

# **Ezdan Holding Group Q.S.C.**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2014**




Ezdan Holding Group Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	<i>Notes</i>	<b>30 September 2014 (Reviewed) QR'000</b>	<b>31 December 2013 (Audited) QR'000</b>
<b>ASSETS</b>			
Cash and bank balances	7	954,460	450,490
Receivables and prepayments	8	179,395	182,154
Inventory		21,705	13,158
Due from related parties	14	73,279	43,292
Investment properties held for sale	9	358,978	-
Available-for-sale financial assets	10	6,314,017	3,799,004
Investments in equity accounted investees	11	2,931,679	2,832,202
Investment properties	12	34,007,847	33,855,075
Property, plant and equipment		<u>31,266</u>	<u>27,538</u>
<b>TOTAL ASSETS</b>		<b><u>44,872,626</u></b>	<b><u>41,202,913</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Payables and other liabilities	13	899,740	417,496
Due to a related party	14	12,419	64,863
Islamic financing borrowings	15	<u>13,009,177</u>	<u>12,076,283</u>
<b>TOTAL LIABILITIES</b>		<b><u>13,921,336</u></b>	<b><u>12,558,642</u></b>
<b>EQUITY</b>			
Share capital		26,524,967	26,524,967
Legal reserve	18	919,890	919,890
Revaluation reserve		2,450,250	335,980
Foreign currency translation reserve		1,954	1,954
Retained earnings		<u>1,054,229</u>	<u>861,480</u>
<b>TOTAL EQUITY</b>		<b><u>30,951,290</u></b>	<b><u>28,644,271</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>44,872,626</u></b>	<b><u>41,202,913</u></b>



Dr. Khalid Bin Thani Al-Thani  
Chairman



Ali Al-Obaidli  
Group Chief Executive Officer

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



Ezdan Holding Group Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2014

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	<i>(Unreviewed)</i>	<i>(Reviewed)</i>	<i>(Unreviewed)</i>
		<i>(Unaudited)</i>		<i>(Unaudited)</i>
<i>Notes</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Rental income	<b>356,132</b>	255,577	<b>997,436</b>	659,151
Dividends income from available-for-sale financial assets	-	-	<b>167,194</b>	108,212
Net gain on sale of available-for-sale financial assets	<b>64,775</b>	49,430	<b>162,293</b>	130,811
Other operating revenues	<b>4,376</b>	10,935	<b>50,345</b>	41,666
Operating expenses	<b>(72,861)</b>	(39,181)	<b>(206,610)</b>	(129,291)
<b>Operating profit for the period</b>	<b>352,422</b>	276,761	<b>1,170,658</b>	810,549
<i>Add (Less):</i>				
Share of results of equity accounted investees	<b>63,098</b>	57,219	<b>198,972</b>	178,372
Gain on acquisition of an associate	-	-	<b>8,461</b>	-
Gain on revaluation of investment properties	-	-	<b>3,850</b>	-
Other income	<b>7,453</b>	3,058	<b>16,953</b>	6,014
General and administrative expenses	<b>(57,258)</b>	(41,209)	<b>(151,895)</b>	(91,255)
Depreciation	<b>(2,506)</b>	(1,806)	<b>(6,696)</b>	(6,168)
Impairment loss of available for sale financial assets	-	-	-	(25,000)
Finance costs	<b>(66,301)</b>	(55,068)	<b>(225,280)</b>	(154,870)
<b>NET PROFIT FOR THE PERIOD</b>	<b>296,908</b>	238,955	<b>1,015,023</b>	717,642
<b>BASIC AND DILUTED EARNINGS PER SHARE (QR)</b>	<b>0.11</b>	0.09	<b>0.38</b>	0.27

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

Ezdan Holding Group Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2014

	<i>For the three-months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>(Reviewed)</i>	<i>(Unreviewed)</i>	<i>(Reviewed)</i>	<i>(Unreviewed)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	<b>296,908</b>	238,955	<b>1,015,023</b>	717,642
<b>Other comprehensive income</b>				
<i>Other comprehensive income to be reclassified to statement of income in subsequent periods:</i>				
Net gain (loss) on available for sale financial assets	<b>1,304,608</b>	66,060	<b>2,204,878</b>	37,328
Net loss (gain) on disposal of available-for-sale investments reclassified to the consolidated statement of income	<b>(30,637)</b>	(35,178)	<b>(82,126)</b>	(74,660)
Impairment losses on available-for-sale financial assets reclassified to the statement of income	-	-	-	25,000
Reclassification adjustments for gain recognised in the consolidated statement of income ( <i>Note 6</i> )	-	-	<b>(8,461)</b>	-
Share of revaluation reserve of equity accounted investees	<b>31</b>	(12,524)	<b>(96)</b>	(12,829)
Movement in cash flow hedges	<b>3,695</b>	-	<b>75</b>	-
<b>Total other comprehensive income (loss) for the period</b>	<b>1,277,697</b>	18,358	<b>2,114,270</b>	(25,161)
<b>Total comprehensive income for the period</b>	<b>1,574,605</b>	257,313	<b>3,129,293</b>	692,481

