

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

**INTERIM CONDENSED CONSOLIDATED**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 2014**

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

### **Introduction**

We have reviewed the accompanying interim consolidated statement of financial position of Islamic Holding Group (Q.S.C) (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 September 2014 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2014 and the interim consolidated statement of changes in 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 (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

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

Date: 15 October 2014  
Doha

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

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	<i>Notes</i>	<b>30 September 2014 (Unaudited) QR</b>	<b>31 December 2013 (Audited) QR</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Bank balances	3	<b>44,631,471</b>	48,441,981
Bank balances - customers' funds	4	<b>341,946,430</b>	187,369,007
Due from customers		<b>618,288</b>	791
Prepayments and other debit balances	5	<b>13,237,682</b>	4,371,720
<b>Total current assets</b>		<b>400,433,871</b>	240,183,499
<b>Non-current assets</b>			
Property and equipment		<b>246,818</b>	699,777
Available for sale financial assets	6	<b>6,787,480</b>	4,605,289
<b>Total non-current assets</b>		<b>7,034,298</b>	5,305,066
<b>Total assets</b>		<b>407,468,169</b>	245,488,565
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Due to customers		<b>318,148,729</b>	174,449,189
Due to Qatar Exchange		<b>20,648,393</b>	7,149,400
Accrued expenses and other credit balances	7	<b>3,439,123</b>	4,064,529
<b>Total current liabilities</b>		<b>342,236,245</b>	185,663,118
<b>Non-current liability</b>			
Employees' end of service benefits		<b>1,051,056</b>	858,429
<b>Total liabilities</b>		<b>343,287,301</b>	186,521,547
<b>Shareholders' equity</b>			
Share capital	8	<b>40,000,000</b>	40,000,000
Legal reserve		<b>10,243,566</b>	10,243,566
Fair value reserve		<b>(267,497)</b>	(158,570)
Retained earnings		<b>14,204,799</b>	8,882,022
<b>Total shareholders' equity</b>		<b>64,180,868</b>	58,967,018
<b>Total liabilities and shareholders' equity</b>		<b>407,468,169</b>	245,488,565

Dr. Yousuf Ahmad Hussain Al Nama  
Chairman and Managing Director

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

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

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2014

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
		<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2014</i>
		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
		<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Brokerage and commission income		<b>8,817,344</b>	4,672,529	<b>26,778,016</b>	12,169,791
Brokerage and commission expense		<b>(2,352,604)</b>	(1,202,496)	<b>(7,168,709)</b>	(3,136,440)
<b>Brokerage and commission income, net</b>		<b>6,464,740</b>	3,470,033	<b>19,609,307</b>	9,033,351
Net gain on sale of trading properties	10	-	421,919	-	1,421,919
Income from saving accounts with Islamic banks		<b>111,813</b>	567,771	<b>318,131</b>	1,324,602
Net gain from sale of available for sale financial assets		<b>163,806</b>	224,915	<b>712,875</b>	402,862
Impairment losses on available for sale financial assets		-	-	<b>(298,904)</b>	(475,634)
Loss on sale of unquoted available for sale financial assets		-	(143,765)	-	(143,765)
Income from Wakala contracts		-	164,274	-	757,649
Dividends income		-	2,404	<b>58,500</b>	627,331
<b>Net operating income</b>		<b>6,740,359</b>	4,707,551	<b>20,399,909</b>	12,948,315
Other income		<b>112</b>	-	<b>32,385</b>	-
General and administrative expenses		<b>(2,176,220)</b>	(2,094,317)	<b>(8,309,517)</b>	(5,933,203)
<b>Profit for the period</b>		<b>4,564,251</b>	2,613,234	<b>12,122,777</b>	7,015,112
Basic and diluted earnings per share	11	<b>1.14</b>	0.65	<b>3.03</b>	1.75

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Islamic Holding Group (Q.S.C.)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2014

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2014</i>	<i>30 September 2013</i>	<i>30 September 2014</i>	<i>30 September 2014</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
<b>Profit for the period</b>	<b>4,564,251</b>	2,613,234	<b>12,122,777</b>	7,015,112
<b>Other comprehensive income (loss) for the period</b>				
Changes in fair value of available for sale financial assets	<b>91,847</b>	(1,975)	<b>(108,927)</b>	601,848
<b>Total comprehensive income for the period</b>	<b>4,656,098</b>	2,611,259	<b>12,013,850</b>	7,616,960

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Islamic Holding Group (Q.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2014

