Islamic Holding Group (Q.S.C)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

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

Introduction

We have audited the accompanying consolidated financial statements of Islamic Holding Group (Q.S.C) (the "Company"), and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Group and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We further confirm that the financial information included in the annual report of the Board of Directors is in agreement with books and records of the Group. We have obtained all the information and explanations we required for the purpose of our audit and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Group or on its financial position.

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

Date:
Doha

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	*2015* *QR*	*2014* *QR*
ASSETS			
Current assets			
Bank balances	5	**51,134,088**	53,604,864
Bank balances - customers' funds	6	**157,877,026**	463,966,828
Due from Qatar Exchange		**24,582,819**	26,881,268
Prepayments and other debit balances	7	**2,991,448**	13,399,697
Total current assets		**236,585,381**	557,852,657
Non-current assets			
Investment properties	8	**8,412,907**	-
Available for sale financial assets	9	**3,287,986**	5,562,617
Property and equipment	10	**896,281**	222,675
Total non-current assets		**12,597,174**	5,785,292
Total assets		**249,182,555**	563,637,949
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Due to customers		**182,524,590**	491,216,906
Accrued expenses and other credit balances	11	**3,512,595**	3,560,225
Total current liabilities		**186,037,185**	494,777,131
Non-current liability			
Employees' end of service benefits	12	**1,164,229**	1,087,805
Total liabilities		**187,201,414**	495,864,936
Shareholders' equity			
Share capital	13	**40,000,000**	40,000,000
Legal reserve	14	**12,638,207**	11,909,409
Retained earnings		**9,342,934**	16,113,566
Fair value reserve		**-**	(249,962)
Total shareholders' equity		**61,981,141**	67,773,013
Total liabilities and shareholders' equity		**249,182,555**	563,637,949

Dr. Yousuf Ahmad Hussain Al Nama
Chairman and Managing Director

Jamal Abdullah Al-Jamal
Board Member

The attached notes 1 to 25 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2015

	Notes	***2015*** **QR**	*2014* *QR*
Brokerage and commission income		**18,866,952**	35,044,190
Brokerage and commission expense		**(5,175,093)**	(9,390,983)
Brokerage and commission income, net		**13,691,859**	25,653,207
Income from saving accounts with Islamic banks		**510,304**	438,447
Net gain on sale of investment properties	16	**1,185,870**	-
Dividends income		**98,280**	58,500
Net (Loss) gain from sale of available of sale financial assets	9	**(402,326)**	529,924
Impairment losses on available for sale financial assets	9	**-**	(501,485)
Loss on revaluation of investment properties	8	**(8,288)**	-
Net operating income		**15,075,699**	26,178,593
Other income		**3,540**	33,741
General and administrative expenses	15	**(8,968,299)**	(10,112,450)
Profit for the year		**6,110,940**	16,099,884
Basic and diluted earnings per share	17	**1.53**	4.02

The attached notes 1 to 25 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015 QR**	*2014 QR*
Profit for the year		**6,110,940**	16,099,884
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available for sale financial assets	9	**-**	(91,392)
Net loss on disposal of available for sale financial assets	9	**249,962**	-
Total comprehensive income for the year		**6,360,902**	16,008,492

The attached notes 1 to 25 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Share capital QR	*Legal reserve QR*	*Retained earnings QR*	*Fair value reserve QR*	*Total QR*
As at 1 January 2014	40,000,000	10,243,566	8,882,022	(158,570)	58,967,018
Profit for the year	-	-	16,099,884	-	16,099,884
Other comprehensive loss for the year	-	-	-	(91,392)	(91,392)
Total comprehensive income (loss) for the year	-	-	16,099,884	(91,392)	16,008,492
Dividends paid to shareholders (Note 18)	-	-	(6,800,000)	-	(6,800,000)
Transferred to legal reserve (Note 14)	-	1,665,843	(1,665,843)	-	-
Contribution to social and sports fund (Note 19)	-	-	(402,497)	-	(402,497)
As at 31 December 2014	**40,000,000**	**11,909,409**	**16,113,566**	**(249,962)**	**67,773,013**
Profit for the year	**-**	**-**	**6,110,940**	**-**	**6,110,940**
Other comprehensive loss for the year	**-**	**-**	**-**	**249,962**	**249,962**
Total comprehensive income for the year	**-**	**-**	**6,110,940**	**249,962**	**6,360,902**
Dividends paid to shareholders (Note 18)	**-**	**-**	**(12,000,000)**	**-**	**(12,000,000)**
Transferred to legal reserve (Note 14)	**-**	**728,798**	**(728,798)**	**-**	**-**
Contribution to social and sports fund (Note 19)	**-**	**-**	**(152,774)**	**-**	**(152,774)**
As at 31 December 2015	**40,000,000**	**12,638,207**	**9,342,934**	**-**	**61,981,141**

