

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2018

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Independent auditor's report on review of condensed consolidated interim financial statements

To the Board of Directors of Ezdan Holding Group Q.P.S.C.
Doha, State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Ezdan Holding Group Q.P.S.C. (the "Company") and its subsidiaries (together with the Company, the "Group"), as at 30 September 2018, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 condensed consolidated interim financial statements as at 30 September 2018 are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The condensed consolidated interim financial statements as at and for the nine months ended 30 September 2017 were not reviewed and the consolidated financial statements as at and for the year ended 31 December 2017 were audited, by another auditor, whose audit report dated 24 January 2018, expressed an unmodified audit opinion thereon.

29 October 2018
Doha
State of Qatar



Yacoub Hobeika
Auditor's Registration No. 289
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Licensed by QFMA: External Auditor's
License No. 120153

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

		<i>30 September</i> <i>2018</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>31 December</i> <i>2017</i> <i>(Audited)</i> <i>QR'000</i>
	<i>Note</i>		
ASSETS			
Cash and bank balances	5	65,057	371,120
Receivables and prepayments	6	247,169	225,100
Inventories		20,007	22,265
Equity investments	7	3,141,509	2,470,953
Equity-accounted investees and joint venture	8	1,403,932	1,425,907
Investment properties	9	44,114,933	43,819,785
Property and equipment		<u>838,376</u>	<u>832,413</u>
TOTAL ASSETS		<u>49,830,983</u>	<u>49,167,543</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	10	2,767,506	2,822,431
Sukuk and Islamic financing borrowings	12	<u>15,790,148</u>	<u>16,188,248</u>
TOTAL LIABILITIES		<u>18,557,654</u>	<u>19,010,679</u>
EQUITY			
Share capital		26,524,967	26,524,967
Legal reserve		1,572,678	1,572,678
Fair value reserves		528,687	17,326
Foreign currency translation reserve		648	154
Retained earnings		<u>2,645,017</u>	<u>2,037,602</u>
Equity attributable to owners of the Company		<u>31,271,997</u>	<u>30,152,727</u>
Non-controlling interests		<u>1,332</u>	<u>4,137</u>
TOTAL EQUITY		<u>31,273,329</u>	<u>30,156,864</u>
TOTAL LIABILITIES AND EQUITY		<u>49,830,983</u>	<u>49,167,543</u>

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 29 October 2018.



H.E. Sheikh Abdulla Bin Thani Al-Thani
Vice Chairman

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2018

	Note	<i>For the three months ended</i>		<i>For the nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</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>
Rental income		329,921	358,705	989,248	1,136,240
Dividend income from equity investments	7	-	-	122,255	241,848
Other operating revenues		13,889	16,342	39,738	66,481
Net gain on sale of equity-accounted investees	8	-	-	-	177,777
Net gain on sale of equity investments	7	-	1,986	-	464,916
Operating expenses	13	(78,974)	(102,467)	(227,407)	(304,873)
OPERATING PROFIT FOR THE PERIOD		264,836	274,566	923,834	1,782,389
(Loss) / gain from change in fair value of investment properties	9	(1,533)	6,477	266,313	22,311
Share of results of equity-accounted investees and joint venture	8	27,686	41,350	79,969	126,818
Other income		4,282	201,085	24,663	240,211
Finance costs	12	(194,337)	(190,042)	(644,657)	(527,422)
General and administrative expenses	13	(49,890)	(59,500)	(167,470)	(196,598)
Depreciation		(10,730)	(1,750)	(21,987)	(12,273)
Impairment loss of available-for-sale financial assets (IAS 39)		-	(20,250)	-	(32,923)
PROFIT FOR THE PERIOD		40,314	251,936	460,665	1,402,513
<i>Attributable to:</i>					
Owners of the Company		41,165	256,059	463,470	1,410,612
Non-controlling interests		(851)	(4,123)	(2,805)	(8,099)
		40,314	251,936	460,665	1,402,513
BASIC AND DILUTED EARNINGS PER SHARE	14	0.02	0.10	0.17	0.53

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2018

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</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	40,314	251,936	460,665	1,402,513
Other comprehensive income				
<i>Item that will not be reclassified to profit or loss</i>				
Equity investments at FVOCI - net change in fair value	456,531	-	669,533	-
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Cash flow hedges - effective portion of changes in fair value	(4,791)	-	9,687	-
Foreign operations - foreign currency translation differences	4	(1,493)	647	(1,493)
Equity-accounted investees - share of OCI	768	(954)	472	1,516
Available-for-sale financial assets - net change in fair value (IAS 39)	-	(112,078)	-	(450,992)
	(4,019)	(114,525)	10,806	(450,969)
Other comprehensive income for the period	452,512	(114,525)	680,339	(450,969)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	492,826	137,411	1,141,004	951,544
<i>Attributable to:</i>				
Owners of the Company	493,677	141,534	1,143,809	959,643
Non-controlling interests	(851)	(4,123)	(2,805)	(8,099)
	492,826	137,411	1,141,004	951,544

