

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

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2015**

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

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Islamic Holding Group Q.S.C (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 September 2015, comprising of the interim consolidated statement of financial position at 30 September 2015 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month period ended 30 September 2015 and the interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and the related explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

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

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

Date: 20 October 2015  
Doha

Islamic Holding Group Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

|   | <i>Notes</i> | <i>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>31 December<br/>2014<br/>(Audited)<br/>QR</i> |
|---|--------------|---|--|
| <b>ASSETS</b>                                     |              |   |  |
| <b>Current assets</b>                             |              |   |  |
| Bank balances                                     | 3            | 49,802,243  | 53,604,864                                       |
| Bank balances - customers' funds                  | 4            | 208,120,097   | 463,966,828                                      |
| Due from Qatar Exchange                           |              | -   | 26,881,268                                       |
| Prepayments and other debit balances              | 5            | 2,960,248   | 13,399,697                                       |
| <b>Total current assets</b>                       |              | <b>260,882,588</b>                                  | <b>557,852,657</b>                               |
| <b>Non-current assets</b>                         |              |   |  |
| Investment properties                             |              | 8,421,195   | -  |
| Available for sale financial assets               | 7            | 3,287,986   | 5,562,617  |
| Property and equipment                            |              | 848,640   | 222,675  |
| <b>Total non-current assets</b>                   |              | <b>12,557,821</b>                                   | <b>5,785,292</b>                                 |
| <b>Total assets</b>                               |              | <b>273,440,409</b>                                  | <b>563,637,949</b>                               |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |              |   |  |
| <b>Current liabilities</b>                        |              |   |  |
| Due to customers                                  |              | 194,896,789   | 491,216,906                                      |
| Due to Qatar Exchange                             |              | 12,602,713  | -  |
| Accrued expenses and other credit balances        | 8            | 2,923,862   | 3,560,225  |
| <b>Total current liabilities</b>                  |              | <b>210,423,364</b>                                  | <b>494,777,131</b>                               |
| <b>Non-current liability</b>                      |              |   |  |
| Employees' end of service benefits                |              | 1,126,329   | 1,087,805  |
| <b>Total liabilities</b>                          |              | <b>211,549,693</b>                                  | <b>495,864,936</b>                               |
| <b>Shareholders' equity</b>                       |              |   |  |
| Share capital                                     | 9            | 40,000,000  | 40,000,000                                       |
| Legal reserve                                     |              | 11,909,409  | 11,909,409                                       |
| Retained earnings                                 |              | 9,981,307   | 16,113,566                                       |
| Fair value reserve                                |              | -   | (249,962)  |
| <b>Total shareholders' equity</b>                 |              | <b>61,890,716</b>                                   | <b>67,773,013</b>                                |
| <b>Total liabilities and shareholders' equity</b> |              | <b>273,440,409</b>                                  | <b>563,637,949</b>                               |

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 20 October 2015 and were signed on their behalf by:

Dr. Yousuf Ahmad Hussain Al Nama  
Chairman and Managing Director

Jamal Abdullah Al-Jamal  
Board Member

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

Islamic Holding Group Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2015

|  | Notes | <i>Three months ended</i> |                     | <i>Nine months ended</i> |                     |
|--|-------|---------------------------|---------------------|--------------------------|---------------------|
|  |       | <i>30 September</i>       | <i>30 September</i> | <i>30 September</i>      | <i>30 September</i> |
|  |       | <i>2015</i>               | <i>2014</i>         | <i>2015</i>              | <i>2014</i>         |
|  |       | <i>(Unaudited)</i>        | <i>(Unaudited)</i>  | <i>(Unaudited)</i>       | <i>(Unaudited)</i>  |
|  |       | <i>QR</i>                 | <i>QR</i>           | <i>QR</i>                | <i>QR</i>           |
| Brokerage and commission income                                  |       | <b>2,482,881</b>          | 8,817,344           | <b>15,135,602</b>        | 26,778,016          |
| Brokerage and commission expense                                 |       | <b>(703,695)</b>          | (2,352,604)         | <b>(4,130,430)</b>       | (7,168,709)         |
| <b>Brokerage and commission income, net</b>                      |       | <b>1,779,186</b>          | 6,464,740           | <b>11,005,172</b>        | 19,609,307          |
| Gain on sale of investment properties                            | 6     | -                         | -                   | <b>1,185,870</b>         | -                   |
| Income from saving accounts with Islamic banks                   |       | <b>130,339</b>            | 111,813             | <b>380,477</b>           | 318,131             |
| Net (loss) gain from sale of available for sale financial assets | 7     | -                         | 163,806             | <b>(402,326)</b>         | 712,875             |
| Impairment losses on available for sale financial assets         |       | -                         | -                   | -                        | (298,904)           |
| Dividends income   |       | <b>1,030</b>              | -                   | <b>98,280</b>            | 58,500              |
| <b>Net operating income</b>                                      |       | <b>1,910,555</b>          | 6,740,359           | <b>12,267,473</b>        | 20,399,909          |
| Other income   |       | -                         | 112                 | <b>3,540</b>             | 32,385              |
| General and administrative expenses                              |       | <b>(2,078,975)</b>        | (2,176,220)         | <b>(6,403,272)</b>       | (8,309,517)         |
| <b>(Loss)/Profit for the period</b>                              |       | <b>(168,420)</b>          | 4,564,251           | <b>5,867,741</b>         | 12,122,777          |
| Basic and diluted (loss)/earnings per share                      | 11    | <b>(0.04)</b>             | 1.14                | <b>1.47</b>              | 3.03                |

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

Islamic Holding Group Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2015

|  | <i>Three months ended</i> |                  | <i>Nine months ended</i> |                  |
|--|---------------------------|------------------|--------------------------|------------------|
|  | <i>30</i>                 | <i>30</i>        | <i>30</i>                | <i>30</i>        |
|  | <i>September</i>          | <i>September</i> | <i>September</i>         | <i>September</i> |
|  | <i>2015</i>               | <i>2014</i>      | <i>2015</i>              | <i>2014</i>      |
|  | <i>(Unaudited)</i>        |                  | <i>(Unaudited)</i>       |                  |
|  | <i>QR</i>                 | <i>QR</i>        | <i>QR</i>                | <i>QR</i>        |
| <b>(Loss)/profit for the period</b>  | <b>(168,420)</b>          | 4,564,251        | <b>5,867,741</b>         | 12,122,777       |
| <b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>                            |                           |                  |                          |                  |
| Changes in fair value of available for sale financial assets   | -                         | 91,847           | -                        | (108,927)        |
| Net loss on disposal of available-for-sale financial assets reclassified to the interim consolidated statement of income | -                         | -                | <b>249,962</b>           | -                |
| <b>Total comprehensive (loss)/ income for the period</b>   | <b>(168,420)</b>          | 4,656,098        | <b>6,117,703</b>         | 12,013,850       |

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

Islamic Holding Group Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2015

|  | <i>Share<br/>capital<br/>QR</i> | <i>Legal<br/>reserve<br/>QR</i> | <i>Retained<br/>earnings<br/>QR</i> | <i>Fair value<br/>reserve<br/>QR</i> | <i>Total<br/>QR</i>      |
|--|---------------------------------|---------------------------------|-------------------------------------|--------------------------------------|--------------------------|
| <b>As at 1 January 2015 (Audited)</b>            | <u>40,000,000</u>               | <u>11,909,409</u>               | <u>16,113,566</u>                   | <u>(249,962)</u>                     | <u>67,773,013</u>        |
| Profit for the period                            | -                               | -                               | 5,867,741                           | -                                    | 5,867,741                |
| Other comprehensive loss for the period          | -                               | -                               | -                                   | 249,962                              | 249,962                  |
| <b>Total comprehensive income for the period</b> | -                               | -                               | <b>5,867,741</b>                    | <b>249,962</b>                       | <b>6,117,703</b>         |
| Dividends paid to shareholders (Note 10)         | -                               | -                               | (12,000,000)                        | -                                    | (12,000,000)             |
| <b>As at 30 September 2015 (Unaudited)</b>       | <b><u>40,000,000</u></b>        | <b><u>11,909,409</u></b>        | <b><u>9,981,307</u></b>             | <b><u>-</u></b>                      | <b><u>61,890,716</u></b> |