The attached notes 1 to 25 form part of consolidated financial statements.

Islamic Holding Group (Q.S.C.)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	***2015*** ***QR***	*2014* *QR*
Operating activities			
Profit for the year		**6,110,940**	16,099,884
Adjustments for:			
Depreciation expense	10	**230,543**	534,049
Impairment losses on available for sale financial assets	9	**-**	501,485
Bank charges	15	**221,503**	216,412
Provision for employees' end of service benefits	12	**176,245**	248,856
Net gain from sale of investment properties	16	**(1,185,870)**	-
Net gain from sale of available for sale financial assets		**402,326**	(529,924)
Dividends income		**(98,280)**	(58,500)
Loss on revaluation of investment properties	8	**8,288**	-
Income from saving accounts with Islamic banks		**(510,304)**	(438,447)
		5,355,391	16,573,815
Working capital changes:			
Bank balances – customers' funds		**306,089,802**	(276,597,821)
Due from customers		**-**	791
Due from Qatar Exchange		**2,298,449**	(34,030,668)
Prepayments and other debit balances		**(3,627,076)**	(8,989,759)
Due to customers		**(308,692,316)**	316,767,717
Accrued expenses and other credit balances		**(200,404)**	(945,019)
Cash from operations		**1,223,846**	12,779,056
Bank charges	15	**(221,503)**	(216,412)
Employees end of service benefits paid	12	**(99,821)**	(19,480)
Net cash flows from operating activities		**902,522**	12,543,164
Investing activities			
Purchases of property and equipment	10	**(904,149)**	(56,947)
Purchases of available for sale financial assets	8	**-**	(22,389,728)
Proceeds from sale of available for financial assets	8	**2,122,267**	21,369,447
Dividends income		**98,280**	58,500
Proceeds from sales of investment properties	16	**6,800,000**	-
Income from saving accounts with Islamic banks		**510,304**	438,447
Cash flows from (used in) investing activities		**8,626,702**	(580,281)
Financing activity			
Dividends paid to shareholders	18	**(12,000,000)**	(6,800,000)
Cash flows used in financing activities		**(12,000,000)**	(6,800,000)
Net (decrease) increase in Bank balances		**(2,470,776)**	5,162,883
Bank balances at 1 January		**53,604,864**	48,441,981
Bank balances at 31 December	5	**51,134,088**	53,604,864

The attached notes 1 to 25 form part of these consolidated financial statements.

1 GENERAL INFORMATION

Islamic Financial Securities Company (Q.P.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 Shara'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.

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

In its Board of Directors meeting held on 28 December 2009 and the Extraordinary General Assembly Meeting held on 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 (Qatari Public Shareholding Company). The change was approved by the Qatar Financial Markets Authority and 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 (S.O.C) and Ajyad Real Estate Company (S.O.C) (hereinafter referred to as the "Group").

Islamic Financial Securities Company (S.O.C) was registered in the State of Qatar under Commercial Registration No. 46645 as a Single Owner Company on 19 July 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 (S.O.C) was incorporated in the state of Qatar as Single Owner Company under Commercial Registration No. 56091 dated 4 June 2014. The Company is fully owned by the Parent Company, Islamic Holding Group (Q.S.C). The principal activities of the Company are real estate trading and brokerage activities.

The consolidated financial statements of the Group for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on xx January 2016.

