

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

**UNAUDITED INTERIM CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED**  
**31 MARCH 2017**

**ISLAMIC HOLDING GROUP (Q.P.S.C.)  
UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED  
31 MARCH 2017**

**Contents**

Independent auditor's review report	--
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of income	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of Changes in Equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7-16

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS  
ISLAMIC HOLDING GROUP (Q.P.S.C)  
DOHA - QATAR**

**Introduction**

We have reviewed the accompanying interim condensed 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 31 March 2017 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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 condensed 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 are not prepared, in all material respects, in accordance with IAS (34) “Interim Financial Reporting” .

**Other Matters**

The consolidated financial statements for the year ended December 31, 2016 and interim condensed consolidated financial statements for the three month period ended March 31, 2016 were audited and reviewed by other auditors whose reports dated on January 25, 2017 and April 19, 2016 expressed an unqualified audit opinion and review conclusion respectively.

**Rödl & Partner**

**Middle East**

**Certified Public Accountants**

**Hikmat Mukhaimer, FCCA (UK)  
(License No. 297)**

**Doha – Qatar  
19 April 2017**

# Islamic Holding Group (Q.P.S.C.)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		<b>31 March 2017</b>	<b>31 December 2016</b>
	<i>Note</i>	<b>(Unaudited) QR</b>	<b>(Audited) QR</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	3	123,820,129	130,189,069
Bank balances - customers' funds	4	192,101,563	214,345,334
Due from Qatar Exchange		--	8,235,491
Prepayments and other debit balances	5	2,855,145	2,724,360
<b>Total current assets</b>		<b>318,776,837</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	5,993,736	3,287,986
Property and equipment	8	965,350	980,259
<b>Total non-current assets</b>		<b>15,893,944</b>	<b>13,203,103</b>
<b>Total assets</b>		<b>334,670,781</b>	<b>368,697,357</b>
<b>Current liabilities</b>			
Due to customers		189,474,144	222,585,205
Due to Qatar Exchange		2,556,156	--
Accrued expenses and other credit balances	9	2,914,614	2,031,368
<b>Total current liabilities</b>		<b>194,944,914</b>	<b>224,616,573</b>
<b>Non-current liability</b>			
Employees' end of service benefits		1,356,833	1,318,309
<b>Total liabilities</b>		<b>196,301,747</b>	<b>225,934,882</b>
<b>Shareholders' equity</b>			
Share capital	10	56,635,810	56,635,810
Legal reserve	11	78,780,322	78,780,322
Fair value reserve	7	(39,669)	--
Retained earnings		2,992,571	7,346,343
<b>Total shareholders' equity</b>		<b>138,369,034</b>	<b>142,762,475</b>
<b>Total liabilities and shareholders' equity</b>		<b>334,670,781</b>	<b>368,697,357</b>

Abdulrahman Abdulgalil Abdulghany  
Deputy chairman

Khalid Mohammed Al-Emadi  
Board Member

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

# Islamic Holding Group (Q.P.S.C.)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three month period ended 31 March 2017

	<i>Note</i>	For the three months ended 31 March	
		2017	2016
		(Unaudited) QR	(Unaudited) QR
Brokerage and commission income		3,960,090	3,078,196
Brokerage and commission expense		(1,182,141)	(950,036)
<b>Brokerage and commission income, net</b>		<b>2,777,949</b>	<b>2,128,160</b>
Income from saving accounts with Islamic banks		527,141	231,860
Net gain on sale of available for sale financial assets		70,165	--
<b>Net operating income</b>		<b>3,375,255</b>	<b>2,360,020</b>
<b>Less:</b>			
General and administrative expenses		(1,911,211)	(2,002,500)
Depreciation Expenses	8	(92,010)	(70,733)
Bank Charges		(62,225)	(59,930)
<b>Profit for the period</b>		<b>1,309,809</b>	<b>226,857</b>
Basic and diluted earnings per share	14	<b>0.23</b>	<b>0.04</b>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Islamic Holding Group (Q.P.S.C.)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME

For the three month period ended 31 March 2017

		For the three months ended 31 March	
		2017	2016
	Note	(Unaudited) QR	(Unaudited) QR
<b>Profit for the period</b>		<b>1,309,809</b>	<b>226,857</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Changes in fair value of available-for-sale financial assets	7	(39,669)	--
<b>Total comprehensive income for the period</b>		<b>1,270,140</b>	<b>226,857</b>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Islamic Holding Group (Q.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2017