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

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

# Islamic Holding Group Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2015

|  | <i>Notes</i> | <i>Nine<br/>months ended<br/>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>Nine<br/>months ended<br/>30 September<br/>2014<br/>(Unaudited)<br/>QR</i> |
|--|--------------|---|---|
| <b>Operating activities</b>                                      |              |   |   |
| Profit for the period  |              | 5,867,741   | 12,122,777  |
| Adjustments for:   |              |   |   |
| Depreciation expense   |              | 165,540   | 489,614   |
| Bank charges   |              | 166,738   | 162,488   |
| Income from saving accounts with Islamic banks                   |              | (380,477)   | (318,131)   |
| Dividends income   |              | (98,280)  | (58,500)  |
| Impairment losses on available for sale financial assets         |              | -   | 298,904   |
| Net loss (gain) from sale of available for sale financial assets | 7            | 402,326   | (712,875)   |
| Net gain from sale of investment properties                      | 6            | (1,185,870)   | -   |
| Provision for employees' end of service benefits                 |              | 138,344   | 212,107   |
|  |              | <u>5,076,062</u>  | 12,196,384  |
| Working capital changes:   |              |   |   |
| Bank balances – customers' funds                                 |              | 255,846,731   | (154,577,423)   |
| Due from customers   |              | -   | (617,497)   |
| Due to/from Qatar Exchange                                       |              | 39,483,981  | 13,498,993  |
| Prepayments and other debit balances                             |              | (3,595,876)   | (8,865,962)   |
| Due to customers   |              | (296,320,117)   | 143,699,540   |
| Accrued expenses and other credit balances                       |              | (636,363)   | (625,406)   |
|  |              | <u>(145,582)</u>  | 4,708,629   |
| Cash (used in) from operations:                                  |              | (145,582)   | 4,708,629   |
| Bank charges   |              | (166,738)   | (162,488)   |
| Employees end of service benefits paid                           |              | (99,820)  | (19,480)  |
|  |              | <u>(412,140)</u>  | 4,526,661   |
| <b>Cash flows (used in) from operating activities</b>            |              |   |   |
| <b>Investing activities</b>                                      |              |   |   |
| Purchases of property and equipment                              |              | (791,505)   | (36,655)  |
| Purchases of available for sale financial assets                 |              | -   | (21,651,742)  |
| Proceeds from sale of available for sale financial assets        |              | 2,122,267   | 19,774,595  |
| Proceeds from sales of investment properties                     | 6            | 6,800,000   | -   |
| Dividends income   |              | 98,280  | 58,500  |
| Income from saving accounts with Islamic banks                   |              | 380,477   | 318,131   |
|  |              | <u>8,609,519</u>  | (1,537,171)   |
| <b>Cash flows from (used in) investing activities</b>            |              |   |   |
| <b>Financing activity</b>  |              |   |   |
| Dividends paid to shareholders                                   |              | (12,000,000)  | (6,800,000)   |
|  |              | <u>(12,000,000)</u>   | (6,800,000)   |
| <b>Cash flows used in financing activity</b>                     |              |   |   |
| Net decrease in Bank balances                                    |              | (3,802,621)   | (3,810,510)   |
| Bank balances at 1 January                                       |              | 53,604,864  | 48,441,981  |
|  |              | <u>49,802,243</u>   | 44,631,471  |
| <b>Bank balances at 30 September</b>                             | 3            | <u>49,802,243</u>   | 44,631,471  |

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

# Islamic Holding Group Q.S.C.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

### 1 GENERAL INFORMATION

Islamic Financial Securities Company (Q.P.S.C) was established as a Qatari Private shareholding Company and registered under the Commercial Registration under No. 26337. The principal activities of the Company are investing in shares, bonds and brokerage services in Qatar Exchange according to the Islamic Shara'a. The Company is governed by the provisions of Qatar Commercial Companies' Law No.11 of 2015 and the regulations of Qatar Financial Market Authority and Qatar Exchange.

