Islamic Holding Group (Q.S.C)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

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

Introduction

We have audited the accompanying consolidated financial statements of Islamic Holding Group (Q.S.C) (the "Company"), and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Group and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the annual report of the Board of Directors is in agreement with books and records of the Group. We have obtained all the information and explanations we required for the purpose of our audit and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Group or on its financial position.

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

Date: 14 January 2015
Doha

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	*2014* *QR*	*2013* *QR*
ASSETS			
Current assets			
Bank balances	5	**53,604,864**	48,441,981
Bank balances - customers' funds	6	**463,966,828**	187,369,007
Due from customers		**-**	791
Due from Qatar Exchange		**26,881,268**	-
Prepayments and other debit balances	7	**13,399,697**	4,371,720
Total current assets		**557,852,657**	240,183,499
Non-current assets			
Available for sale financial assets	8	**5,562,617**	4,605,289
Property and equipment	9	**222,675**	699,777
Total non-current assets		**5,785,292**	5,305,066
Total assets		**563,637,949**	245,488,565
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Due to customers		**491,216,906**	174,449,189
Due to Qatar Exchange		**-**	7,149,400
Accrued expenses and other credit balances	10	**3,560,225**	4,064,529
Total current liabilities		**494,777,131**	185,663,118
Non-current liability			
Employees' end of service benefits	11	**1,087,805**	858,429
Total liabilities		**495,864,936**	186,521,547
Shareholders' equity			
Share capital	12	**40,000,000**	40,000,000
Legal reserve	13	**11,909,409**	10,243,566
Retained earnings		**16,113,566**	8,882,022
Fair value reserve		**(249,962)**	(158,570)
Total shareholders' equity		**67,773,013**	58,967,018
Total liabilities and shareholders' equity		**563,637,949**	245,488,565

Dr. Yousuf Ahmad Hussain Al Nama
Chairman and Managing Director

Jamal Abdullah Al-Jamal
Board Member

The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2014

	Notes	***2014*** ***QR***	*2013* *QR*
Brokerage and commission income		**35,044,190**	18,356,180
Brokerage and commission expense		**(9,390,983)**	(4,795,013)
Brokerage and commission income, net		**25,653,207**	13,561,167
Income from saving accounts with Islamic banks		**438,447**	1,825,916
Net gain on sale of trading property	15	**-**	1,421,918
Income from Wakala contracts		**-**	757,649
Dividends income		**58,500**	622,413
Net gain from sale of available of sale financial assets		**529,924**	483,096
Loss on sale of available of sale financial assets		**-**	(143,765)
Impairment losses on available for sale financial assets	8	**(501,485)**	(475,634)
Net operating income		**26,178,593**	18,052,760
Other income		**33,741**	17,543
General and administrative expenses	14	**(10,112,450)**	(9,032,763)
Profit for the year		**16,099,884**	9,037,540
Basic and diluted earnings per share	16	**4.02**	2.26

The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	***2014 QR***	*2013 QR*
Profit for the year		**16,099,884**	9,037,540
Other comprehensive (loss) income for the year			
Changes in fair value of available for sale financial assets	8	**(91,392)**	497,732
Total comprehensive income for the year		**16,008,492**	9,535,272

The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital QR	*Legal reserve QR*	*Retained earnings QR*	*Fair value reserve QR*	*Total QR*
As at 1 January 2013	30,000,000	9,297,320	5,516,669	(656,302)	44,157,687
Profit for the year	-	-	9,037,540	-	9,037,540
Other comprehensive income for the year	-	-	-	497,732	497,732
Total comprehensive income for the year	-	-	9,037,540	497,732	9,535,272
Proceeds from increase in capital	10,000,000	-	-	-	10,000,000
Dividends paid to shareholders (Note 17)	-	-	(4,500,000)	-	(4,500,000)
Transferred to legal reserve (Note 13)	-	946,246	(946,246)	-	-
Contribution to social and sports fund (Note 18)	-	-	(225,941)	-	(225,941)
As at 31 December 2013	40,000,000	10,243,566	8,882,022	(158,570)	58,967,018
Profit for the year	-	-	16,099,884	-	16,099,884
Other comprehensive loss for the year	-	-	-	(91,392)	(91,392)
Total comprehensive income (loss) for the year	-	-	16,099,884	(91,392)	16,008,492
Dividends paid to shareholders (Note 17)	-	-	(6,800,000)	-	(6,800,000)
Transferred to legal reserve (Note 13)	-	1,665,843	(1,665,843)	-	-
Contribution to social and sports fund (Note 18)	-	-	(402,497)	-	(402,497)
As at 31 December 2014	**40,000,000**	**11,909,409**	**16,113,566**	**(249,962)**	**67,773,013**