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	<i>Attributable to owners of the Company</i>					<i>Total</i> <i>QR'000</i>	<i>Non-</i> <i>controlling</i> <i>interest</i> <i>QR'000</i>	<i>Total</i> <i>equity</i> <i>QR'000</i>
	<i>Share</i> <i>capital</i> <i>QR'000</i>	<i>Legal</i> <i>reserve(1)</i> <i>QR'000</i>	<i>Fair</i> <i>value reserves</i> <i>QR'000</i>	<i>Foreign</i> <i>currency</i> <i>translation</i> <i>reserve</i> <i>QR'000</i>	<i>Retained</i> <i>earnings</i> <i>QR'000</i>			
Balance at 31 December 2017 (Audited)	26,524,967	1,572,678	17,326	154	2,037,602	30,152,727	4,137	30,156,864
Adjustment on initial application of IFRS 9 (Note 4)	-	-	(168,484)	-	143,945	(24,539)	-	(24,539)
Adjusted balance at 1 January 2018 (Audited)	26,524,967	1,572,678	(151,158)	154	2,181,547	30,128,188	4,137	30,132,325
Net profit for the period	-	-	-	-	463,470	463,470	(2,805)	460,665
Other comprehensive income for the period	-	-	679,845	494	-	680,339	-	680,339
Total comprehensive income for the period	-	-	679,845	494	463,470	1,143,809	(2,805)	1,141,004
Balance at 30 September 2018 (Reviewed)	26,524,967	1,572,678	528,687	648	2,645,017	31,271,997	1,332	31,273,329

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the nine months ended 30 September 2018

	<i>Attributable to owners of the Company</i>						<i>Non-controlling interests</i> <i>QR'000</i>	<i>Total Equity</i> <i>QR'000</i>
	<i>Share capital</i> <i>QR'000</i>	<i>Legal Reserve (1)</i> <i>QR'000</i>	<i>Fair value reserves</i> <i>QR'000</i>	<i>Foreign currency translation reserve</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>		
Balance at 1 January 2017 (<i>Audited</i>)	26,524,967	1,403,358	329,580	1,954	1,882,299	30,142,158	431,534	30,573,692
Net profit for the period	-	-	-	-	1,410,612	1,410,612	(8,099)	1,402,513
Other comprehensive income for the period	-	-	(449,476)	(1,493)	-	(450,969)	-	(450,969)
Total comprehensive income for the period	-	-	(449,476)	(1,493)	1,410,612	959,643	(8,099)	951,544
Dividends	-	-	-	-	(1,326,248)	(1,326,248)	-	(1,326,248)
Balance at 30 September 2017 (<i>Unreviewed</i>)	<u>26,524,967</u>	<u>1,403,358</u>	<u>(119,896)</u>	<u>461</u>	<u>1,966,663</u>	<u>29,775,553</u>	<u>423,435</u>	<u>30,198,988</u>

(1) In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015 and the Company's Article of Association, a minimum of 10% of the annual profit should be transferred to legal reserve until the reserve equals 50% of the share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Company's Article of Association. No transfer has been made for the nine months ended 30 September 2018 as the Group will transfer the total required amount by 31 December 2018.

Ezdan Holding Group Q.P.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2018

	Note	For the nine months ended 30 September	
		2018	2017
		(Reviewed) QR'000	(Unreviewed) QR'000
OPERATING ACTIVITIES			
Profit for the period		460,665	1,402,513
<i>Adjustments for:</i>			
Provision for impairment of receivables and prepayments	6, 13	13,331	8,842
Reversal of allowance for impairment of doubtful receivables and prepayments	6	(4,667)	-
Net gain on sale of equity investments	7	-	(464,916)
Net gain on sale of equity-accounted investees	8	-	(177,777)
Share of results of equity-accounted investees and joint venture	8	(79,969)	(126,818)
Gain from change in fair value of investment properties	9	(266,313)	(22,311)
Depreciation of property and equipment		21,987	12,273
Provision for employees' end of services benefits	13	6,420	8,135
Dividend income from equity investments	7	(122,255)	(241,848)
Gain on expropriation of investment properties		(19,054)	(171,971)
Impairment loss of available-for-sale financial assets (IAS 39)		-	32,923
Finance income		(901)	(54,506)
Finance costs	12	644,657	527,422
		<u>653,901</u>	<u>731,961</u>
<i>Changes in:</i>			
Receivables and prepayments		28,728	(13,634)
Inventories		2,258	(6,846)
Due from related parties		-	(2,199,196)
Payables and other liabilities		(46,896)	(403,896)
Cash from / (absorbed by) operating activities		<u>637,991</u>	<u>(1,891,611)</u>
Employees' end of service benefits paid		(14,449)	(2,367)
Net cash flows from / (used in) operating activities		<u>623,542</u>	<u>(1,893,978)</u>
INVESTING ACTIVITIES			
Purchase of equity investments		(1,039)	(292,491)
Proceeds from sale of equity investments		15	3,166,678
Proceeds from sale of equity-accounted investees		-	530,467
Additions to investment properties	9	(64,140)	(263,587)
Additions to property and equipment		(27,950)	(31,867)
Net movement in restricted bank balances		(55)	(241)
Dividends income received		200,725	355,552
Finance income received		901	54,506
Net cash flows from investing activities		<u>108,457</u>	<u>3,519,017</u>
FINANCING ACTIVITIES			
Proceeds from Sukuk and Islamic financing borrowings	12	3,060,000	2,120,794
Repayments for Sukuk and Islamic financing borrowings	12	(4,087,358)	(1,992,875)
Dividends paid		-	(952,379)
Transaction cost paid		(15,399)	(3,213)
Net cash flows used in financing activities		<u>(1,042,757)</u>	<u>(827,673)</u>
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES		(310,758)	797,366
Net foreign exchange differences		4,640	(1,493)
Cash and cash equivalents as of 1 January		<u>366,550</u>	<u>423,072</u>
CASH AND CASH EQUIVALENT AT 30 SEPTEMBER	5	<u>60,432</u>	<u>1,218,945</u>