2 BASIS OF PREPARATION AND CONSOLIDATION

2.1 Basis of preparation

The consolidated financial statements of the Group for the year ended 31 December 2015 have been prepared in accordance with the International Financial Reporting Standards IFRS as issued by the International Standards Accounting Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015. The company is in the process of being in compliance with the new Qatar Commercial companies' Law No. 11 of 2015 during 2016.

The consolidated financial statements are prepared under the historical cost basis, except for available-for-sale financial assets that have been measured at fair value.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to financial statements are disclosed in note 26.

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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

Company's name	*Country of incorporation*	*Company's activities*	*Percentage of ownership 31 December 2015*	*Percentage of ownership 31 December 2014*
Islamic Financial Securities Company (S.O.C)	Qatar	Brokerage services	**100%**	100%
Ajyad Real Estate Company (S.O.C)	Qatar	Real Estate	**100%**	100%

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards and interpretations effective as of 1 January 2015 as described below:

Amendments to IAS 19 Defined Benefits Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employee or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reductions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since the Group does not have defined benefit plans with contributions from employees of third parties.

Annual Improvement 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 January 2015, all other improvements are effective for accounting periods beginning on or after 1 January 2015.

IFRS 2 : Share-based payments

IFRS 3 : Business Combinations

IFRS 8 : Operating Segments

IAS 16 : Property Plant and Equipment and IAS 38 Intangible Assets

IAS 24 : Related Party Disclosures

Annual Improvement 2011-2013 Cycle

These improvements are effective from 1 January 2015..

IFRS 3 : Business Combinations

IFRS 13 : Fair Value Measurement

IAS 40 : Investment Property

Standards issued but not yet effective

The following new standards have been issued but are not yet effective. The Group is currently evaluating the impact of these new standards.

Topic	***Effective date***
IFRS 9 Financial Instruments	1 January 2018
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests	1 January 2016
Amendments to IAS 16 and IAS 38: Clarifications of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	1 January 2016
Amendments to IAS 27: Equity method in Separate Financial Statements	1 January 2016

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

4 SIGNIFICANT ACCOUNTING POLICIES

Revenue

Commission and brokerage income recognised on completion of selling or purchasing transaction and the right to receive income is retained.

Dividend income is recognised when the right to receive the dividend is established.

Profit from Islamic deposits recognised upon the profit maturity.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

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

Available-for-sale financial assets

Available-for-sale financial assets are recognised and derecognised, on a trade date basis, when the Group becomes, or ceases to be, a party to the contractual provisions of the instrument.

Investments designated as available-for-sale financial assets are initially recorded at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component of equity through other comprehensive income. Upon impairment any loss, or upon derecognition any gain or loss, previously reported as “fair value reserve” within equity is included in the statement of income for the year.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or impairment losses, if any. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in the statement of income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Furniture and fixtures	5 years
• Computers, software and office equipment	3 to 5 years
• Leasehold improvements	5 years
• Motor vehicles	5 years

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

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the income statement when the asset is derecognised.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment and uncollectibility of financial assets
An assessment is made at the end of each reporting period to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of income. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;
b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Bank balances
For the purposes of the statement of cash flows, Bank balances consist of balances with banks and short term deposits with original maturity of less than three months.

Provisions
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

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

The Group also provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff cost in the statement of income. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

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

Fair values
The fair value of financial investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets at the close of business on the reporting date.

For financial instruments where there is no active market, the fair value is determined by using discounted cash flow analysis or reference to broker or dealer price quotations. For discounted cash flow analysis, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets and liabilities

a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised where:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

b) Financial liabilities

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

Current versus non-current classification

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

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

The Group classifies all other assets as non-current

A liability is current when:

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

The Group classifies all other liabilities as non-current.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

For assets and liabilities that are recognised in the financial statements 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.