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Fair value reserve QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
<b>As at 1 January 2014 (Audited)</b>	<u>40,000,000</u>	<u>10,243,566</u>	<u>(158,570)</u>	<u>8,882,022</u>	<u>58,967,018</u>
Profit for the period	-	-	-	12,122,777	12,122,777
Other comprehensive loss for the period	-	-	(108,927)	-	(108,927)
<b>Total comprehensive (loss) income for the period</b>	-	-	<b>(108,927)</b>	<b>12,122,777</b>	<b>12,013,850</b>
Dividends paid to shareholders (Note 9)	-	-	-	(6,800,000)	(6,800,000)
<b>As at 30 September 2014 (Unaudited)</b>	<u><b>40,000,000</b></u>	<u><b>10,243,566</b></u>	<u><b>(267,497)</b></u>	<u><b>14,204,799</b></u>	<u><b>64,180,868</b></u>

	<i>Share capital QR</i>	<i>Advances of share capital called up QR</i>	<i>Legal reserve QR</i>	<i>Fair value reserve QR</i>	<i>Proposed dividends QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
As at 1 January 2013 (Audited)	30,000,000	-	9,297,320	(656,302)	4,500,000	1,016,669	44,157,687
Profit for the period	-	-	-	-	-	7,015,112	7,015,112
Other comprehensive income for the period	-	-	-	601,848	-	-	601,848
Total comprehensive income for the period	-	-	-	601,848	-	7,015,112	7,616,960
Advances of share capital called up	-	9,869,293	-	-	-	-	9,869,293
Dividends paid to shareholders (Note 9)	-	-	-	-	(4,500,000)	-	(4,500,000)
<b>As at 30 September 2013 (Unaudited)</b>	<u>30,000,000</u>	<u>9,869,293</u>	<u>9,297,320</u>	<u>(54,454)</u>	<u>-</u>	<u>8,031,781</u>	<u>57,143,940</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

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

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2014

	<i>Nine months ended 30 September 2014 (Unaudited) QR</i>	<i>Nine months ended 30 September 2013 (Unaudited) QR</i>
<b>Operating activities</b>		
Profit for the period	12,122,777	7,015,112
Adjustments for:		
Depreciation expense	489,614	531,411
Bank charges	162,488	167,054
Income from saving accounts with Islamic banks	(318,131)	(1,324,602)
Income from Wakala contracts	-	(757,649)
Dividends income	(58,500)	(627,331)
Impairment losses on available for sale financial assets	298,904	475,634
Net gain from sale of available for sale financial assets	(712,875)	(402,862)
Provision for employees' end of service benefits	212,107	144,660
	<b>12,196,384</b>	<b>5,221,427</b>
Working capital changes:		
Bank balances – customers' funds	(154,577,423)	(77,790,496)
Due from customers	(617,497)	12,009,460
Due to Qatar Exchange	13,498,993	(28,744,857)
Prepayments and other debit balances	(8,865,962)	(1,164,044)
Due to customers	143,699,540	93,170,397
Accrued expenses and other credit balances	(625,406)	(352,242)
	<b>4,708,629</b>	<b>2,349,645</b>
Cash used in operations:		
Bank charges	(162,488)	(167,054)
Employees end of service benefits paid	(19,480)	(106,880)
<b>Cash flows from operating activities</b>	<b>4,526,661</b>	<b>2,075,711</b>
<b>Investing activities</b>		
Purchases of property and equipment	(36,655)	(59,553)
Purchases of available for sale financial assets	(21,651,742)	(4,400,633)
Proceeds from sale of available for sale financial assets	19,774,595	9,111,333
Dividends income	58,500	627,331
Income from Wakala contracts	-	757,649
Income from saving accounts with Islamic banks	318,131	1,324,602
<b>Cash flows (used in) from investing activities</b>	<b>(1,537,171)</b>	<b>7,360,729</b>
<b>Financing activities</b>		
Amounts collected to settle unpaid capital	-	9,869,293
Dividends paid to shareholders	(6,800,000)	(4,500,000)
<b>Cash flows (used in) from financing activity</b>	<b>(6,800,000)</b>	<b>5,369,293</b>
Net (decrease) increase in cash and cash equivalents	(3,810,510)	14,805,733
Cash and cash equivalents at 1 January	48,441,981	29,249,827
<b>Cash and cash equivalents at 30 September</b>	<b>44,631,471</b>	<b>44,055,560</b>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

### 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 No. 26337. The principal activities of the Company are investing in shares, bonds and brokerage services in Qatar Exchange according to the Islamic Sharia'. The Company is governed by the provisions of Qatar Commercial Companies' Law No.5 of 2002 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 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 – Parent). 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 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 September 2012. The Company is fully owned by 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 months ended 30 September 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 15 October 2014.

### 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 (together referred to as the "Group") for the nine months ended 30 September 2014 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 for the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2013.