The notes on pages 8 to 22 are an integral part of these condensed consolidated interim financial statements.

Ezdan Holding Group Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 30 September 2018

1 REPORTING ENTITY

Ezdan Holding Group Q.P.S.C. (the “Company”) 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 at Qatar Stock Exchange on 18 February 2008. The Company is domiciled in the State of Qatar and its registered office is at Ezdan Towers, West Bay Doha, State of Qatar.

The principal activities of the Company and its subsidiaries include financial and administrative control over a company or more by owning at least 51% of its shares, investment in shares, Sukuk, financial securities, and other investments inside and outside the State of Qatar, owning patents, commercial works and privilege, and other rights using them and renting them to others, providing real estate consulting services, managing property and collect rentals and providing property maintenance works.

The principal subsidiaries of the Group are as follows:

<i>Name of the subsidiary</i>	<i>Country of incorporation</i>	<i>Effective percentage of ownership</i>		
		<i>30 September 2018 (Reviewed)</i>	<i>31 December 2017 (Audited)</i>	<i>30 September 2017 (Unreviewed)</i>
Ezdan Hotels Company W.L.L.	Qatar	100%	100%	100%
Ezdan Mall Company W.L.L.	Qatar	100%	100%	100%
Ezdan Real Estate Company W.L.L.	Qatar	100%	100%	100%
Ezdan Palace W.L.L.	Qatar	100%	100%	100%
Al Ruba Al Khali Trading Company W.L.L.	Qatar	100%	100%	100%
Al Ekleem for Real Estate and Mediation Co. W.L.L.	Qatar	100%	100%	100%
Al Taybin Trading Company W.L.L.	Qatar	100%	100%	100%
Al Namaa for Maintenance Company W.L.L.	Qatar	100%	100%	100%
Shatea Al Nile Company W.L.L.	Qatar	100%	100%	100%
Arkan for Import and Export Company W.L.L.	Qatar	100%	100%	100%
Tareek Al Hak Trading Company W.L.L.	Qatar	100%	100%	100%
Manazel Trading Company W.L.L.	Qatar	100%	100%	100%
Een Jaloot Trading Company W.L.L.	Qatar	100%	100%	100%
Tareek Al-Khair Trading Company W.L.L.	Qatar	100%	100%	100%
Alkora Alzahbya Company W.L.L.	Qatar	100%	100%	100%
Ezdan World W.L.L.	Qatar	70%	70%	-
Emtedad Real Estate for Projects W.L.L.	Qatar	67.5%	67.5%	67.5%
Al Kara Trading Co. W.L.L.	Qatar	-	-	100%
Al Manara for Medical Equipment Co.W.L.L.	Qatar	-	-	100%
Amaken for Electronic W.L.L.	Qatar	-	-	100%
Al Etkan Trading Co. W.L.L.	Qatar	-	-	100%
Ethmar for Trading and Construction Co. W.L.L.	Qatar	-	-	100%
High Trade for Trading W.L.L.	Qatar	-	-	100%
Gulf Imtiaz for Trading W.L.L.	Qatar	-	-	100%
Dar Al Arab W.L.L.	Qatar	-	-	74.5%
Ezdan International Limited	Jersey	100%	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, approximately 54% of the share capital of the Company as at 30 September 2018 and 31 December 2017.

2 BASIS OF ACCOUNTING

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2017 (the “last annual financial statements”). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements included the impact of the application of IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments”. Changes to significant accounting policies are described in Note 4.

These condensed consolidated interim financial statements were authorized for issue by the Company’s Board of Directors on 29 October 2018.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual consolidated financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 4.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team who has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports significant valuation issues directly to the Group's Chief Financial Officer and audit committee.

The Group's Chief Financial Officer and audit committee together with the valuation team regularly reviews valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Management believes that as at the reporting date the fair values of the Group's financial assets and liabilities approximated their carrying amounts.