The attached notes 1 to 23 form part of consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	Notes	***2014 QR***	*2013 QR*
Operating activities			
Profit for the year		**16,099,884**	9,037,540
Adjustments for:			
Depreciation expense	9	**534,049**	706,655
Impairment losses on available for sale financial assets	8	**501,485**	475,634
Bank charges	14	**216,412**	220,611
Provision for employees' end of service benefits	11	**248,856**	177,781
Net gain from sale of available for sale financial assets		**(529,924)**	(483,096)
Dividends income		**(58,500)**	(622,413)
Income from Wakala contracts		**-**	(757,649)
Income from saving accounts with Islamic banks		**(438,447)**	(1,825,916)
		16,573,815	6,929,147
Working capital changes:			
Bank balances – customers' funds		**(276,597,821)**	(39,189,597)
Due from customers		**791**	12,168,403
Due from/to Qatar Exchange		**(34,030,668)**	(30,639,861)
Prepayments and other debit balances		**(8,989,759)**	(1,177,191)
Due to customers		**316,767,717**	56,011,618
Accrued expenses and other credit balances		**(945,019)**	2,004,900
Cash from operations		**12,779,056**	6,107,419
Bank charges	14	**(216,412)**	(220,611)
Employees end of service benefits paid	11	**(19,480)**	(116,692)
Net cash flows from operating activities		**12,543,164**	5,770,116
Investing activities			
Purchases of property and equipment	9	**(56,947)**	(162,046)
Purchases of available for sale financial assets	8	**(22,389,728)**	(7,657,976)
Proceeds from sale of available for financial assets		**21,369,447**	12,536,082
Dividends income		**58,500**	622,413
Income from Wakala contracts		**-**	757,649
Income from saving accounts with Islamic banks		**438,447**	1,825,916
Cash flows (used in) from investing activities		**(580,281)**	7,922,038
Financing activities			
Proceeds from increase in capital		**-**	10,000,000
Dividends paid to shareholders	17	**(6,800,000)**	(4,500,000)
Cash flows (used in) from financing activities		**(6,800,000)**	5,500,000
Net increase in cash and cash equivalents		**5,162,883**	19,192,154
Cash and cash equivalents at 1 January		**48,441,981**	29,249,827
Cash and cash equivalents at 31 December	5	**53,604,864**	48,441,981

The attached notes 1 to 23 form part of these consolidated financial statements.

1 GENERAL INFORMATION

Islamic Financial Securities Company (Q.P.S.C) was established as a Qatari Private shareholding Company and registered under the Commercial Registration under No. 26337. The principal activities of the Company are investing in shares, bonds and brokerage services in Qatar Exchange according to the Islamic Shara'a. The Company is governed by the provisions of Qatar Commercial Companies' Law No.5 of 2002 and the regulations of Qatar Financial Market Authority and Qatar Exchange.

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

In its Board of Directors meeting held on 28 December 2009 and the Extraordinary General Assembly Meeting held on 22 August 2010, the shareholders of the Group have resolved to change the Company's name and legal structure from Islamic Financial Securities Company (Qatar Public Shareholding Company) to Islamic Holding Group (Qatari Public Shareholding Company). The change was approved by the Qatar Financial Markets Authority and the Ministry of Economy and Trade on 19 July 2010.

These consolidated financial statements include the financial statements of the Company and its subsidiaries "Islamic Financial Securities Company (S.O.C) and Ajyad Real Estate Company (S.O.C) (hereinafter referred to as the "Group").

Islamic Financial Securities Company (S.O.C) was registered in the State of Qatar under Commercial Registration No. 46645 as a Single Owner Company on 19 July 2010. It is fully owned by the Islamic Holding Group (Q.S.C.) ("the Company" or "the Parent"). The principal activities of the Company are brokerage services.