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

Ezdan Holding Group Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2014

	<i>Share capital QR'000</i>	<i>Legal reserve QR'000</i>	<i>Revaluation reserve QR'000</i>	<i>Foreign currency translation reserve QR'000</i>	<i>Retained earnings QR'000</i>	<i>Total equity QR'000</i>
Balance at 1 January 2014	26,524,967	919,890	335,980	1,954	861,480	28,644,271
Profit for the period	-	-	-	-	1,015,023	1,015,023
Other comprehensive income for the period	-	-	2,114,270	-	-	2,114,270
Total comprehensive income for the period	-	-	2,114,270	-	1,015,023	3,129,293
Dividends for 2013 (Note 17)	-	-	-	-	(822,274)	(822,274)
<b>Balance at 30 September 2014 (Reviewed)</b>	<b>26,524,967</b>	<b>919,890</b>	<b>2,450,250</b>	<b>1,954</b>	<b>1,054,229</b>	<b>30,951,290</b>

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

Ezdan Holding Group Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine months ended 30 September 2014

	<i>Share capital QR'000</i>	<i>Legal reserve QR'000</i>	<i>Revaluation reserve QR'000</i>	<i>Revaluation surplus QR'000</i>	<i>Foreign currency translation reserve QR'000</i>	<i>Retained earnings QR'000</i>	<i>Total equity QR'000</i>
Balance at 1 January 2013 – as previously stated	26,524,967	847,139	(96,592)	103,146	-	368,193	27,746,853
Prior period adjustments	<u>-</u>	<u>-</u>	<u>49,794</u>	<u>(103,146)</u>	<u>3,192</u>	<u>(133,611)</u>	<u>(183,771)</u>
Balance at 1 January 2013 – (Restated)	26,524,967	847,139	(46,798)	-	3,192	234,582	27,563,082
Profit for the period	-	-	-	-	-	717,642	717,642
Other comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(25,161)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,161)</u>
Total comprehensive (loss) income for the period	-	-	(25,161)	-	-	717,642	692,481
Dividends for 2012 (Note 17)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(344,827)</u>	<u>(344,827)</u>
Balance at 30 September 2013 <i>(Unreviewed/unaudited)</i>	<u>26,524,967</u>	<u>847,139</u>	<u>(71,959)</u>	<u>-</u>	<u>3,192</u>	<u>607,397</u>	<u>27,910,736</u>

