bank balances – customers' funds		102,157,679	(136,406,076)
Notes Receivables		(242,000)	--
Due from Qatar Central Securities Depository (QCSD)		8,235,491	23,758,220
Prepayments and other debit balances		(459,690)	288,992
Due to customers		(120,501,682)	112,555,187
Due to Qatar Central Securities Depository (QCSD)		4,864,003	--
Un-earned revenue		231,917	--
Accrued expenses and other credit balances		116,794	(1,507,879)
<b>cash flows used in operating activities</b>		<b>(6,798,009)</b>	<b>(856,592)</b>
Bank charges		(173,671)	(171,095)
Employees end of service benefits paid	10	(151,592)	--
<b>Net cash flows used in operating activities</b>		<b>(7,123,272)</b>	<b>(1,027,687)</b>
<b>Investing activities</b>			
Proceeds from increase in share capital	11	--	16,635,810
Proceeds from increase in legal reserve		--	66,142,115
Purchase of property and equipment	8	(82,497)	(349,467)
Acquisition of available-for-sale financial assets	7	(5,530,697)	--
Proceeds from sales of available-for-sale financial assets	7	1,087,378	--
Income from savings accounts and deposits with Islamic banks received		1,896,951	1,266,335
<b>Cash flows used in / from investing activities</b>		<b>(2,628,865)</b>	<b>83,694,793</b>
<b>Financing activity</b>			
Dividend paid to shareholders	13	(5,663,581)	(6,000,000)
<b>Cash flows used in financing activity</b>		<b>(5,663,581)</b>	<b>(6,000,000)</b>
Net (decrease) increase in cash and cash equivalents		(15,415,718)	76,667,106
Cash and cash equivalents at 1 January		130,189,069	51,134,088
	3		
<b>Cash and cash equivalents at 30 September</b>		<b>114,773,351</b>	<b>127,801,194</b>

The attached notes 1 to 21 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 NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

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#### **1 GENERAL INFORMATION**

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 under 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 Economy and Trade 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 Ajyad 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.S.C.) ("the Company" or "the Parent"), the principal activities of the Company are brokerage services.

Ajyad 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.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 nine month period ended September 30, 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 23 October 2017.

#### **2 BASIS OF PREPARATION AND CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of preparation**

The interim condensed consolidated financial statements of the Company and its subsidiaries for the nine month ended 30 September 2017 have been prepared in accordance with the International Accounting Standard 34 - "Interim Financial Reporting".

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016. In addition, results for the nine months ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

## 2 BASIS OF PREPARATION AND CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTUNUED)

### 2.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the interim financial statement of the Company and its subsidiaries as at 30 September 2017.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The interim condensed financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and, therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

The Group's subsidiaries included in these interim condensed consolidated financial statements are:

<b>Company's name</b>	<b>Country of incorporation</b>	<b>Company's activities</b>	<b>Percentage of ownership September 30, 2017</b>	<b>Percentage of ownership December 31, 2016</b>
Islamic Financial Securities Company (W.L.L.)	Qatar	Brokerage services	100%	100%
Ajyad Real Estate Company (W.L.L.)	Qatar	Real Estate	100%	100%

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

**2 BASIS OF PREPARATION AND CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTUNUED)**

**2.2 Basis of consolidation (Continued)**

**New standards, interpretation and amendments**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2017, they do not have a material impact on the consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

- **Amendments to IAS 7:** Initial Disclosure.
- **Amendments to IAS 12:** Recognition of deferred tax assets resulting from unrealized losses.
- **Amendments to IFRS 12:** Disclosure of Interests in Other Entities - Annual Improvements to IFRSs 2014-2016.

The management has taken into account the new standards in the preparation of these interim condensed consolidated financial statements and their impact on the notes.

**A) New or amended standards issued and not yet in force:**

The following is a review of the standards and amendments to the standards issued and not yet adopted and are not expected to affect substantially the interim condensed consolidated financial statements.