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

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

#### 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 30 September 2014.

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.

The Group's 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 at 30 September 2014</i>	<i>Percentage of ownership at 31 December 2013</i>
Islamic Financial Securities Company (S.O.C)	Qatar	Brokerage services	100%	100%
Ajyad Real Estate Company (S.O.C)	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)**

**2.3 New standards 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 2013, except for the adoption of new and amended standards and interpretations effective as of 1 January 2014 as noted below:

**IFRS 10 Consolidation of investment entities – Amendments to IFRS 10, IFRS 12 and IAS 27**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group's financial performance.

**IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendment)**

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group's financial performance.

**IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Group as the Group has no derivatives during the current or prior periods.

**IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Amendment)**

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Group's financial performance.

Several other new standards and amendments apply for the first time in 2014. However, they do not impact the annual financial statements of the Group or the interim condensed financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group will assess the impact of the above standards on its consolidated financial position and performance when it becomes effective.

**3 BANK BALANCES**

	<i>30 September 2014 (Unaudited) QR</i>	<i>30 September 2013 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Bank balances	<u>44,631,471</u>	<u>44,055,560</u>	<u>48,441,981</u>

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

#### 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 with the settlement authority.

#### 5 PREPAYMENTS AND OTHER DEBIT BALANCES

	<i>30 September 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Amounts paid to Al Tashelat Islamic Company W.L.L	<b>10,500,000</b>	1,400,000
Refundable deposits	<b>2,000,250</b>	2,000,250
Prepaid expenses	<b>677,765</b>	894,455
Other assets	<b>59,667</b>	77,015
<b>Total</b>	<b><u>13,237,682</u></b>	<b><u>4,371,720</u></b>

#### 6 AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets include the following:

	<i>30 September 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
<b>Quoted equity securities</b>		
Equity securities – Qatar	<b>4,237,480</b>	2,055,289
<b>Unquoted equity securities</b>		
Equity securities – Qatar	<b><u>2,550,000</u></b>	<u>2,550,000</u>
<b>Total</b>	<b><u>6,787,480</u></b>	<b><u>4,605,289</u></b>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

### 7 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	<i>30 September 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Accrued expenses	1,611,803	1,525,922
Payable to shareholders from sale of shares	558,739	1,148,191
Dividends payable	547,548	517,861
Notes payable	321,116	428,153
Provision for sport and social activities fund	-	225,941
Other liabilities	399,917	218,461
<b>Total</b>	<b>3,439,123</b>	<b>4,064,529</b>

### 8 SHARE CAPITAL

	<i>30 September 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Authorized, issued and fully paid-up share capital: 4,000,000 shares with a value of QR 10 per share	<b>40,000,000</b>	40,000,000

### 9 DIVIDENDS

The Annual General Assembly Meeting of the Company that was held on 3 February 2013 approved QR 1.1 per share totalling to QR 4,500,000 as cash dividends relating to 2012.

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.

### 10 NET GAIN ON SALE OF TRADING PROPERTY

During the period ended 30 September 2013, the Group has jointly purchased with, Al Tashelat Islamic Company W.L.L, one property from a related party, Qatar International Islamic Bank Q.S.C, which was sold to another third party. The details of this transaction is summarised as follow:

	<i>Nine months ended 30 September 2014 (Unaudited)</i>	<i>Nine months ended 30 September 2013 (Unaudited)</i>
Proceed from sale of trading property	-	22,010,569
Cost of purchase of trading property	-	(20,588,650)
Net gain on sale of trading property	-	1,421,919

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

### 11 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:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Profit for the period (QR)	<b>4,564,251</b>	2,613,234	<b>12,122,777</b>	7,015,112
Weighted average number of shares	<b>4,000,000</b>	4,000,000	<b>4,000,000</b>	4,000,000
Basic and diluted earnings per share (QR)	<b>1.14</b>	0.65	<b>3.03</b>	1.75

### 12 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:

	<i>Nine months ended 30 September 2014 (Unaudited) QR</i>	<i>Nine months ended 30 September 2013 (Unaudited) QR</i>
Income from saving accounts with Islamic banks	<b>318,131</b>	1,291,130
Brokerage and commission income, net	<b>2,672,511</b>	42,695
Returned commissions	<b>(2,511,469)</b>	(4,915)
Income from Wakala contracts	-	757,649

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

	<i>30 September 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Bank balances	<b>12,778,356</b>	18,917,832
Bank balances - customers' funds	<b>341,329,379</b>	187,095,874
Prepayments and other debit balances	<b>10,500,000</b>	1,400,000