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

Ezdan 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</i>	
	<b>2014</b>	<b>2013</b>
	<b>(Reviewed)</b>	<b>(Unreviewed)</b>
Note	<b>QR'000</b>	<b>(Unaudited) QR'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	<b>1,015,023</b>	717,642
Adjustment for:		
Gain on revaluation of investment properties	<b>(3,850)</b>	-
Depreciation	<b>6,696</b>	6,168
Provision for employees' end of service benefits	<b>6,164</b>	3,550
Share of results of associate companies	<b>(198,972)</b>	(178,372)
Gain on acquisition of an associate	<b>(8,461)</b>	-
Allowance for impairment of doubtful receivables	<b>16,855</b>	4,442
Reversal of allowance for impairment of doubtful receivables	<b>(3,517)</b>	(3,425)
Impairment loss of available-for-sale financial assets	<b>-</b>	25,000
Profit on Islamic bank accounts	<b>(5,563)</b>	(2,589)
Net gain on sale of available-for-sale financial assets	<b>(162,293)</b>	(130,811)
Finance costs	<b>225,280</b>	154,870
	<b>887,362</b>	596,475
Working capital changes:		
Receivables and prepayments	<b>(10,504)</b>	(98,557)
Inventory	<b>(8,547)</b>	159
Due from/to related parties	<b>(82,431)</b>	(642,616)
Payables and other liabilities	<b>(6,646)</b>	34,381
Cash from (used in) operations	<b>779,234</b>	(110,158)
Employees' end of service benefits paid	<b>(650)</b>	(1,447)
Net cash flows from (used in) operating activities	<b>778,584</b>	(111,605)
<b>INVESTING ACTIVITIES</b>		
Payments for purchase of property, plant and equipment	<b>(10,424)</b>	(11,308)
Payments for purchase and development of investment properties	<b>(271,938)</b>	(626,050)
Proceeds from sale of available-for-sale financial assets	<b>587,870</b>	785,373
Payments for purchase of available-for-sale financial assets	<b>(818,590)</b>	(1,324,988)
Payments for purchase of investments in associates	<b>(62,670)</b>	(39,784)
Dividends received from associates	<b>162,821</b>	177,427
Profits on Islamic bank accounts	<b>5,563</b>	2,589
Net movement in short term deposits maturing after 3 months	<b>(50,000)</b>	-
Net movement in restricted bank balances	<b>4,986</b>	-
Net cash flows used in investing activities	<b>(452,382)</b>	(1,036,741)
<b>FINANCING ACTIVITIES</b>		
Proceeds from Islamic financing borrowings	<b>1,825,000</b>	2,609,000
Payments for Islamic financing borrowings	<b>(1,353,348)</b>	(821,387)
Dividends paid	<b>(338,898)</b>	(344,825)
Net cash flows from financing activities	<b>132,754</b>	1,442,788
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>458,956</b>	294,442
Cash and cash equivalents as of 1 January	<b>85,817</b>	323,687
<b>CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER</b>	<b>544,773</b>	618,129

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



# Ezdan Holding Group Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014

### 1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Ezdan Holding Group Q.S.C. (“the Company”) (formally known as Ezdan Real Estate Company Q.S.C.) is a Qatari public shareholding company registered in the State of Qatar under the commercial registration number 15466. The Company was established on 24 May 1993 as a Limited Liability Company, and was publicly listed on Qatar Exchange on 18 February 2008.

The Company’s name has been changed from Ezdan Real Estate Company Q.S.C. to Ezdan Holding Group Q.S.C. based on a resolution from the Extraordinary General Assembly Meeting held on 17 September 2012.

The Company’s registered office is at P.O. Box 3222, Doha, State of Qatar.

The principal activities of the Company and its subsidiaries include acquiring and sale of property and land, general contracting for all types of projects and buildings, trading in building materials and equipment, providing real estate consulting services, managing property and collect rentals, providing property maintenance works, and investment activities in shares and bonds.

These interim condensed consolidated financial statements include the financial statements of the Company and its below listed subsidiaries (together referred to as “the Group”) as at and for the period ended 30 September 2014.

<i>Name of the Company</i>	<i>Share capital QR</i>	<i>Effective percentage of ownership</i>		
		<i>30 September 2014</i>	<i>30 September 2013</i>	<i>31 December 2013</i>
Ezdan Hotels Company S.O.C	200,000	<b>100%</b>	100%	100%
Ezdan Mall Company S.O.C	200,000	<b>100%</b>	100%	100%
Ezdan Real Estate Company S.O.C	200,000	<b>100%</b>	100%	100%
Ezdan Partnership Co. S.O.C	200,000	<b>100%</b>	100%	100%
Al Etkan Trading Co. S.O.C	200,000	<b>100%</b>	100%	100%
Alrobe Alkhale Trading Co. S.O.C	200,000	<b>100%</b>	100%	100%
Al Ekleem Real Estate Co. S.O.C	200,000	<b>100%</b>	100%	100%
Almnara Medical Equipment Co. S.O.C	200,000	<b>100%</b>	100%	100%
Al Taybeen Trading Co. S.O.C	200,000	<b>100%</b>	100%	100%
Al Kara Trading Co. S.O.C	200,000	<b>100%</b>	100%	100%
Ethmar Construction and Trading Co. S.O.C	200,000	<b>100%</b>	100%	100%
Al Namaa Maintenance Services Co. S.O.C	200,000	<b>100%</b>	100%	100%
Shatee Alneel Co. S.O.C	200,000	<b>100%</b>	100%	100%
Arkan Import and Export Co. S.O.C	200,000	<b>100%</b>	100%	100%
Tarek Al Haq Trading Co. S.O.C	200,000	<b>100%</b>	100%	100%
Manazel Trading Co. S.O.C	200,000	<b>100%</b>	100%	100%
Een Jaloot Trading Co. S.O.C	200,000	<b>100%</b>	100%	100%
Tareek Alkher Trading Co. S.O.C	200,000	<b>100%</b>	100%	100%
Alkora Alzahbya Co. S.O.C	200,000	<b>100%</b>	100%	100%

The Parent of the Group is Al-Tadawul Holding Group Q.S.C. (“Tadawul”) which aggregately owns directly and indirectly through its subsidiaries, 54 % of the share capital of the Company as at 30 September 2014.