4 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

Changes in accounting policies

During the current period, the Group adopted the below new and amended International Financial Reporting Standards ("IFRS") and improvements to IFRS that are effective for annual periods beginning on 1 January 2018:

- *IFRS 15 "Revenue from Contracts with Customers"*
- *IFRS 9 "Financial Instruments"*
- *Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"*
- *Amendments to IAS 40 "Transfers of Investment Property"*
- *Annual improvements to IFRSs 2014-2016 Cycle "Amendments to IFRS 1 and IAS 28"*
- *IFRIC 22 Foreign Currency Transactions and Advances consideration.*

The adoption of the above new and amended IFRS and improvements to IFRS had no significant impact on the condensed consolidated interim financial statements, except for IFRS 9, which led to an increase in the provision for impairment of receivables and prepayments (Note 4 (ii)).

A. IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 "Revenue" and related interpretations.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Changes in accounting policies (continued)****A. IFRS 15 “Revenue from Contracts with Customers” (continued)**

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in respect of the Group’s significant revenue generating activities are set out below:

Type of services	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy.
Rentals of property	Revenue is recognised on a monthly basis based on the period of contract and the space occupied.	No impact.
Ancillary services provided to occupants of the property	Revenue is recognised at a single time when the service is delivered to the customer.	No significant impact.

B. IFRS 9 “Financial Instruments”

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 “Financial Instruments: Recognition and Measurement”.

The following table summarises the impact of transition to IFRS 9 on the opening balance of reserves and retained earnings (for a description of the transition method, see Note 4 (iii) below).

	<i>Fair value reserves QR’000</i>	<i>Retained earnings QR’000</i>
Balances at 31 December 2017 (As reported)	<u>17,326</u>	<u>2,037,602</u>
<u>Adjustment on initial application of IFRS 9</u>		
Equity investments at FVOCI (AFS investments under old IAS 39)	(168,484)	168,484
Investments on equity-accounted investees	-	(23,946)
Receivables and prepayments	-	(593)
	<u>(168,484)</u>	<u>143,945</u>
Adjusted opening balances at 1 January 2018	<u>(151,158)</u>	<u>2,181,547</u>

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available-for-sale financial assets.

The adoption of IFRS 9 has not had a significant effect on the Group’s accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

On initial recognition a financial asset is classified as:

- Amortised cost;
- Fair Value Through Other Comprehensive Income (FVOCI) debt investment;
- Fair Value Through Other Comprehensive Income (FVOCI) equity investment; or
- Fair Value Through Profit or Loss (FVTPL).

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Changes in accounting policies (continued)****B. IFRS 9 “Financial Instruments” (continued)***(i) Classification and measurement of financial assets and financial liabilities (continued)*

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and;
- its contractual terms give rise on specified dates to cash flows that are solely payments principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

The following accounting policies apply to the subsequent measurement of the Group’s financial assets:

Financial assets at amortised cost

These assets are subsequently measured at amortised costing using the effective interest method. The amortised cost is reduced by impairment losses (see below 4(ii)). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Group has no financial assets at FVTPL and debt investments at FVOCI as at reporting date.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018, is as described further below.

<i>in QR '000</i>	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Equity securities	(a)	Available-for-sale	FVOCI - equity instrument	2,470,953	2,470,953
Receivables and prepayments	(b)	Loans and receivables	Amortized cost	142,661	142,068
Cash and bank balances		Loans and receivables	Amortized cost	371,120	371,120
Total financial assets				<u>2,984,734</u>	<u>2,984,141</u>

(a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Receivables and prepayments that were previously classified as loans and receivables under IAS 39 are now classified at amortized cost as per IFRS 9. An increase of QR 593 thousand in the provision for impairment of these receivables and prepayments was recognized in opening retained earnings at 1 January 2018 on transition to IFRS 9.

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies (continued)

B. IFRS 9 “Financial Instruments” (continued)

(ii) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of receivables and prepayments and cash and bank balances under IFRS 9 and loss allowances are measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date.
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for its financial assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 to 90 days past due. The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 60 to 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses the financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to receivables and prepayments are presented under general and administrative expenses in the condensed consolidated interim statement of profit or loss.

Impact of the new impairment model

For financial assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9’s impairment requirements at 1 January 2018 results in an additional impairment allowance of QR 593 thousand (Note 6).

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)**Changes in accounting policies (continued)****B. IFRS 9 “Financial Instruments” (continued)***(ii) Impairment of financial assets (continued)**Impact of the new impairment model (continued)*

The following table provides information about exposure to credit risk and ECL for receivables and prepayments as at 1 January 2018.

Particular	Weighted average loss rate	Gross carrying amount QR'000	Impairment loss allowance QR'000	Credit impaired QR'000
0-30 days past due	8%	14,270	1,210	-
31-60 days past due	16%	6,907	1,118	-
61-90 days past due	21%	5,883	1,213	-
90 -120 days past due	29%	2,801	803	-
Above 120 days	91%	105,874	-	95,928
Total		135,735	4,344	95,928

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using cumulative effect method. The Group has taken an exemption not to restate comparative information of prior periods. Differences in the carrying amounts of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

The assessment have been made on the basis of the facts and circumstances that existed at the date of initial application.