Ajyad Real Estate Company (S.O.C) was incorporated in the state of Qatar as Single Owner Company under Commercial Registration No. 56091 dated 4 June 2013. The Company is fully owned by the Parent Company, Islamic Holding Group (Q.S.C). The principal activities of the Company are real estate trading and brokerage activities.

The consolidated financial statements of the Group for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 15 January 2015.

2 BASIS OF PREPARATION AND CONSOLIDATION

2.1 Basis of preparation

The consolidated financial statements of the Group for the year ended 31 December 2014 have been prepared in accordance with the International Financial Reporting Standards IFRS as issued by the International Standards Accounting Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

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

The consolidated financial statements are presented in Qatari Riyals, which is the Company's functional and presentational currency and all values are rounded to the nearest Qatari Riyal, except when otherwise indicated.

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2014.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and, therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

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

Company's name	*Country of incorporation*	*Company's activities*	*Percentage of ownership 31 December 2014*	*Percentage of ownership 31 December 2013*
Islamic Financial Securities Company (S.O.C)	Qatar	Brokerage services	100%	100%
Ajyad Real Estate Company (S.O.C) (i)	Qatar	Real Estate	100%	100%

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2013, except for the adoption of new and amended standards and interpretations effective as of 1 January 2014 as noted below:

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* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

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 and is applied retrospectively. 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 and retrospective application is required. These amendments have no impact on the Group .

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

IFRIC 21 Levies
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group .

Standards issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

The Group is currently considering the implications of the new IFRSs which are effective for future accounting periods and has not early adopted any of the new Standards as listed below:

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Annual Improvements July 2014
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:
- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IAS 27: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

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

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

Interest income is recognised using the effective interest rate method.

Profit from Islamic deposits recognised upon the profit maturity.

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

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

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

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

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

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Derecognition of financial assets and liabilities

a) Financial assets

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets and liabilities

b) Financial liabilities

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

5 BANK BALANCES

	2014 ***QR***	*2013* *QR*
Bank balances	**53,604,864**	48,441,981

6 BANK BALANCES – CUSTOMERS' FUND

Represents bank balances for the customers, which the Group holds in trust until the customers commit those funds to the purchase of shares, following which the Group transfers the committed funds to the Group's bank accounts and settles with the settlement authority

7 PREPAYMENTS AND OTHER DEBIT BALANCES

	2014 ***QR***	*2013* *QR*
Amounts paid to Al Tashelat Islamic Company W.L.L	**10,500,000**	1,400,000
Refundable deposits	**2,000,250**	2,000,250
Prepaid expenses	**828,530**	894,455
Other assets	**70,917**	77,015
Total	**13,399,697**	4,371,720

8 AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets include the following:

	2014	*2013*
	QR	*QR*
Quoted equity securities		
Equity securities – Qatar	**3,287,986**	2,055,289
Unquoted equity securities		
Equity securities – Qatar	**2,274,631**	2,550,000
Total	**5,562,617**	4,605,289

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

	2014	*2013*
	QR	*QR*
At 1 January	**4,605,289**	8,978,202
Acquired during the year	**22,389,728**	7,657,976
Sold during the year	**(20,839,523)**	(11,909,222)
Net movement in fair value reserve	**(91,392)**	497,732
Loss on sale of available for sale financial assets	**-**	(143,765)
Impairment loss	**(501,485)**	(475,634)
At 31 December	**5,562,617**	4,605,289

9 PROPERTY AND EQUIPMENT

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

9 PROPERTY AND EQUIPMENT (continued)

	Computers, software and office equipment QR	*Furniture and fixtures QR*	*Leasehold improvements QR*	*Motor vehicles QR*	*Total QR*
Cost:					
As at 1 January 2013	7,973,987	655,498	1,296,326	72,777	9,998,588
Additions	156,682	5,364	-	-	162,046
As at 31 December 2013	8,130,669	660,862	1,296,326	72,777	10,160,634
Depreciation:					
As at 1 January 2013	6,848,902	645,728	1,225,179	34,393	8,754,202
Charge for the year	635,375	4,772	56,708	9,800	706,655
As at 31 December 2013	7,484,277	650,500	1,281,887	44,193	9,460,857
Net book value:					
As at 31 December 2013	646,392	10,362	14,439	28,584	699,777