- **Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"**

(Effective for annual periods beginning on or after 1 January 2018)

- **IFRS 4 "Insurance Contracts"**

(Effective for annual periods beginning on or after 1 January 2018)

- **IFRS 7 "Financial Instruments - Disclosures"**

Special requirements on tab and measurement (effective for annual financial periods beginning on or after 1 January 2018)

- **IFRS 9 "Financial Instruments"**

Special requirements on the tab and measurement (left for annual periods beginning on or after 1 January 2018)

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

#### 2 BASIS OF PREPARATION AND CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTUNUED)

##### New standards, interpretation and amendments (Continued)

##### A) New or amended standards issued and not yet in force: (Continued)

- **IFRS 15 Revenue from Customer Contracts**

In accordance with the requirements of the specified tab (applicable to annual periods beginning on or after 1 January)

- **IFRS 16 "Leasing"**

(Effective for annual periods beginning on or after 1 January 2019)

- **Amendments to IAS 40 "Real Estate Investment"**

Transfers of property to or from real estate investment (effective for annual financial periods beginning on or after 1 January 2018)

Management expects that the adoption of these new standards and their interpretations in future periods will not have a material impact on the Group's financial statements in the initial application periods other than certain specific elements of the presentation and disclosure.

#### 3 BANK BALANCES

	<u>September 30, 2017</u> (Unaudited) QR	<u>December 31, 2016</u> (Audited) QR
Current Accounts	5,985	--
Saving Accounts	6,767,366	130,189,069
Term deposits	<u>108,000,000</u>	<u>--</u>
	<u><b>114,773,351</b></u>	<u><b>130,189,069</b></u>

#### 4 BANK BALANCES – CUSTOMERS' FUND

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.

**ISLAMIC HOLDING GROUP (Q.P.S.C.)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017****5 PREPAYMENTS AND OTHER DEBIT BALANCES**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Refundable deposits	2,000,250	2,000,250
Prepaid expenses	442,834	665,660
Accrued revenue	700,422	--
Other assets	40,544	58,450
	<b>3,184,050</b>	<b>2,724,360</b>

**6 INVESTMENT PROPERTIES**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
At 1, January	8,934,858	8,412,907
Additions during the period/year	--	55,745
Profit from revaluation of investment properties	--	466,206
	<b>8,934,858</b>	<b>8,934,858</b>

(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. In assessing the fair value of properties, the current use of real estate is the lowest and best use.

**7 AVAILABLE FOR SALE FINANCIAL ASSETS**

Available for sale financial assets include the following

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Investments in listed local companies (a)	3,712,725	--
Investments in unlisted local companies (b)	3,287,986	3,287,986
<b>Total</b>	<b>7,000,711</b>	<b>3,287,986</b>

**ISLAMIC HOLDING GROUP (Q.P.S.C.)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017****7 AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)**

(A) Movements on Investments in listed local companies:

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited) QR</b>	<b>(Audited) QR</b>
Balance at 1, January	--	--
Additions during the period	5,530,697	--
Disposal during the period	(1,087,378)	--
Gain on sale of available-for-sale financial assets	70,165	--
Change in fair value	(800,759)	--
Balance	<b>3,712,725</b>	--

(B) Equity securities represents investment made in privately held company in the state of Qatar. This investment is recorded at cost since the fair value cannot be reliably measured. Management believes that the balance is not impaired based on the latest available information

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

**8 PROPERTY AND EQUIPMENT**

	<u>Computers, software and office equipment</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Motor vehicles</u>	<u>Total</u>
	QR	QR	QR	QR	QR
<b>Cost:</b>					
<b>As at 1 January 2017 (Audited)</b>	8,766,970	672,973	2,013,671	72,777	11,526,391
Additions	82,497	--	--	--	82,497
<b>As at 30 September 2017 (Unaudited)</b>	<u>8,849,467</u>	<u>672,973</u>	<u>2,013,671</u>	<u>72,777</u>	<u>11,608,888</u>
<b>Depreciation:</b>					
<b>As at 1 January 2017 (Audited)</b>	8,248,470	665,219	1,559,668	72,775	10,546,132
Charge for the period	154,395	2,621	107,601	--	264,617
<b>As at 30 September 2017 (Unaudited)</b>	<u>8,402,865</u>	<u>667,840</u>	<u>1,667,269</u>	<u>72,775</u>	<u>10,810,749</u>
<b>Net book value:</b>					
<b>As at 30 September 2017 (Unaudited)</b>	<u>446,602</u>	<u>5,133</u>	<u>346,402</u>	<u>2</u>	<u>798,139</u>
	<u>Computers, software and office equipment</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvements</u>	<u>Motor vehicles</u>	<u>Total</u>
	QR	QR	QR	QR	QR
<b>Cost:</b>					
<b>As at 1 January 2016 (Audited)</b>	8,382,561	672,973	2,000,641	72,777	11,128,952
Additions	384,409	--	13,030	--	397,439
<b>As at 31 December 2016 (Audited)</b>	<u>8,766,970</u>	<u>672,973</u>	<u>2,013,671</u>	<u>72,777</u>	<u>11,526,391</u>
<b>Depreciation:</b>					
<b>As at 1 January 2016 (Audited)</b>	8,093,843	660,724	1,414,311	63,793	10,232,671
Charge for the year	154,627	4,495	145,357	8,982	313,461
<b>As at 31 December 2016 (Audited)</b>	<u>8,248,470</u>	<u>665,219</u>	<u>1,559,668</u>	<u>72,775</u>	<u>10,546,132</u>
<b>Net book value:</b>					
<b>As at 31 December 2016 (Audited)</b>	<u>518,500</u>	<u>7,754</u>	<u>454,003</u>	<u>2</u>	<u>980,259</u>