5 CASH AND BANK BALANCES

For the purpose of the condensed consolidated interim statement of cash flows, cash and bank balances comprised of the following:

	30 September 2018 (Reviewed) QR'000	31 December 2017 (Audited) QR'000	30 September 2017 (Unreviewed) QR'000
Cash on hand	1,800	548	1,439
<i>Cash at banks and other financial institutions</i>			
Saving and call accounts	35,086	155,416	291,151
Current accounts	23,546	10,586	39,478
Margin accounts	4,625	4,570	3,346
Term deposits	-	200,000	886,877
Cash and bank balances	65,057	371,120	1,222,291
Less: Restricted bank balances	(4,625)	(4,570)	(3,346)
Cash and cash equivalent	60,432	366,550	1,218,945

6 RECEIVABLES AND PREPAYMENTS

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) (Note 17) QR'000</i>
Net tenant receivables	74,323	57,600
Receivables from government on expropriation of investment properties (Note 9)	50,366	-
Derivative financial assets	32,856	23,167
Due from related parties (Note 11(b))	26,691	34,683
Advances to suppliers and contractors	21,499	66,951
Prepaid expenses	15,896	15,488
Refundable deposits	14,739	18,617
Net other receivables and debit balances	10,799	8,594
	<u>247,169</u>	<u>225,100</u>
The maturity of receivables and prepayments are as follows:		
Current	215,587	201,933
Non-current	31,582	23,167
	<u>247,169</u>	<u>225,100</u>

The movements in the provision for impairment of receivables and prepayments were as follows:

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
At 31 December 2017 / 31 December 2016 (Audited)	<u>99,679</u>	<u>103,169</u>
Adjustments on initial application of IFRS 9 (Note 4)		
- Tenant receivables	(4,347)	-
- Due from related parties	4,940	-
Adjusted balance at 1 January	100,272	103,169
Provision made during the period / year (Note 13)	13,331	6,248
Provision reversed	(4,667)	(9,391)
Provision written-off	-	(347)
Balance at 30 September (Reviewed) / 31 December (Audited)	<u>108,936</u>	<u>99,679</u>

7 EQUITY INVESTMENTS

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Quoted shares (1)	3,038,204	2,367,648
Unquoted shares (2)	103,305	103,305
	<u>3,141,509</u>	<u>2,470,953</u>

(1) The quoted shares are the Group's equity investments that are carried at FVOCI. The mortgages on these equity investments are disclosed in note 12.

7 EQUITY INVESTMENTS (Continued)*Quoted shares: 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>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Quoted shares listed at Qatar Stock Exchange (QSE)		
Financial institutions	2,931,763	2,267,344
Consumer goods and services	43,750	35,009
Industries	24,491	26,013
Transportation	22,590	22,972
Telecommunication	7,729	7,595
Real estate	5,370	5,091
Insurance	2,511	3,624
	<u>3,038,204</u>	<u>2,367,648</u>

(2) The unquoted shares are the Group's equity investments that are not listed at QSE. These equity investments are carried at amortized cost.

The Group generated dividend income from the equity investments amounting to QR 122,255 (nine -month period ended 30 September 2017 (Unreviewed): QR 241,848) during the period. A net gain on sale of equity investments amounting to QR Nil (nine-month period ended 30 September 2017 (Unreviewed): QR 464,916) was also recognized during the period.

8 EQUITY-ACCOUNTED INVESTEEES AND JOINT VENTURE

	<u><i>Ownership interest</i></u>			
<i>Country of incorporation</i>	<i>30 September 2018 (Reviewed) %</i>	<i>31 December 2017 (Audited) %</i>	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Qatar International Islamic Bank Q.S.C. (Note 11(cii))	Qatar 10.00 %	10.00 %	910,304	926,377
Medicare Group Q.S.C.	Qatar 12.50 %	12.50 %	241,583	246,097
White Square Real Estate Company W.L.L.	Qatar 32.50 %	32.50 %	183,857	185,013
Qatar Islamic Insurance Company Q.S.C.	Qatar 7.33 %	7.33 %	68,188	68,420
			<u>1,403,932</u>	<u>1,425,907</u>

The Group recognized net gain on sale of equity-accounted investees amounting to QR Nil (nine-month period ended 30 September 2017 (Unreviewed): QR 177,777) during the period. The Group also recognized its share on the operating results of its associates / joint venture amounting to QR 79,969 (nine-month period ended 30 September 2017 (Unreviewed): QR 126,818) during the period.

The mortgages on the equity-accounted investees are disclosed in Note 12.