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

### 12 RELATED PARTIES TRANSACTIONS (CONTINUED)

#### Key management remuneration

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

	<i>Nine months ended 30 September 2014 (Unaudited) QR</i>	<i>Nine Months ended 30 September 2013 (Unaudited) QR</i>
Short term benefits	<u>989,700</u>	<u>811,700</u>

### 13 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 30 September 2014:

<i>30 September 2014 (Unaudited)</i>	<i>Loans and receivables QR</i>	<i>Available for sale QR</i>
<b>Financial assets:</b>		
Due from customers	618,288	-
Refundable deposits	2,000,250	-
Other assets	<u>59,667</u>	<u>-</u>
	<u>2,678,205</u>	<u>-</u>
Available-for-sale financial assets	<u>-</u>	<u>6,787,480</u>
<b>Total</b>	<u><u>2,678,205</u></u>	<u><u>6,787,480</u></u>
<b>Financial liabilities:</b>		
Due to customers	318,148,729	-
Due to Qatar Exchange	20,648,393	-
Accrued expenses and other credit balances	<u>3,439,123</u>	<u>-</u>
<b>Total</b>	<u><u>342,236,245</u></u>	<u><u>-</u></u>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

### 13 FINANCIAL INSTRUMENTS (CONTINUED)

<i>31 December 2013 (Audited)</i>	<i>Loans and receivables QR</i>	<i>Available for sale QR</i>
Financial assets:		
Due from customers	791	-
Refundable deposits	2,000,250	-
Other assets	<u>77,015</u>	<u>-</u>
	<u>2,078,056</u>	<u>-</u>
Available-for-sale financial assets	<u>-</u>	<u>4,605,289</u>
Total	<u><u>2,078,056</u></u>	<u><u>4,605,289</u></u>
Financial liabilities:		
Due to customers	174,449,189	-
Due to Qatar Exchange	7,149,400	-
Accrued expenses and other credit balances	<u>4,046,529</u>	<u>-</u>
Total	<u><u>185,645,118</u></u>	<u><u>-</u></u>

#### **Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

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

As at 30 September 2014, the Group held the following financial instruments measured at fair value:

<i>30 September 2014 (Unaudited)</i>	<i>Fair value QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
Available for sale financial assets	<u>4,237,480</u>	<u>4,237,480</u>	<u>-</u>	<u>2,550,000</u>
	<i>Fair value QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
<i>31 December 2013 (Audited)</i>	<u>2,055,289</u>	<u>2,055,289</u>	<u>-</u>	<u>2,550,000</u>

During the period ended on 30 September 2014, 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.S.C.)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

### 13 FINANCIAL INSTRUMENTS (CONTINUED)

#### Impairment

##### 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. The Group has identified an impairment of QR 298,904 (30 September 2013: QR 475,634) on quoted equity securities which was recorded under impairment losses on available for sale financial assets in the interim consolidated statement of income.

### 14 SEGMENT INFORMATION

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

#### Segment revenue and results

	Revenue		Results		Segment profit	
	Nine months ended 30 September 2014 (Unaudited) QR	Nine months ended 30 September 2013 (Unaudited) QR	Nine months ended 30 September 2014 (Unaudited) QR	Nine months ended 30 September 2013 (Unaudited) QR	Nine months ended 30 September 2014 (Unaudited) QR	Nine months ended 30 September 2013 (Unaudited) QR
Brokerage services	26,778,016	12,169,791	(14,640,333)	(7,043,136)	12,137,683	5,126,655
Real estate activities	-	22,010,569	(39,144)	(20,588,650)	(39,144)	1,421,919
Other investments	1,121,891	3,112,444	(1,097,653)	(2,645,906)	24,238	466,538
<b>Total</b>	<b>27,899,907</b>	<b>37,292,804</b>	<b>(15,777,130)</b>	<b>(30,277,692)</b>	<b>12,122,777</b>	<b>7,015,112</b>

#### Segment assets and liabilities

	Assets		Liabilities	
	30 September 2014 (Unaudited) QR	31 December 2013 (Audited) QR	30 September 2014 (Unaudited) QR	31 December 2013 (Audited) QR
Brokerage services	375,384,607	213,539,881	342,292,433	186,512,547
Real estate activities	11,118,462	6,495,062	9,000	9,000
Other investments	20,965,100	25,453,622	985,868	-
<b>Total</b>	<b>407,468,169</b>	<b>245,488,565</b>	<b>343,287,301</b>	<b>186,521,547</b>

### 15 CONTINGENT LIABILITIES

	30 September 2014 (Unaudited) QR	31 December 2013 (Audited) QR
Letters of guarantee to Qatar Exchange	85,000,000	85,000,000