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Fair value reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
<b>As at 1 January 2016 (Audited)</b>	40,000,000	12,638,207	--	9,342,934	61,981,141
Profit for the period	--	--	--	226,857	226,857
<b>Total comprehensive income for the period</b>	--	--	--	<b>226,857</b>	<b>226,857</b>
Dividends for shareholders (Note 12)	--	--	--	(6,000,000)	(6,000,000)
Share capital increase (Note 10)	16,635,810	66,142,115	--	--	82,777,925
<b>As at 31 March 2016 (Unaudited)</b>	<b>56,635,810</b>	<b>78,780,322</b>	--	<b>3,569,791</b>	<b>138,985,923</b>
	<i>Share capital</i>	<i>Legal reserve</i>	<i>Fair value reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
<b>As at 1 January 2017(Audited)</b>	56,635,810	78,780,322	--	7,346,343	142,762,475
Profit for the period	--	--	--	1,309,809	1,309,809
Change in fair value	--	--	(39,669)	-	(39,669)
<b>Total comprehensive income for the period</b>	--	--	<b>(39,669)</b>	<b>1,309,809</b>	<b>1,270,140</b>
Dividends for shareholders (Note 12)	--	--	--	(5,663,581)	(5,663,581)
<b>As at 31 March 2017 (Unaudited)</b>	<b>56,635,810</b>	<b>78,780,322</b>	<b>(39,669)</b>	<b>2,992,571</b>	<b>138,369,034</b>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

# Islamic Holding Group (Q.P.S.C.)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2017

	Note	For the three months ended 31 March	
		2017	2016
		(Unaudited) QR	(Unaudited) QR
<b>Operating activities</b>			
Profit for the period		1,309,809	226,857
Adjustments for:			
Depreciation	8	92,010	70,733
Bank charges		62,225	59,930
Income from saving accounts with Islamic banks		(527,141)	(231,860)
Net gain from sale of available for sale investments	7	(70,165)	--
Provision for employees' end of service benefits		38,524	38,504
		<u>905,262</u>	<u>164,164</u>
<b>Working capital changes:</b>			
Bank balances – customers' funds		22,243,771	(53,446,267)
Due from customers		--	24,582,819
Prepayments and other debit balances		(130,785)	(310,906)
Due from Qatar Exchange		8,235,491	--
Due to customers		(33,111,061)	17,877,439
Due to Qatar Exchange		2,556,156	12,599,870
Accrued expenses and other credit balances		883,246	(259,044)
<b>Cash generated from operations</b>		<u>1,582,080</u>	<u>1,208,075</u>
Bank charges		(62,225)	(59,930)
<b>Net cash flows generated from operating activities</b>		<u><b>1,519,855</b></u>	<u><b>1,148,145</b></u>
<b>Investing activities</b>			
Purchases of property and equipment	8	(77,101)	(133,620)
Proceeds from sale of available for sale financial assets	7	1,087,377	--
Purchase of available for sale financial assets	7	(3,762,631)	--
Income from saving accounts with Islamic banks		527,141	231,860
<b>Net cash flows (used in) generated from investing activities</b>		<u><b>(2,225,214)</b></u>	<u><b>98,240</b></u>
<b>Financing activities</b>			
Proceeds from an increase in share capital	10	--	16,635,810
Proceeds from the share premium	10	--	66,142,115
Dividends paid to shareholders	12	(5,663,581)	(6,000,000)
<b>Net cash flows (used in) generated from financing activities</b>		<u><b>(5,663,581)</b></u>	<u><b>76,777,925</b></u>
Net (decrease) increase in cash and cash equivalents		(6,368,940)	78,024,310
Cash and cash equivalents at 1 January		130,189,069	51,134,088
<b>Cash and cash equivalents at 31 March</b>	3	<u><b>123,820,129</b></u>	<u><b>129,158,398</b></u>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.



# Islamic Holding Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

---

At 31 March 2017

### 1 GENERAL INFORMATION

Islamic Holding Group Company (Q.P.S.C) established as a Qatari Public Shareholding Company “previously 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 Shares’. 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.