At 30 September 2018

9 INVESTMENT PROPERTIES

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
At 1 January	43,819,785	38,919,798
Gain from change in fair value of investment properties	266,313	457,276
Development costs during the period / year (Note 11(a))	64,140	336,938
Expropriation of investment properties (Note 6)	(31,312)	-
Foreign exchange adjustment	(3,993)	12,273
Purchase of completed investment properties	-	4,657,866
Capitalized finance costs on investment properties under development	-	43,187
Addition of land as a compensation from government	-	171,971
Transfer to property and equipment	-	(779,524)
	44,114,933	43,819,785

Investment properties consists of:

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Completed properties	40,740,353	40,492,869
Vacant land	3,226,130	4,178,466
Projects under development	148,450	148,450
	44,114,933	43,819,785

The Group engaged an independent valuer to appraise its investment properties as at 30 June 2018 and 31 December 2017. The valuation was prepared by D.T.Z Qatar L.L.C. and Cushman and Wakefield, certified valuers 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").

Investment properties are located in State of Qatar and United Kingdom.

The mortgages on the investment properties are disclosed in Note 12.

10 PAYABLES AND OTHER LIABILITIES

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Due to a related party (Note 11(c))	1,562,268	1,558,880
Dividend payables	763,030	763,030
Tenants' deposits	150,431	144,830
Unearned rent income	92,438	63,873
Payables to contractors and suppliers	81,386	103,767
Accrued expenses	33,323	52,899
Provision for employees' end of service benefits	31,103	39,131
Retention payable	28,734	31,852
Advances received from customers	2,700	2,698
Provision for Social and Sports Activities Fund	-	42,330
Other payables	22,093	19,141
	2,767,506	2,822,431

Ezdan Holding Group Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 30 September 2018

10 PAYABLES AND OTHER LIABILITIES (Continued)

The maturity of payables and other liabilities are as follows:

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Non-current	1,772,536	1,774,693
Current	994,970	1,047,738
	<u>2,767,506</u>	<u>2,822,431</u>

11 RELATED PARTIES DISCLOSURES

(a) Related party transactions

Transactions with related parties included in the condensed consolidated statement of profit or loss are as follows:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2018 (Reviewed) QR'000</i>	<i>2017 (Unreviewed) QR'000</i>	<i>2018 (Reviewed) QR'000</i>	<i>2017 (Unreviewed) QR'000</i>
Development costs of investment properties (1)	<u>20,017</u>	<u>19,710</u>	<u>38,129</u>	<u>54,732</u>
Capitalized finance costs (2)	<u>-</u>	<u>2,143</u>	<u>-</u>	<u>5,371</u>
Expensed-out finance costs (2)	<u>24,029</u>	<u>27,812</u>	<u>88,507</u>	<u>79,257</u>
Compensation of directors and other key management personnel (Notes 11(d) and 13)	<u>8,646</u>	<u>10,722</u>	<u>43,896</u>	<u>31,417</u>
Rental income	<u>1,930</u>	<u>1,930</u>	<u>5,789</u>	<u>5,789</u>

(1) The Group entered into a construction agreement with SAK Trading and Contracting Company W.L.L., to construct specific investment properties (Note 9).

(2) The Group had secured Islamic finance borrowing from its equity-accounted investee (Note 11(c.ii)).

All related party transactions were effected at commercial terms and conditions.

(b) Due from related parties

	<i>Note</i>	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
The Curve Hotel Company W.L.L.		20,590	22,380
Dar Al Arab W.L.L.		12,012	12,012
White Square Real Estate Company W.L.L.		285	275
Other related parties		<u>-</u>	<u>16</u>
		<u>32,887</u>	<u>34,683</u>
Less: Allowance for impairment of due from related parties		<u>(6,196)</u>	<u>-</u>
	6	<u>26,691</u>	<u>34,683</u>

The above balances are of commercial nature, bear no interest or securities and are receivable on demand.

(c.i) Due to a related party

	<i>Note</i>	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
SAK Holding Group W.L.L. (1)	10	<u>1,562,268</u>	<u>1,558,880</u>

This amount represents the remaining outstanding balance due to SAK Holding Group W.L.L., in relation to the settlement agreement with the Group.

11 RELATED PARTIES DISCLOSURES (Continued)

The above balance is of commercial nature, bears no interest or securities and a non-current obligation.

(c.ii) Other related party payables

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
<i>Equity accounted investee:</i>		
Islamic financing borrowings (Note 8)	<u>1,920,576</u>	<u>2,880,900</u>
Payable to a contractor	<u>2,799</u>	<u>2,799</u>
Payable to a related party	<u>60,000</u>	<u>-</u>

(d) Compensation of directors and other key management personnel

The remuneration of directors and other key management personnel during the period is as follows (Note 11(a)):

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2018 (Reviewed) QR'000</i>	<i>2017 (Unreviewed) QR'000</i>	<i>2018 (Reviewed) QR'000</i>	<i>2017 (Unreviewed) QR'000</i>
Board of directors remuneration	-	-	16,896	-
Key management and executive benefits	<u>8,646</u>	<u>10,722</u>	<u>27,000</u>	<u>31,417</u>
	<u>8,646</u>	<u>10,722</u>	<u>43,896</u>	<u>31,417</u>