These interim condensed consolidated financial statements of the Group were authorized for issue by the Board of Directors of the Group on 26 October 2014.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine months ended 30 September 2014 have been prepared in accordance with International Financial Reporting Standards, IAS 34 – “Interim Financial Reporting” (“IAS 34”).

The interim condensed consolidated financial statements are prepared in Qatari Riyals, which is the Group’s functional and presentational currency and all values are rounded to the nearest thousands (QR’000) except when otherwise indicated.

The interim condensed consolidated financial statements do not include 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 2013. In addition, results for the nine months ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

## 3 SIGNIFICANT ACCOUNTING POLICIES

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 standards and interpretations effective as of 1 January 2014.

During the period, the Group has adopted the following standards effective for the annual period beginning on or after 1 January 2014.

### **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 to the Group, since none of the entity in the Group qualifies to be an investment entity under IFRS 10.

### **Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32**

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.

### **Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36**

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.

### **Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39**

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.

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

<i>Topic</i>	<i>Effective date</i>
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IFRS 9 Financial Instruments	1 January 2018

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

#### **4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

#### **5 FINANCIAL RISK MANAGEMENT**

The aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

#### **6 ACQUISITION OF AN ASSOCIATE**

On 5 March 2014, the Group acquired additional 28.75% interest in Islamic Holding Group (Q.S.C.) and obtained significant influence over financial and operating policy decisions of Islamic Holding Group (Q.S.C.) with 36.03% interest.

Islamic Holding Group Q.S.C. was established as a Qatari Private shareholding Company and registered under the Commercial Registration under No. 26337. The principal activities of Islamic Holding Group Q.S.C. are investing in shares, bonds and brokerage services in Qatar Exchange according to the Islamic Shari'a. Islamic Holding Group Q.S.C. 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 Islamic Holding Group 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.

**6 ACQUISITION OF AN ASSOCIATE (continued)**

The fair value of identifiable assets acquired and liabilities assumed of Islamic Holding Group Q.S.C. as at the date of acquisition were as follows;

	<i>QR'000</i>
<b>ASSETS</b>	
<b>Current assets</b>	
Bank balances	36,336
Bank balances - customers' funds	257,769
Due from customers	475
Prepayments and other debit balances	13,742
Property and equipment	541
Available for sale financial assets	<u>5,189</u>
<b>Total assets</b>	<u><b>314,052</b></u>
<b>Liabilities</b>	
Due to customers	231,548
Due to Qatar Exchange	23,801
Accrued expenses and other credit balances	2,627
Employees' end of service benefits	<u>882</u>
<b>Total liabilities</b>	<u><b>258,858</b></u>
<b>NET ASSETS</b>	<u><b>55,194</b></u>
Fair value of net assets	19,886
Goodwill arising on acquisition	<u>42,148</u>
<b>Cost of an associate acquired</b>	<u><b>62,034</b></u>
Cash considerations	49,515
Fair value of the Group's equity interest in Islamic Holding Group held before acquisition	<u>12,519</u>
	<u><b>62,034</b></u>

The initial accounting for the above acquisition is only provisional at the period end as the fair value to be assigned to the acquiree's identifiable assets and liabilities could be determined only provisionally. The Group will recognize any adjustments to those provisional values after performing the fair value exercise before the year end.

The Group recognised a gain of QR 8,461 thousand as a result of measuring at fair value its 7.28% equity interest in Islamic Holding Group Q.S.C. before acquisition. The gain represents fair value reserve of available for sale at date of acquisition which has been transferred to the interim consolidated statement of income. The gain is included in "Gain on acquisition of an associate" in the Group's interim consolidated statement of income for the nine month period ended 30 September 2014.