In its Board of Directors meeting dated 28 December 2009 and the Extraordinary General Assembly Meeting dated 22 August 2010, the shareholders of the Group have resolved to change the Company’s name and legal structure from Islamic Financial Securities Company (Qatar Public Shareholding Company) to Islamic Holding Group (Qatar Public Shareholding Company) – Holding . The change was approved by the Qatar Financial Markets Authority and the Ministry of Business 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.P.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 2013. 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 three months ended 31 March 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 19 April 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 three months ended 31 March 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 three months ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

### 2.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the interim condensed financial statement of the Company and its subsidiaries as at 31 March 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 major subsidiaries included in these interim condensed consolidated financial statements are:

<i>Company's name</i>	<i>Country of incorporation</i>	<i>Company's activities</i>	<i>Percentage of ownership 31 March 2017</i>	<i>Percentage of ownership 31 December 2016</i>
Islamic Financial Securities Company (W.L.L.)	Qatar	Brokerage services in stocks	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  
(Continued)**

**2.2 Basis of consolidation (Continued)**

**a). 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:

The Group has adopted the following new and amended accounting standards in the preparation of these interim condensed consolidated financial statements:

- **Amendments to IAS 7: Disclosure initiatives**
- **Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses**
- **Amendments to IFRS 12: Disclosure of interests in other entities - Annual improvements to IFRS standards 2014-2016 Cycle**

The adaption of above standards resulted in additional disclosure in the financial statements of the Group.

**b). Standards and amendments to the standards issued but not yet effective.**

The below mentioned with its effective date, the standards and amendments to standards are not yet effective and not expect to result in material changes to the interim condensed consolidated financial statements.

- **Amendments to IFRS 2 – Share based payments:** Classification and measurement of share based payment transactions (1/1/2018).
- **Amendments to IFRS 4 - Insurance contracts:** Applying IFRS 9 financial instruments with IFRS 4 Insurance contracts (1/1/2018).
- **Amendments to IFRS 7 – Financial Instruments disclosures:** On special requirements for classification and measurement simultaneously with IFRS 9 (1/1/2018).
- **Amendments to IFRS 9 - Financial Instruments:** On special requirements for classification and measurement simultaneously with IFRS 7 (1/1/2018).
- **Amendments to IFRS 15 – Revenue from contracts with customers:** In accordance with specific classification requirements (1/1/2018).
- **Origin issued IFRS 16 - Leases** (1/1/2019).
- **Amendments to IAS 40 – Investment properties:** Transfer of investment property specific requirements (1/1/2018).
- **Annual Improvements (2014-2016 Cycle) to IFRS 1 & IAS 28** - (1/1/2018).

The management anticipates that the adaption of these new standards and interpretation in future periods will have no material financial impact on the financial statements of the Group in the period of initial application, other than certain presentation and disclosure changes.

# Islamic Holding Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017

### 3 CASH AND BANK BALANCES

	31 March 2017 <u>(Unaudited)</u> QR	31 December 2016 <u>(Audited)</u> QR
Cash in hand	2,000	--
Bank balances:		
Saving Accounts	123,818,129	130,189,069
	<u>123,820,129</u>	<u>130,189,069</u>

### 4 BANK BALANCES – CUSTOMERS’ BALANCES

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 with the settlement authority. These bank balances are in correspondence with the due to customers account as a liability.

### 5 PREPAYMENTS AND OTHER DEBIT BALANCES

	31 March 2017 <u>(Unaudited)</u> QR	31 December 2016 <u>(Audited)</u> QR
Refundable deposits	2,000,250	2,000,250
Prepaid expenses	814,671	665,660
Other debit balances	40,224	58,450
<b>Total</b>	<u>2,855,145</u>	<u>2,724,360</u>

### 6 INVESTMENT PROPERTIES

	31 March 2017 <u>(Unaudited)</u> QR	31 December 2016 <u>(Audited)</u> QR
As in 1 January	8,934,858	8,412,907
Additional during the period/year	--	55,745
Gain from revaluation of investment properties	--	466,206
<b>Total</b>	<u>8,934,858</u>	<u>8,934,858</u>

(A) Investment properties are located in the State of Qatar.

(B) The fair value of investment properties is measured based on a valuation carried out by an authorized 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

## Islamic Holding Group (Q.P.S.C.)

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017

based on the recent transaction prices of similar properties. In assessing the fair value of properties, the current use of properties is the lowest and best use.