12 SUKUK AND ISLAMIC FINANCING BORROWINGS

The movements on the Islamic financing borrowings during the period / year were as follows:

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
At 1 January	16,270,461	15,926,929
Additions	3,060,000	1,992,865
Finance costs	644,657	752,807
Repayments	<u>(4,087,358)</u>	<u>(2,402,140)</u>
	15,887,760	16,270,461
Deduct:		
Transaction costs	<u>(97,612)</u>	<u>(82,213)</u>
At the end of the period / year	<u>15,790,148</u>	<u>16,188,248</u>

The borrowings are presented in the condensed consolidated statement of financial position as follows:

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Non-current	14,361,860	13,412,992
Current	<u>1,428,288</u>	<u>2,775,256</u>
	<u>15,790,148</u>	<u>16,188,248</u>

12 SUKUK AND ISLAMIC FINANCING BORROWINGS (Continued)

Terms and conditions of the outstanding borrowing facilities were as follows:

<i>Type of facility</i>	<i>Currency</i>	<i>Condition</i>	<i>Profit rate</i>	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Ijara	QR	Secured	QMRL rate	5,690,486	3,475,027
Ijara	USD	Secured	1M /3M LIBOR	2,786,156	3,839,774
Murabaha	QR	Secured	QMRL rate	3,067,507	4,661,852
Murabaha	USD	Secured	1Y/3 M LIBOR	582,018	636,923
Sukuk financings	USD	Unsecured	4.375% and 4.875%	3,701,593	3,656,885
Other islamic borrowing	QR	Secured	Noninterest bearing	60,000	-
				15,887,760	16,270,461

The Islamic financing borrowings have been obtained for the purpose of financing the obligations of the Group. All the contracts carry profits at commercial rates. The Group recognized finance costs amounting to QR 644,657 (nine months period ended 30 September 2017 (Unreviewed): QR 527,422) during the period.

As at 30 September 2018, the Group had secured borrowings against mortgages on different types of investment properties (Note 9) owned by the Group with a carrying value of QR 16,955,790 thousand (31 December 2017: QR 15,525,486 thousand) and mortgage against quoted shares included in the interim condensed consolidated financial statements within the equity accounted investee (Note 8) with carrying value of QR 592,725 thousand as at 30 September 2018 (31 December 2017: QR 600,531 thousand).

On 29 March 2018, the Group obtained Islamic financing borrowing from a local bank amounted QR 3,000,000 thousand. The purpose of the borrowing is to refinance some existing borrowing and the contract carry profits at commercial rates. The borrowing is secured by mortgage on some investment properties.

13 EXPENSES

Operating expenses:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2018 (Reviewed) QR'000</i>	<i>2017 (Unreviewed) QR'000</i>	<i>2018 (Reviewed) QR'000</i>	<i>2017 (Unreviewed) QR'000</i>
Utilities	21,434	22,892	59,242	44,857
Staff cost (1)	19,597	25,173	57,828	82,933
Repairs and maintenance	10,632	14,437	25,701	45,993
Air conditioning	6,893	7,384	17,608	18,917
Sewage	5,285	9,357	16,431	27,757
Cleaning	3,011	6,458	11,240	17,728
Security	2,554	5,680	9,047	15,307
Food and beverages	2,958	2,427	7,945	6,749
Laundry and dry cleaning	1,516	1,360	3,998	4,417
Registration fees	1,183	282	3,974	789
Advertising costs	553	688	3,479	4,066
Fuel	598	-	1,675	1,756
Commissions	240	940	720	3,498
Other operating expenses	2,520	5,389	8,519	30,106
	78,974	102,467	227,407	304,873

13 EXPENSES (Continued)

General and administrative expenses:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2018 (Reviewed) QR'000</i>	<i>2017 (Unreviewed) QR'000</i>	<i>2018 (Reviewed) QR'000</i>	<i>2017 (Unreviewed) QR'000</i>
Staff cost (1)	13,524	28,241	58,218	94,034
Compensation of directors and other key management personnel (Note 11(a) and (d))	8,646	10,722	43,896	31,417
Provision for impairment of receivables and prepayments (Note 6)	13,137	-	13,331	8,842
Professional fees	2,062	6,735	8,674	18,199
Registration fees	1,990	1,806	6,392	6,385
Bank charges	948	1,228	3,642	2,652
Advertising costs	611	1,466	2,735	7,810
Rent expense	968	649	2,580	4,580
Insurance costs	627	934	2,261	2,419
Communication	599	1,274	2,153	3,834
Printing and stationery	275	308	840	960
Other general and administrative expenses	6,503	6,137	22,748	15,466
	<u>49,890</u>	<u>59,500</u>	<u>167,470</u>	<u>196,598</u>

(1) Staff cost includes a provision for employees' end of service benefits of QR 6,420 (nine-month period ended 30 September 2017 (Unreviewed): QR 8,135) during the period.

14 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share are equal to the basic earnings per share.