5 BANK BALANCES

	2015	2014
	QR	QR
Bank balances	**51,134,088**	53,604,864

6 BANK BALANCES – CUSTOMERS' FUND

Represents 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

7 PREPAYMENTS AND OTHER DEBIT BALANCES

	2015	*2014*
	QR	*QR*
Amounts paid to Al Tashelat Islamic Company W.L.L (Note 20)	-	10,500,000
Refundable deposits	**2,000,250**	2,000,250
Prepaid expenses	**911,603**	828,530
Other assets	**79,595**	70,917
Total	**2,991,448**	13,399,697

8 INVESTMENT PROPERTIES

	2015	*2014*
	QR	*QR*
At 1 January	**-**	-
Acquired properties during the year	**14,035,325**	-
Disposal of properties during the year (Note 16)	**(5,614,130)**	-
Loss on revaluation of investment properties	**(8,288)**	-
At 31 December	**8,412,907**	-

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

(ii) The fair value of investment properties at 31 December 2015 is QR 8,412,907 (2014: QR Nil). Investment properties have been fair valued by an accredited independent valuer with a recognised and relevant professional qualifications and recent experience in the location and category of investment properties being valued.

9 AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets include the following:

	2015	*2014*
	QR	*QR*
Quoted equity securities		
Equity securities – Qatar	**-**	3,287,986
Unquoted equity securities		
Equity securities – Qatar	**3,287,986**	2,274,631
Total	**3,287,986**	5,562,617

(i) During the year ended as of 31 December 2015 the Group sold the quoted equity portfolio in the equity securities, and realised a loss of QR 402,٣26 (31 December 2014: realised gain on sale of equity securities of QR 529,924)

The movement in available-for-sale financial assets balance during the year is illustrated as follows:

	2015	*2014*
	QR	*QR*
At 1 January 2015	**5,562,617**	4,605,289
Acquired during the year	**-**	22,389,728
Disposal during the year	**(2,524,593)**	(20,839,523)
Net movement in fair value reserve	**249,962**	(91,392)
Impairment	**-**	(501,485)
At 31 December 2015	**3,287,986**	5,562,617

10 PROPERTY AND EQUIPMENT

	Computers, software and office equipment QR	*Furniture and fixtures QR*	*Leasehold improvements QR*	*Motor vehicles QR*	*Total QR*
Cost:					
As at 1 January 2015	8,174,416	672,062	1,298,326	72,777	10,217,581
Additions	187,894	910	715,345	-	904,149
Disposals	(17,000)	-	-	-	(17,000)
As at 31 December 2015	8,345,310	672,972	2,013,671	72,777	11,104,730
Depreciation:					
As at 1 January 2015	7,994,299	656,144	1,290,470	53,993	9,994,906
Charge for the year	92,322	4,580	123,841	9,800	230,543
Disposals	(17,000)	-	-	-	(17,000)
As at 31 December 2015	8,069,621	660,724	1,414,311	63,793	10,208,449
Net book value:					
As at 31 December 2015	**275,689**	**12,248**	**599,360**	**8,984**	**896,281**

	Computers, software and office equipment QR	*Furniture and fixtures QR*	*Leasehold improvements QR*	*Motor vehicles QR*	*Total QR*
Cost:					
As at 1 January 2014	8,130,669	660,862	1,296,326	72,777	10,160,634
Additions	43,747	11,200	2,000	-	56,947
As at 31 December 2014	8,174,416	672,062	1,298,326	72,777	10,217,581
Depreciation:					
As at 1 January 2014	7,484,277	650,500	1,281,887	44,193	9,460,857
Charge for the year	510,022	5,644	8,583	9,800	534,049
As at 31 December 2014	7,994,299	656,144	1,290,470	53,993	9,994,906
Net book value:					
As at 31 December 2014	180,117	15,918	7,856	18,784	222,675

11 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2015 ***QR***	*2014* *QR*
Payable to shareholders from sale of shares (Note 20)	**1,165,873**	398,939
Al Tashelat Islamic Company W.L.L (Note 20)	**840,000**	-
Dividends payable	**370,725**	536,137
Directors remunerations	**304,500**	1,050,000
Accrued expenses	**291,105**	687,796
Notes payable	**214,078**	321,116
Other liabilities	**173,540**	163,740
Provision for sport and social activities contribution	**152,774**	402,497
Total	**3,512,595**	3,560,225