#### 7 AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets include the following:

	31 March 2017 <u>(Unaudited)</u> QR	31 December 2016 <u>(Audited)</u> QR
Investments in local quoted equity securities (a)	2,705,750	--
Investments in local unquoted equity securities (b)	3,287,986	3,287,986
<b>Total</b>	<b>5,993,736</b>	<b>3,287,986</b>

(a) The movement on investments in quoted equity securities is as follows:

	31 March 2017 <u>(Unaudited)</u> QR	31 December 2016 <u>(Audited)</u> QR
Balance on 1 January	--	--
Additions during the year	3,762,631	--
Disposals during the year	(1,087,377)	--
Gain on sale of available investments for sale	70,165	--
Change in fair value	(39,669)	--
<b>Balance,</b>	<b>2,705,750</b>	<b>--</b>

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

#### 8 PROPERTY AND EQUIPMENT

	31 March 2017 <u>(Unaudited)</u> QR	31 December 2016 <u>(Audited)</u> QR
Cost:		
On 1 January	11,502,169	11,104,730
Additions	77,101	397,439
Balance at end of period / year	<b>11,579,270</b>	<b>11,502,169</b>
Depreciation:		
On 1 January	10,521,910	10,208,449
Charge for the period / year	92,010	313,461
Balance at end of period / year	<b>10,613,920</b>	<b>10,521,910</b>
<b>Net book value</b>	<b>965,350</b>	<b>980,259</b>

## Islamic Holding Group (Q.P.S.C.)

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017

#### 9 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>QR</b>	<b>QR</b>
Required dividends for shareholders	2,236,618	1,247,794
Accrued amounts for shareholders from the sale of shares	258,993	258,993
Accrued expenses	200,016	185,512
Notes payable	53,519	107,039
Provision for sport and social activities contribution	--	102,651
Due to shareholders from subscription surplus	40,262	40,311
Other liabilities	125,206	89,068
<b>Total</b>	<b>2,914,614</b>	<b>2,031,368</b>

#### 10 SHARE CAPITAL

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

During the year 2016, the Group has increased the authorized share capital from 4,000,000 shares to 5,663,581 shares after completion of the rights issue and the amendment of the Company's Commercial Register.

On shareholders meeting dated 15 March 2015, the Board of Directors proposed to increase the current share capital by 50% with a total number of shares to become 6,000,000 shares. During its meeting dated 4 May 2015, the share price was determined by the Board of Directors, upon a fair value study prepared by an independent evaluator, to be QR 10 per unit in addition to QR 40 as share premium. As a result of the subscription in the right issue process during 2016, the capital has increased by QR 16,635,810 equivalent to 1,663,581 shares to be 5,663,581 shares and the share premium was QR 66,142,115 which is included in the legal reserve in accordance with Qatar commercial companies' law No. 11 of 2015.

#### 11 LEGAL RESERVE

As required by Qatar Commercial Companies' Law No. 11 of 2015, and the Company's articles of association, a minimum of 10% of the net profit for the year should be transferred to legal reserve each year until this reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above-mentioned law.

As the reserve exceeded more than 50% of the share capital, it was decided that no transfer to legal reserve for the year ended 31 December 2016 and the coming years.

An amount of QR 455,100 has been transferred to the retained earnings from the legal reserve related to the subsidiaries as the consolidated legal reserve has exceeded 50% of the share capital. 455,100 QR was transferred to retained earnings from the legal reserve of the subsidiaries, whereas the consolidated legal reserve exceeded 50% of the share capital.

## Islamic Holding Group (Q.P.S.C.)

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017

#### 12 DIVIDENDS

During the Annual Ordinary General Assembly Meeting of the Company held on 20 February 2017, shareholders approved a cash dividend of QR 1 per share for a total of QR 5,663,581 as cash dividends for the year 2016.

At the Annual Ordinary General Assembly Meeting of the Company held on 16 February 2016, shareholders approved a cash dividend of QR 1.5 per share for a total of QR 6,000,000 for the year 2015.

#### 13 CONTINGENT LIABILITIES

	<u>31 March 2017</u> (Unaudited) QR	<u>31 December 2016</u> (Audited) QR
Letters of guarantee	<u>125,000,000</u>	<u>125,000,000</u>

#### 14 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:

	<u>For the three months ended 31 March</u>	
	<u>2017</u> (Unaudited) QR	<u>2016</u> (Unaudited) QR
Profit for the period (QR)	1,309,809	226,857
Weighted average number of shares	5,663,581	5,386,318
Basic and diluted earnings per share (QR)	<u>0.23</u>	<u>0.04</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.