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

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

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

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

Ajyad Real Estate Company (S.O.C) was incorporated in the state of Qatar as Single Owner Company under Commercial Registration No. 56091 dated 4 June 2012. 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.

### 2 BASIS OF PREPARATION AND CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim unaudited condensed consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group") for the nine months ended 30 September 2015 have been prepared in accordance with the International Accounting Standard 34 - "Interim Financial Reporting".

The interim unaudited condensed consolidated financial statements do not include all information and disclosures required for the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2014. In addition, results for the nine months ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.



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

### 2.2. Basis of consolidation

The interim condensed consolidated financial statements comprise the interim condensed financial statement of the Company and its subsidiaries as at 30 September 2015.

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

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 interim condensed consolidated financial statements are:

| <i>Company's name</i>                        | <i>Country of incorporation</i> | <i>Company's activities</i> | <i>Percentage of ownership at 30 September 2015</i> | <i>Percentage of ownership at 31 December 2014</i> |
|--|---------------------------------|-----------------------------|---|--|
| Islamic Financial Securities Company (S.O.C) | Qatar                           | Brokerage services          | 100%  | 100%   |
| Ajyad Real Estate Company (S.O.C)            | Qatar                           | Real Estate                 | 100%  | 100%   |

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

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

### 2.3 New standards, interpretation and amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015 which are as follows:

#### - 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). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

#### - IFRS 8 Operating Segments

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' and 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.

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

**2.3 New standards, interpretation and amendments (continued)**

**- 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 by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

**- 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. This amendment is not relevant for the Group as it does not receive any management services from other entities.

**- IAS 40 Investment Property**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

**3 BANK BALANCES**

|               | <i>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>30 September<br/>2014<br/>(Unaudited)<br/>QR</i> | <i>31 December<br/>2014<br/>(Audited)<br/>QR</i> |
|---------------|---|---|--|
| Bank balances | <u>49,802,243</u>                                   | <u>44,631,471</u>                                   | <u>53,604,864</u>                                |

**4 BANK BALANCES – CUSTOMERS’ FUNDS**

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

**5 PREPAYMENTS AND OTHER DEBIT BALANCES**

|  | <i>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>31 December<br/>2014<br/>(Audited)<br/>QR</i> |
|--|---|--|
| Amounts paid to Al Tashelat Islamic Company W.L.L (Note12) | -   | 10,500,000                                       |
| Refundable deposits  | <b>2,000,250</b>                                    | 2,000,250  |
| Prepaid expenses   | <b>880,867</b>                                      | 828,530  |
| Other assets   | <u>79,131</u>                                       | <u>70,917</u>                                    |
| <b>Total</b>   | <u><b>2,960,248</b></u>                             | <u>13,399,697</u>                                |

## Islamic Holding Group Q.S.C.

### NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

#### 6 INVESTMENT PROPERTIES

During the nine months period ended 30 September 2015, the Group sold investment properties to Al Tashelat Islamic Company W.L.L, a related party. The details of this transaction are summarised as follow:

|  | <i>Three months ended</i>                               |   | <i>Nine months ended</i>                                |   |
|--|---|---|---|---|
|  | <i>30<br/>September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>30<br/>September<br/>2014<br/>(Unaudited)<br/>QR</i> | <i>30<br/>September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>30<br/>September<br/>2014<br/>(Unaudited)<br/>QR</i> |
| Proceed from sale of investment properties | -   | -   | <b>6,800,000</b>  | -   |
| Cost of purchase of investment properties  | -   | -   | <b>(5,614,130)</b>                                      | -   |
| Net gain on sale of investment properties  | -   | -   | <b>1,185,870</b>  | -   |