12 EMPLOYEES' END OF SERVICE BENEFITS

The movements in the provision recognised in the consolidated statement of financial position are as follows:

	2015 ***QR***	*2014* *QR*
Provision as at 1 January	**1,087,805**	858,429
Provided during the year	**176,245**	248,856
Paid during the year	**(99,821)**	(19,480)
Provision as at 31 December	**1,164,229**	1,087,805

13 SHARE CAPITAL

	2015 ***QR***	*2014* *QR*
Authorized and issued share capital:		
4,000,000 shares with a value of QR.10 per share	**40,000,000**	40,000,000
Percentage of paid-up capital	**100%**	100%
Paid-up share capital (QR.)	**40,000,000**	40,000,000

During its 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, and 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 share in addition to QR 40 as issuance premium per share through private offering to shareholders. The Ministry of Economy and Trade has approved the proposed premium. Furthermore, during the period, in an Extra-ordinary General Assembly meeting held on 12 October 2015, the shareholders have approved the capital increase. As of 31 December 2015 the Group has received advances from shareholders related to subscription in the right issue amounting to QR 6,631,618.

14 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 has not reached 50% of the share capital, the management decided to transfer 10% from net profit for the year ended 31 December 2015 amounting to QR 728,798 (2014: QR 1,665,843) to legal reserve.

15 GENERAL AND ADMINSTRATIVE EXPENSES

	2015	*2014*
	QR	*QR*
Staff costs	**3,970,233**	4,315,496
Rent	**1,310,270**	1,051,449
Board of Directors remuneration	**304,500**	1,050,000
Repair and maintenance	**614,200**	651,376
Telephone and postage	**575,325**	639,135
Depreciation (Note10)	**230,543**	534,049
Brokerage fees	**442,200**	357,200
Professional fees	**287,500**	249,000
Provision for employees' end of service benefits (Note 12)	**176,245**	248,856
Bank charges	**221,503**	216,412
Annual leave	**220,826**	212,795
Air tickets	**148,803**	168,250
Advertising and marketing expense	**131,364**	111,919
Stationery and printings	**38,844**	75,440
Government fees	**82,874**	71,925
Subscriptions	**23,210**	46,300
Vehicles expenses	**8,789**	13,920
Miscellaneous expenses	**181,070**	98,928
	8,968,299	10,112,450

16 NET GAIN ON SALE OF INVESTMENT PROPERTIES

During 2015, the Group sold investment properties to Al Tashelat Islamic Company W.L.L , a related party. The details of this transaction are summarised as follow:

	2015	*2014*
	QR	*QR*
Proceed from sale of investment properties	**6,800,000**	**-**
Cost of purchase of investment properties	**(5,614,130)**	**-**
Net gain on sale of investment properties	**1,185,870**	**-**

17 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:

	2015	*2014*
	QR	*QR*
Profit for the year (QR)	**6,110,940**	16,099,884
Weighted average number of shares	**4,000,000**	4,000,000
Basic and diluted earnings per share (QR)	**1.53**	4.02

18 DIVIDENDS

The Annual General Assembly Meeting of the Company that was held on 11 February 2015 approved QR 3 per share totalling to QR 12,000,000 as cash dividends relating to 2014.

The Annual General Assembly Meeting of the Company that was held on 18 February 2014 approved QR 1.7 per share totalling to QR 6,800,000 as cash dividends relating to 2013.

19 CONTRIBUTION TO SOCIAL AND SPORTS FUND

According to Qatari Law No. 13 of 2008 and the related clarifications issued in January 2010, the Group is required to contribute 2.5% of its consolidated annual net profits to the state social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income. Hence, this is recognised in the consolidated statement of changes in equity.

During the year, the Group appropriated an amount of QR 152,774 (2014: QR 402,497) representing 2.5% of the consolidated net profit for the year.