At 30 September 2014

**7 CASH AND CASH EQUIVALENTS**

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	<b>30 September 2014 (Reviewed) QR'000</b>	<b>30 September 2013 (Unreviewed) (Unaudited) QR'000</b>	<b>31 December 2013 (Audited) QR'000</b>
Cash on hand	1,132	983	253
<i>Cash at banks and other financial institutions</i>			
Term deposits	641,250	550,000	400,000
Current accounts	67,007	14,065	10,532
Saving and call accounts	235,384	53,081	25,032
Margin bank accounts	9,687	-	14,673
<b>Total cash and bank balances</b>	<b>954,460</b>	<b>618,129</b>	<b>450,490</b>
<i>Less: restricted bank balances</i>	<i>(9,687)</i>	<i>-</i>	<i>(14,673)</i>
short term bank deposits maturing after three months	<b>(400,000)</b>	<b>-</b>	<b>(350,000)</b>
<b>Cash and cash equivalents</b>	<b>544,773</b>	<b>618,129</b>	<b>85,817</b>

**8 RECEIVABLES AND PREPAYMENTS**

	<b>30 September 2014 (Reviewed) QR'000</b>	<b>31 December 2013 (Audited) QR'000</b>
Tenants receivable	78,087	114,886
Less: Allowance for impairment of tenants receivable	<b>(50,982)</b>	<b>(37,644)</b>
	<b>27,105</b>	77,242
Advances to suppliers	74,994	40,134
Prepaid expenses	43,658	25,645
Refundable deposits	9,190	8,914
Advances to contractors	3,323	4,001
Notes receivable	5,357	12,394
Accrued income	3,819	1,597
Other receivables and debit balances ( <i>Note i</i> )	11,949	12,227
	<b>179,395</b>	<b>182,154</b>
<i>The maturity of receivables and prepayments are as follows:</i>		
Non-current	12,589	18,898
Current	<b>166,806</b>	<b>163,256</b>
	<b>179,395</b>	<b>182,154</b>

*Note:*

- (i) The Group designated profit rate swap contract as hedges of floating profit rate on an Islamic finance borrowing obtained during the period. The Group would pay fixed profit rates and receive floating LIBOR rates. The term of the profit rate swap contracts have been negotiated to match the terms of the financing obtained. As at 30 September 2014, derivative financial asset amounted to QR 75 thousand is included in the other receivable and debit balances.

**9 INVESTMENT PROPERTIES HELD FOR SALE**

On 13 July 2014, the Group has decided to dispose certain investment properties. The Group has identified the buyers and agreed for the prices. The disposal is planned to be completed within twelve-months from the reporting date. Accordingly, the Group has classified these properties as investment properties held for sale as at 30 September 2014.

Carrying value of the investment properties held for sale are as follows;

	<i><b>30 September 2014 (Reviewed) QR'000</b></i>	<i><b>31 December 2013 (Audited) QR'000</b></i>
Investment properties (Note 12)	<u><b>358,978</b></u>	<u>-</u>

**10 AVAILABLE-FOR-SALE FINANCIAL ASSETS****Concentration of investment portfolio**

Concentration of investment portfolio arises when a number of investments are made in entities engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would be affected by changes in economic, political or other conditions. The Group manages this risk through diversification of investments in terms of industry concentration. The industry concentration of the investment portfolio is as follows:

	<i><b>30 September 2014 (Reviewed) QR'000</b></i>	<i><b>31 December 2013 (Audited) QR'000</b></i>
Banks and financial institutions	<b>4,591,288</b>	2,735,735
Industry	<b>1,464,347</b>	891,590
Consumer goods and services	<b>230,939</b>	16,239
Telecommunication	<b>27,443</b>	13,645
Transportation	-	133,381
Real estate	-	8,414
	<u><b>6,314,017</b></u>	<u>3,799,004</u>

*Notes:*

- (i) All available for sale financial assets of the Group are local shares listed at Qatar Exchange.
- (ii) The mortgages on available for sale financial assets are disclosed in Note 15.
- (iii) During the period, the Group's ownership interest in Widam Food Company Q.S.C. and Qatar Investors Group Q.S.C. reached to 20.63% and 20% respectively. However, these investments are still accounted for as available for sale financial assets since the Group does not have significant influence over the operating and financial decisions of the investees.