#### 7 AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets include the following:

|                                   | <i>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>31 December<br/>2014<br/>(Audited)<br/>QR</i> |
|-----------------------------------|---|--|
| <b>Quoted equity securities</b>   |   |  |
| Equity securities – Qatar (i)     | -   | 2,274,631  |
| <b>Unquoted equity securities</b> |   |  |
| Equity securities – Qatar         | <b>3,287,986</b>                                    | 3,287,986  |
| <b>Total</b>                      | <b>3,287,986</b>                                    | <b>5,562,617</b>                                 |

(i) During the nine months period ended at 30 September 2015 the Group sold the quoted equity portfolio in the equity securities, and realised a loss of QR 402,326 (30 September 2014: realised gain on sale of equity securities of QR 712,875)

#### 8 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

|   | <i>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>31 December<br/>2014<br/>(Audited)<br/>QR</i> |
|---|---|--|
| Dividends payable                                       | <b>1,175,480</b>                                    | 536,137  |
| Al Tashelat Islamic Company W.L.L (Note 12)             | <b>840,000</b>                                      | -  |
| Payable to shareholders from sales of shares (Note 12)  | <b>377,779</b>                                      | 398,939  |
| Accrued expenses  | <b>203,503</b>                                      | 687,796  |
| Notes payable   | <b>214,078</b>                                      | 321,116  |
| Provision for sports and social activities contribution | -   | 402,497  |
| Other liabilities                                       | <b>113,022</b>                                      | 1,213,740  |
| <b>Total</b>  | <b>2,923,862</b>                                    | <b>3,560,225</b>                                 |

# Islamic Holding Group Q.S.C.

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015

### 9 SHARE CAPITAL

|   | <i>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>31 December<br/>2014<br/>(Audited)<br/>QR</i> |
|---|---|--|
| Authorized, issued and fully paid-up share capital:<br>4,000,000 shares with a value of QR 10 per share | <b><u>40,000,000</u></b>                            | <b><u>40,000,000</u></b>                         |

During its meeting dated 15 March 2015, the Board of Directors proposed to increase the current share capital by 50% which will render the total number of shares to be 6,000,000 shares, and during its meeting dated 4 May 2015, the share price was determined by the Board of Directors, upon a fair value study prepared by an independent evaluator, to be QR 50 per share which represent par value of 10 per share and QR 40 as issuance premium per share through a private offering to shareholders. The Ministry of Economic and Trade has approved the proposed premium. Furthermore, subsequent to the period, an Extra-ordinary General Assembly meeting was held on 12 October 2015, in which the shareholders have approved the capital increase, and the management is in the process to start the Right issuance procedures.

### 10 DIVIDENDS

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

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

### 11 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

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

|   | <i>Three months ended<br/>30 September</i> |                                    | <i>Nine months ended<br/>30 September</i> |                                    |
|---|--|------------------------------------|---|------------------------------------|
|   | <i>2015<br/>(Unaudited)<br/>QR</i>         | <i>2014<br/>(Unaudited)<br/>QR</i> | <i>2015<br/>(Unaudited)<br/>QR</i>        | <i>2014<br/>(Unaudited)<br/>QR</i> |
| Loss/Profit for the period (QR)           | <b>(168,420)</b>                           | 4,564,251                          | <b>5,867,741</b>                          | 12,122,777                         |
| Weighted average number of shares         | <b><u>4,000,000</u></b>                    | <u>4,000,000</u>                   | <b><u>4,000,000</u></b>                   | <u>4,000,000</u>                   |
| Basic and diluted earnings per share (QR) | <b><u>(0.04)</u></b>                       | <u>1.14</u>                        | <b><u>1.47</u></b>                        | <u>3.03</u>                        |

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

Islamic Holding Group Q.S.C.