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2018 (Reviewed)</i>	<i>2017 (Unreviewed)</i>	<i>2018 (Reviewed)</i>	<i>2017 (Unreviewed)</i>
Profit for the period attributable to owners of the Company (in QR'000)	<u>41,165</u>	<u>256,059</u>	<u>463,470</u>	<u>1,410,612</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 and diluted earnings per share (in QR)	<u>0.02</u>	<u>0.10</u>	<u>0.17</u>	<u>0.53</u>

15 CONTINGENT LIABILITIES AND COMMITMENTS**Contingent liabilities**

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

	<i>30 September 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Bank guarantees	<u>4,625</u>	<u>4,570</u>

15 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)**Commitments**

The Group has the following contractual obligations to develop investment properties at the reporting date.

	30 September 2018 QR'000 (Reviewed)	31 December 2017 QR'000 (Audited)
Contractual commitments to contractors and suppliers for development of investment property projects	19,668	48,781

16 OPERATING SEGMENTS

The Group has five strategic divisions, which are reportable segments. These divisions offer different services, and are managed by the Group separately for the purpose of making decisions about resource allocation and performance assessment.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Residential and commercial property Investments	Development, trade, and rental of real estates.
Hotel and suites	Investment activities including shares and bonds.
Malls	Management of hotels, suites, and restaurants.
Distribution and publishing of newspapers (1)	Management of malls.
	Printing, publication, and distribution of newspapers.

(1) This segment pertains to the operation of Dar Al-Arab W.L.L., an entity incorporated in the State of Qatar as a limited liability company in which the main activity is the publication of Al Arab newspapers. The segment's operation was discontinued effective on 2 October 2017, therefore, the segment's financial position and operating results were no longer presented in the segment note as at 30 September 2018.

The Group's Chief Executive Officer reviews the internal management reports of each division at least quarterly.

Inter-segment pricing is determined on an arm's length basis.

The following table presents segment results regarding the Group's operating segments for the September month period:

<i>For the nine months ended 30 September 2018 (Reviewed)</i>	<i>Residential and commercial property</i>	<i>Investments</i>	<i>Hotel and suites</i>	<i>Malls</i>	<i>Publishing and distribution</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Segment income	1,108,188	202,303	166,733	78,295	-	(33,333)	1,522,186
Segment expenses	(944,913)	(122)	(93,164)	(45,065)	-	21,743	(1,061,521)
Segment profit	163,275	202,181	73,569	33,230	-	(11,590)	460,665
<i>For the nine months ended 30 September 2017 (Unreviewed)</i>	<i>Residential and commercial property</i>	<i>Investments</i>	<i>Hotel and suites</i>	<i>Malls</i>	<i>Publishing and distribution</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Segment income	1,155,840	1,012,705	186,953	120,144	24,149	(23,189)	2,476,602
Segment expenses	(890,463)	(33,441)	(89,109)	(68,294)	(29,034)	36,252	(1,074,089)
Segment profit / (loss)	265,377	979,264	97,844	51,850	(4,885)	13,063	1,402,513

16 OPERATING SEGMENTS (Continued)

The following table presents the assets and liabilities of the Group's operating segments as at reporting date:

	<i>Residential and commercial property</i>	<i>Investments</i>	<i>Hotel and suites</i>	<i>Malls</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Segment assets						
<i>As at 30 September 2018 (Reviewed)</i>	<u>39,109,790</u>	<u>9,507,610</u>	<u>5,940,005</u>	<u>1,540,754</u>	<u>(6,267,176)</u>	<u>49,830,983</u>
<i>As at 31 December 2017 (Audited)</i>	<u>38,175,302</u>	<u>8,660,747</u>	<u>5,760,860</u>	<u>1,391,948</u>	<u>(4,821,314)</u>	<u>49,167,543</u>
Segment liabilities						
<i>As at 30 September 2018 (Reviewed)</i>	<u>24,595,934</u>	<u>-</u>	<u>97,816</u>	<u>119,491</u>	<u>(6,255,587)</u>	<u>18,557,654</u>
<i>As at 31 December 2017 (Audited)</i>	<u>23,725,678</u>	<u>-</u>	<u>66,702</u>	<u>67,526</u>	<u>(4,849,227)</u>	<u>19,010,679</u>

17 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary in order to conform to the current period presentation in the condensed consolidated interim financial statements. Such reclassification do not affect previously reported net profit or net assets of the Group for the previous period except for Note A below.

A. Reclassification of accounts

The Sukuk and Islamic financing borrowing transaction costs amounting to QR 82,213 thousand as at 31 December 2017 were recognized and classified by the Group as prepaid asset instead of treating it as a contra-liability account in compliance with the provisions of IFRS 9 "Financial Instruments".

<i>Condensed consolidated statement of financial position</i>	<i>As previously presented QR'000</i>	<i>Reclassification QR'000</i>	<i>As reclassified QR'000</i>
Receivables and prepayments (Note 6)	307,313	(82,213)	225,100
Sukuk and Islamic financing borrowings (Note 12)	16,270,461	(82,213)	16,188,248

Independent auditor's report on review of condensed consolidated interim financial statements on page 1.