20 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 income are as follows:

	2015	*2014*
	QR	*QR*
Income from saving accounts with Islamic banks	**376,336**	438,447
Brokerage and commission income, net	**3,260,219**	3,539,680
Returned commissions	**1,517,596**	2,289,896
Gain on sale of investment properties	**1,185,870**	-

20 RELATED PARTIES TRANSACTIONS (consolidated)

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

	30 December 2015 QR	*31 December 2014 QR*
Due from a related party:		
Al Tashelat Islamic Company W.L.L (Note 7)	**-**	10,500,000
Due to related parties:		
Al Tashelat Islamic Company W.L.L (Note 11)	**840,000**	-
Payable to shareholders from sales of shares (Note 11)	**1,165,873**	398,939

	2015 QR	*2014 QR*
Bank balances- Group Funds	**39,103,796**	13,512,159
Bank balances- Customer Funds	**157,876,687**	463,649,732

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

	2015 QR	*2014 QR*
Short term benefits and Board of Directors Remuneration	**1,652,100**	2,373,600

21 FINANCIAL RISK MANAGEMENT

Objective and policies
The Group's principal financial liabilities comprise due to customers, due to Qatar Exchange and amounts due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as due from customers, bank balances - customer funds, cash and bank balances, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks, which are summarized below.

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

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk` on its bank balances – customer funds, due from Qatar Exchange and certain other assets as reflected in the statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits and monitoring outstanding receivables. The Group provides brokerage services to a large number of customers and no single customer accounts for more than 10% of the outstanding receivables.

21 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

With respect to credit risk arising from the financial assets of the Group, including receivables and bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the statement of financial position.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross.

	2015	*2014*
	QR	*QR*
Bank balances (Note 5)	**51,134,088**	22,597,419
Bank balances - customer funds	**157,877,026**	463,966,828
Due from Qatar Exchange	**24,582,819**	26,881,268
Receivables and other debit balances	**2,079,845**	2,071,167
	235,673,778	515,516,682

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of trade require amounts to be settled within its specified terms in invoices.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2015	***On demand QR***	***Less than 1 year QR***	***Total QR***
Due to customers	**182,524,590**	**-**	**182,524,590**
Dividend payable	**370,725**	**-**	**370,725**
Other liabilities	**-**	**3,141,870**	**3,141,870**
Total	**182,895,315**	**3,141,870**	**186,037,185**

At 31 December 2014	*On demand QR*	*Less than 1 year QR*	*Total QR*
Due to customers	491,216,906	-	491,216,906
Dividend payable	536,137	-	536,137
Other liabilities	-	3,024,088	3,024,088
Total	180,431,002	3,024,088	494,777,131

Capital management

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014. Capital comprises share capital, legal reserve and retained earnings, and is measured at QR 61,981,141 at 31 December 2015 (2014: QR 67,773,013).

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and bank balances and bank balances – customers' funds, held by the Group as at 31 December 2015:

31 December 2015	***Carrying value QR***	***Fair value QR***
Financial assets:		
Due from Qatar Exchange	**24,582,819**	**24,582,819**
Available-for-sale financial assets (Note 9)	**3,287,986**	**3,287,986**
Refundable deposit (Note 7)	**2,000,250**	**2,000,250**
Other assets (Note 7)	**79,595**	**79,595**
Total	**29,950,650**	**29,950,650**
Financial liabilities:		
Due to customers	**182,524,590**	**182,524,590**
Accrued expenses and other credit balances (Note 11)	**3,512,595**	**3,512,595**
Total	**186,037,185**	**186,037,185**

31 December 2014	*Carrying value QR*	*Fair value QR*
Due from Qatar Exchange	26,881,268	26,881,268
Available for sale financial assets (Note 9)	5,562,617	5,562,617
Refundable deposit (Note 7)	2,000,250	2,000,250
Other assets (Note 7)	70,917	70,917
Total	34,515,052	34,515,052
Financial liabilities:		
Due to customers	491,216,906	491,216,906
Accrued expenses and other credit balances (Note 11)	3,560,225	3,560,225
Total	494,777,131	494,777,131

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

22 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

For financial instruments that are recognised at fair value of 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 31 December 2015, the Group held the following financial instruments measured at fair value:

31 December 2015	***Fair value QR***	***Level 1 QR***	***Level 2 QR***	***Level 3 QR***
Available for sale financial assets	**3,287,986**	**-**	**-**	**3,287,986**
Investment properties	**8,412,907**	**-**	**-**	**8,412,907**

31 December 2014	*Fair value QR*	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*
Available for sale financial assets	5,562,617	2,274,631		3,287,986
Investment properties	-	-	-	-

During the year ended on 31 December 2015, 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.