#### 15 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:

	<u>For the three months ended 31 March</u>	
	<u>2017</u> (Unaudited) QR	<u>2016</u> (Unaudited) QR
Income from saving accounts with Islamic banks	527,141	231,860
Brokerage and commission income, net	<u>624,295</u>	<u>339,733</u>

# Islamic Holding Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017

Returned commissions	<u>(621,622)</u>	<u>(330,419)</u>
----------------------	------------------	------------------

### 15 RELATED PARTIES TRANSACTIONS (Continued)

#### Key management remuneration

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

	<b>For the three months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>QR</b>	<b>QR</b>
Short-term benefits	<u>342,900</u>	<u>342,900</u>

### 16 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 recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 31 March 2017, the Group held the following financial instruments measured at fair value:

	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>
<b>31 March 2017 (Unaudited)</b>				
Available for sale financial assets	<u>5,993,736</u>	<u>2,705,750</u>	--	<u>3,287,986</u>
Investment properties	<u>8,934,858</u>	--	--	<u>8,934,858</u>
<b>31 December 2016 (Audited)</b>				
Available for sale financial assets	<u>3,287,986</u>	--	--	<u>3,287,986</u>
Investment properties	<u>8,934,858</u>	--	--	<u>8,934,858</u>

During the three month period ended 31 March 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.



# Islamic Holding Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017

### 17 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their nature of activities and has three 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 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.

<i>Three months ended 31 March 2017 (Unaudited)</i>	<i>Brokerage Service</i>	<i>Real estate</i>	<i>Other</i>	<i>Total</i>	<i>Adjustments and eliminations</i>	<i>Consolidated</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Net brokerage and commission income	2,777,949	--	--	2,777,949	--	2,777,949
Others	162,789	257,527	327,610	747,926	(150,620)	597,306
Segment revenue	2,940,738	257,527	327,610	3,525,875	(150,620)	3,375,255
Segment profit	1,150,380	205,204	(45,775)	1,309,809	--	1,309,809
Depreciation	80,269	--	11,741	92,010	--	92,010

<i>Three months ended 31 March 2016 (Unaudited)</i>	<i>Brokerage Service</i>	<i>Real estate</i>	<i>Other</i>	<i>Total</i>	<i>Adjustments and eliminations</i>	<i>Consolidated</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Net brokerage and commission income	2,128,160	--	--	2,128,160	--	2,128,160
Others	--	--	231,860	231,860	--	231,860
Segment revenue	2,128,160	--	231,860	2,360,020	--	2,360,020
Segment profit	473,041	25,028	6,300,460	6,798,529	(6,571,672)	226,857
Depreciation	60,615	--	10,118	70,733	--	70,733

Islamic Holding Group (Q.P.S.C.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017

**17 SEGMENT INFORMATION (CONTINUED)**

The following table presents the segment assets and liabilities:

<i>At 31 March 2017 (Unaudited)</i>	<i>Brokerage Service</i>	<i>Real estate</i>	<i>Other</i>	<i>Total</i>	<i>Adjustments and eliminations</i>	<i>Consolidated</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
<i>Segment assets</i>	314,604,344	50,574,050	174,643,007	539,821,401	(205,150,620)	334,670,781
<i>Segment liabilities</i>	258,628,773	31,096	42,792,498	301,452,367	(105,150,620)	196,301,747

<i>At 31 December 2016 (Audited)</i>	<i>Brokerage Service</i>	<i>Real estate</i>	<i>Other</i>	<i>Total</i>	<i>Adjustments and eliminations</i>	<i>Consolidated</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
<i>Segment assets</i>	282,528,393	51,302,835	139,467,701	473,298,929	(104,601,572)	368,697,357
<i>Segment liabilities</i>	224,413,308	119,405	1,908,319	226,441,032	(506,150)	225,934,882

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

**18 COMPARATIVE FIGURES**

Comparative financial information for the previous period/year has been reclassified, where necessary, in order to conform to the current period's presentation. Such other reclassifications do not affect the previously reported net profit or shareholders' equity.