10 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2014 QR	*2013 QR*
Accrued expenses	**687,796**	1,525,922
Payable to shareholders from sale of shares	**398,939**	1,148,191
Dividends payable	**536,137**	517,861
Notes payable	**321,116**	428,153
Provision for sport and social activities contribution	**402,497**	225,941
Other liabilities	**1,213,740**	218,461
Total	**3,560,225**	4,064,529

11 EMPLOYEES' END OF SERVICE BENEFITS

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

	2014 ***QR***	*2013* *QR*
Provision as at 1 January	**858,429**	797,340
Provided during the year	**248,856**	177,781
Paid during the year	**(19,480)**	(116,692)
Provision as at 31 December	**1,087,805**	858,429

12 SHARE CAPITAL

	2014 ***QR***	*2013* *QR*
Authorized and issued share capital:		
4,000,000 shares with a value of QR.10 per share	**40,000,000**	40,000,000
Percentage of paid-up capital	**100%**	100%
Paid-up share capital (QR.)	**40,000,000**	40,000,000

13 LEGAL RESERVE

As required by Qatar Commercial Companies' Law No. 5 of 2002, and the Company's articles of association, a minimum of 10% of the net profit for the year should be transferred to legal reserve each year until this reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above mentioned law.

As the reserve has not reached 50% of the share capital, the management decided to transfer 10% from net profit for the year ended 31 December 2014 amounting to QR 1,665,843 (2013: QR 946,246) to legal reserve.

14 GENERAL AND ADMINSTRATIVE EXPENSES

	2014	*2013*
	QR	*QR*
Staff costs	**4,315,496**	3,606,195
Rent	**1,051,449**	889,964
Board of Directors remuneration	**1,050,000**	700,000
Repair and maintenance	**651,376**	643,441
Telephone and postage	**639,135**	715,112
Depreciation (Note 9)	**534,049**	706,655
Brokerage fees	**357,200**	352,200
Professional fees	**249,000**	153,250
Provision for employees' end of service benefits (Note 11)	**248,856**	177,781
Bank charges	**216,412**	220,611
Annual leave	**212,795**	138,030
Air tickets	**168,250**	116,770
Advertising and marketing expense	**111,919**	137,552
Stationery and printings	**75,440**	88,014
Government fees	**71,925**	75,322
Subscriptions	**46,300**	50,368
Vehicles expenses	**13,920**	11,272
Miscellaneous expenses	**98,928**	250,226
	10,112,450	9,032,763

15 NET GAIN ON SALE OF TRADING PROPERTY

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

	2014	*2013*
	QR	*QR*
Proceed from sale of trading property	**-**	22,010,568
Cost of purchase of trading property	**-**	(20,588,650)
Net gain on sale of trading property	**-**	1,421,918

16 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	2014	*2013*
	QR	*QR*
Profit for the year (QR)	**16,099,884**	9,037,540
Weighted average number of shares	**4,000,000**	4,000,000
Basic and diluted earnings per share (QR)	**4.02**	2.26

17 DIVIDENDS

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

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

18 CONTRIBUTION TO SOCIAL AND SPORTS FUND

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

During the year, the Group appropriated an amount of QR 402,497 (2013: QR 225,941) representing 2.5% of the consolidated net profit for the year.

19 RELATED PARTIES TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by those parties.

Transactions with related parties included in the consolidated statement of income are as follows:

	2014	*2013*
	QR	*QR*
Income from saving accounts with Islamic banks	**438,447**	1,785,255
Brokerage and commission income, net	**2,289,896**	1,369,284
Returned commissions	**3,539,680**	1,055,321
Income from Wakala contracts	**-**	757,649

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

	2014	*2013*
	QR	*QR*
Bank balances	**13,512,159**	18,917,832
Bank balances- Customer Funds	**463,649,732**	206,103,706
Prepayments and other debit balances	**1,323,600**	1,400,000

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

	2014	*2013*
	QR	*QR*
Short term benefits and Board of Directors Remuneration	**1,323,600**	1,091,600

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Set out below is an overview of financial instruments, other than cash and bank balances and bank balances – customers' funds, held by the Group as at 31 December 2014:

31 December 2014	***Loans and receivables QR***	***Available for sale QR***
Financial assets:		
Refundable deposit	**2,000,250**	-
Due from Qatar Exchange	**26,881,268**	-
Other assets	**59,347**	-
	28,940,865	-
Available-for-sale financial assets	**-**	**5,562,617**
Total	**28,940,865**	**5,562,617**
Financial liabilities:		
Due to customers	**491,216,906**	-
Accrued expenses and other credit balances	**3,522,007**	-
Total	**494,738,913**	-

31 December 2013	*Loans and receivables QR*	*Available for sale QR*
Financial assets:		
Due from customers	791	-
Other debit balances	2,077,265	-
	2,078,056	-
Available-for-sale financial assets	-	4,605,289
Total	2,078,056	4,605,289
Financial liabilities:		
Due to customers	174,449,189	-
Due to Qatar Exchange	7,149,400	-
Accrued expenses and other credit balances	4,046,529	-
Total	185,645,118	-

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

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

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

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

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

As at 31 December 2014, the Group held the following financial instruments measured at fair value:

31 December 2014	***Fair value QR***	***Level 1 QR***	***Level 2 QR***	***Level 3 QR***
Available for sale financial assets	**2,274,631**	**2,274,631**		**3,287,986**

31 December 2013	*Fair value QR*	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*
Available for sale financial assets	2,055,289	2,055,289	-	2,550,000

During the year ended on 31 December 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Impairment

Available for sale financial assets
For available for sale investments, the Group assess at each reporting date whether there is objective evidence that an investment or group of investments is impaired. In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investments below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. The Group has identified an impairment of QR 501,485 on quoted equity securities which was recorded under impairment losses on available for sale financial asset in the consolidated statement of income.

21 SEGMENT INFORMATION

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

Year ended 31 December 2014	**Brokerage Service**	**Real estate**	**Other**	**Total**	**Adjustments and eliminations**	**Consolidated**
Revenue						
External	35,044,190	-	2,299,850	37,344,040	(1,711,426)	35,632,614
Inter-segment	-	-	8,290,271	8,290,271	(8,290,271)	-
Total revenue	**35,044,190**	**-**	**10,590,121**	**45,634,311**	**(10,001,697)**	**35,632,614**
Income/(expense)						
Depreciation (Note 9)	(527,916)	-	(6,133)	(534,049)	-	(534,049)
Impairment (Note 8)	-	-	(501,485)	(501,485)	-	(501,485)
Interest income	281,114	9,951	147,382	438,447	-	438,447
Segment profit (loss)	**16,658,432**	**(37,569)**	**7,995,232**	**24,616,095**	**(8,516,211)**	**16,099,884**
Total assets	**533,751,006**	**11,113,287**	**51,485,082**	**596,349,375**	**(32,711,426)**	**563,637,949**
Total liabilities	**494,888,310**	**6,002,250**	**2,685,805**	**503,576,365**	**(7,711,429)**	**495,864,936**

21 SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2013	Brokerage Service	Real estate	Other	Total Segments	Adjustments and eliminations	Consolidated
Revenue						
External	18,356,180	22,010,568	3,689,074	44,055,822	-	44,055,822
Inter-segment	-	-	-	-	-	-
Total revenue	18,356,180	22,010,568	3,689,074	44,055,822	-	44,055,822
Income/(expense)						
Depreciation (Note 8)	(702,284)	-	(4,373)	(706,657)	-	(706,657)
Impairment (Note 9)		-	(475,634)	(475,634)	-	(475,634)
Interest income	1,600,542	83,024	142,350	1,825,916	-	1,825,916
Segment profit (loss)	8,024,110	1,486,062	5,132,222	14,642,394	(5,604,854)	9,037,540
Total assets	213,539,881	6,495,062	50,942,237	270,977,180	(25,488,615)	245,488,565
Total liabilities	189,113,918	9,000	2,618,368	191,741,286	(5,219,739)	186,521,547

22 CONTINGENT LIABILITIES

	2014 ***QR***	*2013* *QR*
Letters of guarantee	**85,000,000**	85,000,000

23 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGMENTS

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

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

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

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

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

Impairment

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