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**12 RELATED PARTIES TRANSACTIONS**

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

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

|  | <i>Three months ended</i>                               |   | <i>Nine months ended</i>                            |   |
|--|---|---|---|---|
|  | <i>30<br/>September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>30<br/>September<br/>2014<br/>(Unaudited)<br/>QR</i> | <i>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>30 September<br/>2014<br/>(Unaudited)<br/>QR</i> |
| Income from saving accounts with Islamic banks | <u>110,174</u>  | <u>111,813</u>  | <u>295,458</u>                                      | <u>318,131</u>                                      |
| Brokerage and commission income, net           | <u>1,219,632</u>  | <u>909,016</u>  | <u>1,931,327</u>                                    | <u>2,672,511</u>                                    |
| Returned commissions                           | <u>(285,674)</u>  | <u>(774,202)</u>  | <u>(967,571)</u>                                    | <u>(2,511,469)</u>                                  |
| Gain on sale of investment properties          | <u>-</u>  | <u>-</u>  | <u>1,185,870</u>                                    | <u>-</u>  |

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

|   | <i>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>31 December<br/>2014<br/>(Audited)<br/>QR</i> |
|---|---|--|
| <b>Due from a related party:</b>                      |   |  |
| Al Tashelat Islamic Company W.L.L (Note 5)            | <u>-</u>  | <u>10,500,000</u>                                |
| <b>Due to related parties:</b>                        |   |  |
| Al Tashelat Islamic Company W.L.L (Note 8)            | <u>840,000</u>                                      | <u>-</u>   |
| Payable to shareholders from sales of shares (Note 8) | <u>377,779</u>                                      | <u>398,939</u>                                   |
| Bank balances   | <u>12,304,609</u>                                   | <u>13,512,159</u>                                |
| Bank balances- Customers' funds                       | <u>208,118,531</u>                                  | <u>463,238,092</u>                               |

**12 RELATED PARTIES TRANSACTIONS (CONTINUED)****Key management remuneration**

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

|                     | <i>Nine<br/>months ended<br/>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>Nine<br/>months ended<br/>30 September<br/>2014<br/>(Unaudited)<br/>QR</i> |
|---------------------|---|---|
| Short term benefits | <u>1,007,700</u>  | <u>989,700</u>  |

**13 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

As at 30 September 2015, the Group held the following financial instruments measured at fair value:

| <i>30 September 2015 (Unaudited)</i> | <i>Total<br/>QR</i> | <i>Level 1<br/>QR</i> | <i>Level 2<br/>QR</i> | <i>Level 3<br/>QR</i> |
|--------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Available for sale financial assets  | <u>3,287,986</u>    | <u>-</u>              | <u>-</u>              | <u>3,287,986</u>      |
|                                      | <i>Total<br/>QR</i> | <i>Level 1<br/>QR</i> | <i>Level 2<br/>QR</i> | <i>Level 3<br/>QR</i> |
| <i>31 December 2014 (Audited)</i>    | <u>5,562,617</u>    | <u>2,274,631</u>      | <u>-</u>              | <u>3,287,986</u>      |

During the period ended on 30 September 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### 14 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their nature of activities and has three reportable segments and other activities. The three reportable segments are as follows:

- Brokerage – this segment includes financial brokerage services provided to customers;
- Real Estate – this segment includes providing property management, marketing and sales services for real estate
- Others – represents the Holding Company, which provides corporate services to the subsidiaries in the Group.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