**ISLAMIC HOLDING GROUP (Q.P.S.C.)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017****9 ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Payable to shareholders from sale of shares	1,592,248	1,247,794
Dividend payable	258,993	258,993
Accrued expenses	124,191	185,512
Notes payable	-	107,039
Due to shareholders from subscription surplus	40,205	40,311
Provision for sport and social activities contribution	--	102,651
Other payables	132,525	89,068
<b>Total</b>	<b>2,148,162</b>	<b>2,031,368</b>

**10 EMPLOYEES' END OF SERVICE BENEFITS**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Provision as at 1 January	1,318,309	1,164,229
Provided during the period/year	131,542	154,080
Paid during the period / year	(151,592)	--
<b>Total</b>	<b>1,298,259</b>	<b>1,318,309</b>

**11 SHARE CAPITAL**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Authorised and paid up 5,663,581 shares with a nominal value of QR 10 per share (31 December 2016: 5,663,581 shares with value of 10 QR per share)	<b>56,635,810</b>	<b>56,635,810</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.

At the shareholder meeting on 15 March 2015, the Board of Directors proposed a 50% increase in the Company'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 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 NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017****12 LEGAL RESERVE**

In accordance with the provisions of Qatar Commercial Companies Law No. 11 of 2015 and the Articles of Association of the Company, 10% of the Company's annual net profit must 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.

Where the reserve has exceeded 50% of the capital, the management has decided not to transfer any amounts to the statutory reserve balance as at 31 December 2016 and for subsequent years.

**13 DIVIDENDS**

The Annual General Assembly Meeting of the Company that was held on 20 February 2017 approved QR 1 per share totalling to QR 5,663,581 as cash dividends relating to 2016.

The Annual General Assembly Meeting of the Company that was held on 16 February 2016 approved QR 1.5 per share totalling to QR 6,000,000 as cash dividends relating to 2015.

**14 BROKERAGE AND COMMISSION EXPENSE**

	Nine month period ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	QR	QR
Commission paid to Qatar Central Securities Depository (QCSD)	<u>(1,819,665)</u>	<u>(2,783,544)</u>

**15 GENERAL AND ADMINISTRATIVE EXPENSES**

	Nine month period ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	QR	QR
Staff costs	3,040,133	3,021,570
Rent	1,308,902	1,276,521
Telephone and postage	451,018	401,032
Repair and maintenance	277,647	404,789
Professional fees	184,501	237,751
Brokerage fees	358,886	264,150
Provision for employees' end of service benefits (Note 10)	131,542	115,554
Stationery and printings	8,056	20,027
Government fees	82,317	42,967
Miscellaneous expenses	294,264	242,306
	<u>6,137,266</u>	<u>6,026,667</u>

**ISLAMIC HOLDING GROUP (Q.P.S.C.)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017****16 BASIC AND DILUTED EARNINGS PER SHARE**

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

	Nine month period ended 30 September	
	2017 (Unaudited) QR	2016 (Unaudited) QR
Profit for the period (QR)	196,765	1,206,384
Weighted average number of shares	5,663,581	5,663,581
Basic and diluted earnings per share (QR)	<u>0.03</u>	<u>0.21</u>

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

**17 CONTINGENT LIABILITIES**

	September 30, 2017 (Unaudited) QR	December 31, 2016 (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 interim consolidated statement of income are as follows:

	Nine month period ended 30 September	
	2017 (Unaudited) QR	2016 (Unaudited) QR
Income from saving accounts and deposits with Islamic banks	<u>990,810</u>	<u>386,934</u>
Brokerage and commission income, net	<u>1,094,964</u>	<u>4,085,796</u>
Returned commissions	<u>(728,264)</u>	<u>(2,040,623)</u>

