Mazaya Qatar Real Estate Development Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C.

Report on the audit of consolidated financial statements

Opinion

We have audited the consolidated financial statements of Mazaya Qatar Real Estate Development Q.S.C. (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

a) Valuation of investment properties

The Group records its investment properties at fair value, with changes in fair value recognised in the consolidated statement of comprehensive income. The fair values are determined by external valuators appointed by the management. These valuations are based on estimates such as estimated rental revenues, occupancy rates, discount rates, developers risk and market indicators.

Since investment properties represent 34% of the total assets of the Group, and its valuation involves computations dependent on estimates and a significant judgment area, we consider the valuation of investment properties as a key audit matter.

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

a) Valuation of investment properties (continued)

Our audit procedures over valuation of investment properties included the following:

- Evaluated the objectivity, independence and expertise of the external valuators appointed by the management.
- Tested the accuracy and completeness of the underlying data used as inputs for the valuation.
- Involved our internal specialist to evaluate the reasonableness of the underlying assumptions used by the valuator by comparing the assumptions used to internal and external data.
- Assessed the adequacy and completeness of the disclosures on the valuation of investment properties, presented in Note 4 of the consolidated financial statements.

b) Build, Operate and Transfer (BOT) contract with the major shareholder for SIDRA Village Project

In 2010 the Group entered into a Build, Operate and Transfer (BOT) agreement with the major shareholder to build and manage the Sidra Medical and Research Centre's residential project. Recognition of construction revenue from the project involves significant judgements and managerial assumptions such as cost budget, discount factor and other micro economic factors. The total contract value is arrived based on the present value of future cash flows which may vary on a periodical basis on account of the changes in market conditions.

Construction revenue and other financial asset are solely arising from the BOT contract. The financial position and performance of the Group are highly dependent on the results of the project. Therefore, we considered revenue recognition of construction revenue as a key audit matter.

Our audit procedures over BOT contract included the following:

- Evaluated the accounting for revenue recognition for Build, Operate and Transfer agreement.
- Evaluated the management's assumptions by analysing against market indicators and contractual obligations in determining the contract value.
- Tested the estimated contract cost against the subcontract agreements and other supporting information.
- Compared the cost incurred to date as of 31 December 2016 against the final invoices submitted by major subcontractors.
- Assessed the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and considered the implications of identified errors and changes in estimates.
- Assessed the adequacy and completeness of disclosure regarding revenue recognition from BOT contract.

Notes to the selected accounting policies are included in note 2 of the financial statements. Specific disclosures regarding revenue recognition from BOT contract are included in note 8.

Other information

The Board of Directors is responsible for the other information. Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

§ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

§ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

§ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

§ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

§ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

§ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Auditors' responsibilities for the audit of the consolidated financial statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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. 11 of 2015 and the Company's Articles of Association. 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 adverse effect on the Group's financial position or performance.

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

Date : 14 March 2017
Doha

	Notes	2016 QR	2015 QR
ASSETS			
Non-current assets			
Property and equipment	3	**349,860**	498,615
Investment properties	4	**738,352,002**	742,791,001
Project in progress	5	**99,858,360**	99,248,709
Available-for-sale financial assets	6	**21,000,000**	21,000,000
Wakala investments	7	**30,677,197**	30,677,197
Other financial assets	8	**1,079,900,598**	936,806,352
		1,970,138,017	1,831,021,874
Current assets			
Other financial assets	8	**199,049,277**	222,572,672
Receivables and prepayments	9	**5,497,374**	11,028,038
Islamic bank balances and cash	10	**11,664,462**	24,526,490
		216,211,113	258,127,200
TOTAL ASSETS		**2,186,349,130**	2,089,149,074
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**1,102,500,000**	1,050,000,000
Legal reserve	12	**63,317,137**	55,854,580
Retained earnings		**286,916,528**	274,119,159
TOTAL EQUITY		**1,452,733,665**	1,379,973,739
Non-current liabilities			
Islamic finance facilities	13	**631,571,635**	551,379,164
Employees' end of service benefits	14	**1,638,363**	1,235,908
		633,209,998	552,615,072
Current liabilities			
Islamic finance facilities	13	**43,670,006**	38,499,777
Payables and other liabilities	15	**56,735,461**	116,249,437
Due to a related party	22	**-**	1,811,049
		100,405,467	156,560,263
TOTAL LIABILITIES		**733,615,465**	709,175,335
TOTAL EQUITY AND LIABILITIES		**2,186,349,130**	2,089,149,074