**11 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES**

The following table illustrates the summarised financial information of the Group's investments in equity accounted investees:

	<i>30 September 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
<i>Group's share of the equity accounted investees' statement of financial position:</i>		
Total assets	<b>9,599,728</b>	8,612,203
Total liabilities	<b>(7,799,708)</b>	(6,867,341)
Net assets	<b>1,800,020</b>	1,744,862
Goodwill	<b>1,131,659</b>	1,087,340
Carrying amount of the investments	<b>2,931,679</b>	2,832,202

	<i>For the nine months ended 30 September</i>	
	<i>2014 (Reviewed) QR'000</i>	<i>2013 (Unreviewed) (Unaudited) QR'000</i>
<i>Group's share of equity accounted investees' revenues and results:</i>		
Revenues	<b>444,633</b>	382,611
Results	<b>198,972</b>	178,372

*Note:*

- (i) The mortgages on investments in equity accounted investees are disclosed in Note 15.

**12 INVESTMENT PROPERTIES**

	<i>30 September 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
At 1 January	<b>33,855,075</b>	33,203,145
Development costs	<b>271,938</b>	738,923
Capitalized finance costs on properties under development	<b>235,962</b>	333,248
Fair value adjustment on investment properties	<b>3,850</b>	16,588
Disposal of properties	-	(465,476)
Acquired land and properties	-	28,647
Transferred to investment properties held for sale (Note 9)	<b>(358,978)</b>	-
	<b>34,007,847</b>	33,855,075

**12 INVESTMENT PROPERTIES (continued)***Notes:*

- (i) The Group has carried out a valuation of all investment properties owned by the Group as at 30 June 2014. The valuation was performed by D.T.Z Qatar L.L.C., a certified valuer, specialized in the valuation of real estate and similar activities. The valuation has been prepared in accordance with the appropriate sections of the Practice Statements (“PS”), contained with the RICS Valuation- Professional Standards 2014 (the “Red Book”). The management, having the experience and knowledge in the real estate industry, believes that the carrying values of the investment properties at 30 September 2014 are not materially different from their fair values at 30 June 2014 and an overall revaluation to all the investment properties will be carried out at year end.
- (ii) All investment properties are located in the State of Qatar.
- (iii) The mortgages on the investment properties are disclosed in Note 15.

**13 PAYABLES AND OTHER LIABILITIES**

	<i>30 September 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Dividends payable	483,376	-
Tenants deposits	150,021	131,639
Advances received from customers	101,211	-
Unearned rent	51,882	130,343
Contractors and suppliers payable	50,462	44,946
Provision for end of service benefits	18,937	13,423
Provision for contribution to Social and Sports Activities Fund	12,552	49,552
Retention payable	11,550	10,863
Accrued expenses	10,647	34,048
Other payables	9,102	2,682
	<u>899,740</u>	<u>417,496</u>
<i>The maturity of payables and other liabilities are as follows:</i>		
Non-current	180,507	155,925
Current	719,233	261,571
	<u>899,740</u>	<u>417,496</u>



**14 RELATED PARTY DISCLOSURES**

Related parties represent the Parent of the Group, major shareholders, associated companies, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors.

**Due from related parties**

<i>Name of related party</i>	<i>30 September 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Dar Al-Arab W.L.L.	32,893	32,893
Emtedad for Real Estate Projects	25,010	-
Sak Holding Group W.L.L.	13,862	9,565
Other related parties	<u>1,514</u>	<u>834</u>
	<u><u>73,279</u></u>	<u><u>43,292</u></u>

**Due to a related party**

<i>Name of related party</i>	<i>30 September 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Sak Trading Contracting Company S.O.C.	<u>12,419</u>	<u>64,863</u>

	<i>30 September 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Islamic financing borrowings from an associate Bank	<u><u>2,686,669</u></u>	<u><u>2,840,659</u></u>

**Related party transactions**

Transactions with related parties during the period are as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2014 (Reviewed) QR'000</i>	<i>30 September 2013 (Unreviewed) (Unaudited) QR'000</i>	<i>30 September 2014 (Reviewed) QR'000</i>	<i>30 September 2013 (Unreviewed) (Unaudited) QR'000</i>
Construction of investment properties (i)	<u>36,597</u>	<u>16,019</u>	<u>157,592</u>	<u>513,636</u>
Finance costs capitalized to properties under development	<u>18,294</u>	<u>25,308</u>	<u>52,803</u>	<u>61,465</u>
Finance costs charged to the interim consolidated statement of income	<u>16,187</u>	<u>10,946</u>	<u>50,413</u>	<u>39,695</u>
Rental income	<u>1,512</u>	<u>1,512</u>	<u>4,536</u>	<u>4,536</u>

**14 RELATED PARTY DISCLOSURES (continued)**

Note:

- (i) The Group entered into a construction agreement with Sak Group for Investment Properties S.O.C. to construct all of its investment properties.