23 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.

23 SEGMENT INFORMATION (continued)

Based on the nature of core activities of the business, the Group is segmented into three major operating segments. The major operating segments are given below with their respective revenue, results and analysis of assets and liabilities

31 December2015	***Brokerage service***	***Real estate***	***Other***	***Total***	***Adjustments and eliminations***	***Consolidated***
Net brokerage and commission income	**13,691,859**	**-**	**-**	**13,691,859**		**13,691,859**
Gain on sale of investment properties	**-**	**1,185,870**	**-**	**1,185,870**		**1,185,870**
Others	**379,876**	**10,616**	**15,968,376**	**16,358,868**	**(15,746,744)**	**612,124**
Segment revenue	**14,071,735**	**1,196,486**	**15,968,376**	**31,236,597**	**(15,548,788)**	**15,489,853**
Segment profit	**6,391,772**	**1,095,405**	**13,759,926**	**21,247,103**	**(15,136,163)**	**6,110,940**
Depreciation	**195,713**	**-**	**34,830**	**230,543**	**-**	**230,543**

31 December2014	*Brokerage service*	*Real estate*	*Other*	*Total*	*Adjustments and eliminations*	*Consolidated*
Net brokerage and commission income	25,653,207	-	-	25,653,207	-	25,653,207
Others	281,114	9,951	10,590,121	10,881,186	(9,820,574)	1,060,612
Segment revenue	25,934,321	9,951	10,590,121	36,534,393	(9,820,574)	26,713,819
Segment profit (loss)	16,658,432	(37,569)	7,995,232	24,616,095	(8,516,211)	16,099,884
Depreciation	527,916	-	6,133	534,049	-	534,049

23 SEGMENT INFORMATION (continued)

The following table presents the segments assets and liabilities:

At 31 December 2015	***Brokerage Service***	***Real estate***	***Other***	***Total***	***Adjustments and eliminations***	***Consolidated***
Segment assets	**225,006,290**	**9,010,876**	**51,382,943**	**285,400,109**	**(36,217,554)**	**249,182,555**
Segment liabilities	**184,744,411**	**2,948,009**	**726,552**	**188,418,972**	**(1,217,558)**	**187,201,414**

At 31 December 2014	*Brokerage Service*	*Real estate*	*Other*	*Total*	*Adjustments and eliminations*	*Consolidated*
Segment assets	533,751,006	11,113,287	51,485,082	596,349,375	(32,711,426)	563,637,949
Segment liabilities	494,888,310	6,002,250	2,685,805	503,576,365	(7,711,429)	495,864,936

24 CONTINGENT LIABILITIES

	2015	*2014*
	QR	*QR*
Letters of guarantee	**125,000,000**	85,000,000

25 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGMENTS

The preparation of the Group’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and certain disclosures at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Group’s accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of receivables
An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due.

Classification of investment securities
On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. The Group classifies investments as “at fair value through profit or loss” if they are acquired primarily for the purpose of short term profit making and cash generation. All other investments are classified as "available-for-sale". The Group accounts for investments in equity securities as investment in associate only when significant influence over the investee’s operations can be proved to exercise, else and regardless of the ownership share, the investment is classified as available-for-sale

Fair value of financial instruments
When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Information’s are disclosed in Note 20.

Impairment of available for sale financial assets
For available for sale financial assets, the Group assess at each reporting date whether there is objective evidence that an investment or Group of investments is impaired. In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investments below its cost. The determination of what is ‘significant’ or ‘prolonged’ requires judgment. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost.

Valuation of property
Investment properties are stated at fair value. The Group used external, independent evaluators to determine the fair value of the investment properties. The independent evaluator uses the market situations, estimated yield and expected future cash flows and the recent real estate transactions with similar characteristics and location of properties for the valuation of investment properties.