**ISLAMIC HOLDING GROUP (Q.P.S.C.)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017****18 RELATED PARTIES TRANSACTIONS (CONTINUED)**

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Bank balances – customers’ funds	<b><u>108,384,410</u></b>	<b><u>213,954,655</u></b>
Bank Balances – Company Fund	<b><u>6,778,068</u></b>	<b><u>56,547,833</u></b>

**Key management remuneration**

The remuneration of directors and other members of key management during the period were as follows:

	<b>Nine month period ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>QR</b>	<b>QR</b>
Short term benefits	<b><u>1,025,400</u></b>	<b><u>1,028,700</u></b>

**19 FINANCIAL INSTRUMENTS****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.

**ISLAMIC HOLDING GROUP (Q.P.S.C.)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017****19 FINANCIAL INSTRUMENTS (CONTINUED)**

As at 30 September 2017, 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>
<b>30 September 2017 (Unaudited)</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>
Available for sale financial assets	<u>7,000,711</u>	<u>3,712,725</u>	<u>--</u>	<u>3,287,986</u>
Investment properties	<u>8,934,858</u>	<u>--</u>	<u>--</u>	<u>8,934,858</u>
<b>31 December 2016 (Audited)</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>
Available for sale financial assets	<u>3,287,986</u>	<u>--</u>	<u>--</u>	<u>3,287,986</u>
Investment properties	<u>8,934,858</u>	<u>--</u>	<u>--</u>	<u>8,934,858</u>

During the period ended 30 September 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.

**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 nine 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 Company, 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.)**

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

**20 SEGMENT INFORMATION (CONTINUED)**

Nine month ended September 30, 2017 (Unaudited)	Brokerage Service	Real estate	Other	Total	Adjustments and eliminations	Consolidated
	QR	QR	QR	QR	QR	QR
Net brokerage and commission income	4,555,570	--	--	4,555,570	--	4,555,570
Others	979,692	743,078	582,526	2,305,296	(88,547)	2,216,749
Segment revenue	5,535,262	743,078	582,526	6,860,866	(88,547)	6,772,319
Segment profit / loss	233,280	563,645	(600,160)	196,765	--	196,765
Depreciation	234,825	--	29,792	264,617	--	264,617
Nine month ended September 30, 2016 (Unaudited)	Brokerage Service	Real estate	Other	Total	Adjustments and eliminations	Consolidated
	QR	QR	QR	QR	QR	QR
Net brokerage and commission income	6,366,077	--	--	6,366,077	--	6,366,077
Others	--	416,023	1,460,231	1,876,254	(609,919)	1,266,335
Segment revenue	6,366,077	416,023	1,460,231	8,242,331	(609,919)	7,632,412
Segment profit	1,428,221	316,719	5,983,060	7,728,000	(6,521,616)	1,206,384
Depreciation	199,367	--	28,899	228,266	--	228,266

**ISLAMIC HOLDING GROUP (Q.P.S.C.)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017****20 SEGMENT INFORMATION (CONTIUNED)**

The following table presents the segment assets and liabilities:

	<u>Brokerage Service QR</u>	<u>Real estate QR</u>	<u>Other QR</u>	<u>Total QR</u>	<u>Adjustments and eliminations QR</u>	<u>Consolidated QR</u>
<b>At 30 September 2017 (Unaudited)</b>						
Segment assets	<u>162,564,734</u>	<u>51,200,088</u>	<u>133,444,489</u>	<u>347,209,311</u>	<u>(100,088,547)</u>	<u>247,120,764</u>
Segment liabilities	<u>108,267,355</u>	<u>298,690</u>	<u>2,148,366</u>	<u>110,714,411</u>	<u>(88,547)</u>	<u>110,625,864</u>
	<u>Brokerage Service QR</u>	<u>Real estate QR</u>	<u>Other QR</u>	<u>Total QR</u>	<u>Adjustments and eliminations QR</u>	<u>Consolidated QR</u>
<b>At 31 December 2016 (Audited)</b>						
Segment assets	<u>282,528,393</u>	<u>51,302,835</u>	<u>139,467,701</u>	<u>473,298,929</u>	<u>(104,601,572)</u>	<u>368,697,357</u>
Segment liabilities	<u>224,413,308</u>	<u>119,405</u>	<u>1,908,319</u>	<u>226,441,032</u>	<u>(506,150)</u>	<u>225,934,882</u>

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

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**21 COMPARATIVE FIGURES**

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