**Compensation of directors and other key management personnel**

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

	<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 2013</i>
	<i>(Reviewed)</i>	<i>(Unreviewed) (Unaudited)</i>	<i>(Reviewed)</i>	<i>(Unreviewed) (Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Total key management and executive committee benefits	<b>10,345</b>	8,371	<b>30,784</b>	24,766

**15 ISLAMIC FINANCING BORROWINGS**

The movements in the Islamic financing borrowings during the period were as follows:

	<i>30 September 2014</i>	<i>31 December 2013</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
At 1 January	<b>12,076,283</b>	10,225,395
Additional facilities obtained during the period / year	<b>1,825,000</b>	2,622,000
Finance costs	<b>461,242</b>	545,706
Repayments of outstanding facilities during the period / year	<b>(1,353,348)</b>	(1,316,818)
<b>At 30 September / 31 December</b>	<b>13,009,177</b>	12,076,283
<i>The maturity of Islamic financing borrowings are as follows:</i>		
Current	<b>1,098,637</b>	1,540,682
Non-current	<b>11,910,540</b>	10,535,601
	<b>13,009,177</b>	12,076,283

Note:

The Islamic financing borrowings have been obtained for the purpose of financing long term projects and working capital requirements of the Group. The contracts carry profits at commercial rates.

As at 30 September 2014, the Group had secured borrowings against mortgages on different types of investment properties owned by the Group with a carrying value of QR 16,724,264 thousand (31 December 2013: QR 16,724,264 thousand) and mortgage against quoted shares included in the interim condensed consolidated financial statements within available-for-sale financial assets and investments in equity accounted investees with carrying value of QR 6,051,893 thousand at 30 September 2014 (31 December 2013: QR 3,881,901 thousand).

**16 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing net profit for the period by the weighted average number of shares outstanding during the period.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2014 (Reviewed)</i>	<i>30 September 2013 (Unreviewed) (Unaudited)</i>	<i>30 September 2014 (Reviewed)</i>	<i>30 September 2013 (Unreviewed) (Unaudited)</i>
Profit for the period (QR'000)	<u>296,908</u>	<u>238,955</u>	<u>1,015,023</u>	<u>717,642</u>
Weighted average number of shares outstanding during the period (thousands of share)	<u>2,652,497</u>	<u>2,652,497</u>	<u>2,652,497</u>	<u>2,652,497</u>
Basic earnings per share (QR)	<u>0.11</u>	<u>0.09</u>	<u>0.38</u>	<u>0.27</u>

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

**17 DIVIDENDS**

At the General Assembly meeting held on 1 April 2014, the shareholders approved a cash dividend of QR 0.31 per share amounting to a total of QR 822,274 thousand for the year ended 31 December 2013 (2012: QR 0.13 per share amounting to a total of QR 344,827 for the year ended 31 December 2012).

**18 LEGAL RESERVE**

In accordance with the requirements of the Qatar Commercial Companies Law No. 5 of 2002, 10% of the annual profit should be transferred to legal reserve until the reserve equals 50% of the share capital. No transfer has been made for the nine month period ended 30 September 2014 as the Company will transfer the total required amount by 31 December 2014.

**19 CONTINGENT LIABILITIES**

The Group had the following contingent liabilities from which it is anticipated that no material liabilities will arise.

	<i>30 September 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
Bank guarantees	<u>9,687</u>	<u>9,787</u>
Letter of credits	<u>-</u>	<u>4,886</u>

**20 FINANCIAL INSTRUMENTS****Fair values**

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments as at 30 September 2014 and 31 December 2013:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 September 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>	<i>30 September 2014 (Reviewed) QR'000</i>	<i>31 December 2013 (Audited) QR'000</i>
<b>Financial assets</b>				
Bank balances (excluding cash)	<b>953,328</b>	450,237	<b>953,328</b>	450,237
Receivables	<b>57,345</b>	112,374	<b>57,345</b>	112,374
Due from related parties	<b>73,279</b>	43,292	<b>73,279</b>	43,292
Available for sale financial assets	<b>6,314,017</b>	3,799,004	<b>6,314,017</b>	3,799,004
	<b>7,397,969</b>	4,404,907	<b>7,397,969</b>	4,404,907
<b>Financial liabilities</b>				
Payables and other liabilities	<b>708,510</b>	224,178	<b>708,510</b>	224,178
Due to a related party	<b>12,419</b>	64,863	<b>12,419</b>	64,863
Islamic financing borrowings	<b>13,009,177</b>	12,076,283	<b>13,009,177</b>	12,076,283
	<b>13,730,106</b>	12,365,324	<b>13,730,106</b>	12,365,324

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments 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 values are not based on observable market data.