| <i>Nine months ended<br/>30 September 2015<br/>(Unaudited)</i> | <i>Brokerage<br/>service</i> | <i>Real<br/>estate</i> | <i>Other</i>      | <i>Total</i>      | <i>Adjustments<br/>and<br/>eliminations</i> | <i>Consolidated</i> |
|--|------------------------------|------------------------|-------------------|-------------------|---|---------------------|
| <b>Net brokerage and commission income</b>                     | 11,005,172                   | -                      | -                 | 11,005,172        | -   | 11,005,172          |
| <b>Gain on sale of trading property</b>                        | -                            | 1,185,870              | -                 | 1,185,870         | -   | 1,185,870           |
| <b>Others</b>  | 281,553                      | 9,074                  | 15,740,458        | 16,031,085        | (15,548,788)                                | 482,297             |
| <b>Segment revenue</b>   | <b>11,286,725</b>            | <b>1,194,944</b>       | <b>15,740,458</b> | <b>28,222,127</b> | <b>(15,548,788)</b>                         | <b>12,673,339</b>   |
| <b>Segment profit</b>  | <b>5,553,382</b>             | <b>1,095,405</b>       | <b>14,211,542</b> | <b>20,860,329</b> | <b>(14,992,588)</b>                         | <b>5,867,741</b>    |
| <b>Depreciation</b>  | <b>140,828</b>               | <b>-</b>               | <b>24,712</b>     | <b>165,540</b>    | <b>-</b>                                    | <b>165,540</b>      |
| <i>Nine months ended<br/>30 September 2014<br/>(Unaudited)</i> | <i>Brokerage<br/>service</i> | <i>Real<br/>estate</i> | <i>Other</i>      | <i>Total</i>      | <i>Adjustments<br/>and<br/>eliminations</i> | <i>Consolidated</i> |
| Net brokerage and commission income                            | 19,609,307                   | -                      | -                 | 19,609,307        | -   | 19,609,307          |
| Others   | 196,979                      | 8,375                  | 2,172,134         | 2,377,488         | (1,255,597)                                 | 1,121,891           |
| Segment revenue  | 19,806,286                   | 8,375                  | 2,172,134         | 21,986,795        | (1,255,597)                                 | 20,731,198          |
| Segment profit (loss)  | 12,137,684                   | (39,144)               | 24,237            | 12,122,777        | -   | 12,122,777          |
| Depreciation   | 485,132                      | -                      | 4,482             | 489,614           | -   | 489,614             |

The following table presents the segments assets and liabilities:

| <i>At 30 September 2015<br/>(Unaudited)</i> | <i>Brokerage<br/>Service</i> | <i>Real estate</i> | <i>Other</i>      | <i>Total</i>       | <i>Adjustments<br/>and<br/>eliminations</i> | <i>Consolidated</i> |
|---|------------------------------|--------------------|-------------------|--------------------|---|---------------------|
| <b>Segment assets</b>                       | <b>248,896,924</b>           | <b>9,053,193</b>   | <b>50,937,333</b> | <b>308,887,450</b> | <b>(35,447,041)</b>                         | <b>273,440,409</b>  |
| <b>Segment liabilities</b>                  | <b>209,473,435</b>           | <b>2,846,750</b>   | <b>232,452</b>    | <b>212,552,637</b> | <b>(1,002,944)</b>                          | <b>211,549,693</b>  |
| <i>At 31 December 2014<br/>(Audited)</i>    | <i>Brokerage<br/>Service</i> | <i>Real estate</i> | <i>Other</i>      | <i>Total</i>       | <i>Adjustments<br/>and<br/>eliminations</i> | <i>Consolidated</i> |
| Segment assets                              | 533,751,006                  | 11,113,287         | 51,485,082        | 596,349,375        | (32,711,426)                                | 563,637,949         |
| Segment liabilities                         | 494,888,310                  | 6,002,250          | 2,685,805         | 503,576,365        | (7,711,429)                                 | 495,864,936         |

The Group's operations are located in the State of Qatar.

Islamic Holding Group Q.S.C.

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**15 CONTINGENT LIABILITIES**

|  | <i>30 September<br/>2015<br/>(Unaudited)<br/>QR</i> | <i>31 December<br/>2014<br/>(Audited)<br/>QR</i> |
|--|---|--|
| Letters of guarantee to Qatar Exchange | <u>125,000,000</u>                                  | <u>85,000,000</u>                                |