The following table shows an analysis of financial investments recorded at fair value by level of the fair value hierarchy:

<b>At 30 September 2014 (Reviewed)</b>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>	<i>Total QR'000</i>
Investment properties and investment properties held for sale	-	-	<b>34,366,825</b>	<b>34,366,825</b>
Available for sale financial assets	<b>6,314,017</b>	-	-	<b>6,314,017</b>
<i>At 31 December 2013 (Audited)</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>	<i>Total QR'000</i>
Investment properties	-	-	33,855,075	33,855,075
Available for sale financial assets	3,799,004	-	-	3,799,004

During the period/year ended 30 September 2014 and 31 December 2013, 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.

**21 SEGMENTAL INFORMATION**

For management purposes, the Group is divided into four operating segments which are based on business activities, as follows:

- Residential and commercial property : The segment includes developing, owning, trading and renting of real estates.
- Investments : The segment is engaged in investing activities including shares and bonds.
- Hotel & Suites : The segment includes managing hotels, suites, and restaurants.
- Malls : The segment includes management of malls.

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.

The following table presents revenues and expenses regarding the Group's operating segments for the periods ended 30 September 2014 and 2013.

<i>For the period ended 30 September 2014 (Reviewed)</i>	<i>Residential and commercial property QR'000</i>	<i>Investments QR'000</i>	<i>Hotels &amp; Suites QR'000</i>	<i>Malls QR'000</i>	<i>Total QR'000</i>
<i>Segment revenues</i>	810,454	538,667	179,807	76,576	1,605,504
<i>Segment expenses</i>	<u>(499,606)</u>	<u>(232)</u>	<u>(56,644)</u>	<u>(33,999)</u>	<u>(590,481)</u>
<i>Segment profit</i>	<u>310,848</u>	<u>538,435</u>	<u>123,163</u>	<u>42,577</u>	<u>1,015,023</u>
<i>Residential and commercial property QR'000</i>					
<i>For the period ended 30 September 2013 (unreviewed, unaudited)</i>	<i>Residential and commercial property QR'000</i>	<i>Investments QR'000</i>	<i>Hotels &amp; Suites QR'000</i>	<i>Malls QR'000</i>	<i>Total QR'000</i>
<i>Segment revenues</i>	545,083	395,368	148,658	35,117	1,124,226
<i>Segment expenses</i>	<u>(352,108)</u>	<u>(222)</u>	<u>(44,723)</u>	<u>(9,531)</u>	<u>(406,584)</u>
<i>Segment profit</i>	<u>192,975</u>	<u>395,146</u>	<u>103,935</u>	<u>25,586</u>	<u>717,642</u>

The following table presents segment assets and liabilities of the group's operating segments as at 30 September 2014 and 31 December 2013.

	<i>Residential and commercial property QR'000</i>	<i>Investments QR'000</i>	<i>Hotels &amp; Suites QR'000</i>	<i>Malls QR'000</i>	<i>Total QR'000</i>
<b>SEGMENT ASSETS</b>					
As of 30 September 2014 (Reviewed)	<u>29,518,244</u>	<u>9,376,373</u>	<u>4,486,854</u>	<u>1,491,155</u>	<u>44,872,626</u>
As of 31 December 2013 (Audited)	<u>28,537,620</u>	<u>6,692,908</u>	<u>4,477,146</u>	<u>1,495,239</u>	<u>41,202,913</u>
<b>SEGMENT LIABILITIES</b>					
As of 30 September 2014 (Reviewed)	<u>13,852,903</u>	<u>-</u>	<u>35,563</u>	<u>32,870</u>	<u>13,921,336</u>
As of 31 December 2013 (Audited)	<u>12,492,313</u>	<u>-</u>	<u>29,694</u>	<u>36,635</u>	<u>12,558,642</u>

**22 COMPARATIVE FIGURES**

Certain comparative figures in the interim condensed consolidated financial statements were reclassified to match with the current period's classification. However, such reclassifications did not have any effect on the interim consolidated net profit, or comprehensive income or the total consolidated equity for the comparative period / year.