Rashid Fahad Al Naimi
Chairman

Hamad Ali Al Hedfa
Chief Executive Officer

The attached notes from 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	***2016 QR***	*2015 QR*
Construction revenue	8 & 22	**119,570,851**	288,176,897
Construction costs	8	**(18,301,422)**	(137,631,156)
Gross profit		**101,269,429**	150,545,741
Rental income	22	**25,987,500**	25,987,500
Revenue from property management	22	**2,572,946**	4,774,091
Operating expenses		**(2,476,388)**	(2,590,822)
Income from operations		**127,353,487**	178,716,510
Net fair value loss on investment properties	4	**(4,438,999)**	(19,723,000)
Other income	16	**98,355**	1,208,621
General and administrative expenses	17	**(16,581,504)**	(22,764,571)
Management fees	18 & 22	**(480,822)**	(2,000,000)
Depreciation	3	**(164,750)**	(142,820)
Finance costs	13	**(31,160,202)**	(22,571,879)
Profit for the year		**74,625,565**	112,722,861
Other comprehensive income		**-**	-
Total comprehensive income for the year		**74,625,565**	112,722,861
Basic and diluted earnings per share *(attributable to shareholders of the parent expressed in QR per share)*	19	**0.677**	1.022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital QR	*Legal reserve QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2015	1,000,000,000	44,582,294	255,486,656	1,300,068,950
Total comprehensive income for the year	-	-	112,722,861	112,722,861
Transfer to legal reserve	-	11,272,286	(11,272,286)	-
Contribution to Social and Sports Activities Fund (Note 20)	-	-	(2,818,072)	(2,818,072)
Dividends (Note 21)	-	-	(30,000,000)	(30,000,000)
Issue of bonus shares (Note 21)	50,000,000	-	(50,000,000)	-
Balance at 31 December 2015	1,050,000,000	55,854,580	274,119,159	1,379,973,739
Total comprehensive income for the year	-	-	74,625,565	74,625,565
Transfer to legal reserve	-	7,462,557	(7,462,557)	-
Contribution to Social and Sports Activities Fund (Note 20)	-	-	(1,865,639)	(1,865,639)
Issue of bonus shares (Note 21)	52,500,000	-	(52,500,000)	-
Balance at 31 December 2016	**1,102,500,000**	**63,317,137**	**286,916,528**	**1,452,733,665**

The attached notes from 1 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	***2016*** ***QR***	*2015* *QR*
OPERATING ACTIVITIES			
Profit for the year		**74,625,565**	112,722,861
Adjustments for:			
Depreciation	3	**164,750**	142,820
Net fair value loss on investment properties	4	**4,438,999**	19,723,000
Provision for employees' end of service benefits	14	**402,455**	369,029
Dividend income	16	**-**	(1,140,000)
Loss on disposal of property and equipment	17	**-**	4,153
Profit from deposits with Islamic banks	16	**(98,355)**	(58,462)
Finance costs	13	**31,160,202**	22,571,879
Operating profit before working capital changes		**110,693,616**	154,335,280
Working capital changes:			
Receivables and prepayments and other financial assets		**(114,040,187)**	(277,401,109)
Due to a related party		**(1,811,049)**	(171,295)
Payables and other liabilities		**(62,583,616)**	7,821,217
Cash flows used in operations		**(67,741,236)**	(115,415,907)
Finance costs paid		**(25,271,434)**	(20,706,378)
Social and sports activities fund contribution paid		**(3,350,824)**	-
Employees' end of service benefits paid	14	**-**	(75,730)
Net cash flows used in operating activities		**(96,363,494)**	(136,198,015)
INVESTING ACTIVITIES			
Additions to project in progress	5	**(609,651)**	(653,057)
Proceeds from disposal of property and equipment		**-**	2,560
Profit received from deposits with Islamic banks		**98,355**	58,462
Dividends received		**-**	1,140,000
Purchase of property and equipment	3	**(15,995)**	(447,586)
Net cash flows (used in) from investing activities		**(527,291)**	100,379
FINANCING ACTIVITIES			
Proceeds from Islamic finance facilities		**98,139,761**	167,660,335
Repayment of Islamic finance facilities		**(12,777,061)**	(12,221,204)
Dividends paid		**(1,333,943)**	(28,739,175)
Net cash flows from financing activities		**84,028,757**	126,699,956
DECREASE IN ISLAMIC BANK BALANCES AND CASH		**(12,862,028)**	(9,397,680)
Islamic bank balances and cash at 1 January		**24,526,490**	33,924,170
ISLAMIC BANK BALANCES AND CASH AT 31 DECEMBER	10	**11,664,462**	24,526,490

The attached notes from 1 to 27 form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Mazaya Qatar Real Estate Development Q.S.C. (the "Company") is a Qatari Public shareholding company, incorporated in the State of Qatar on 12 February 2008. The Company is registered under commercial registration number 38173. The Company's registered office address is P.O. Box 18132, Doha, State of Qatar.

The Group's principal activity is the establishment of residential compounds and projects for rental purposes, investment and real estate development, purchase of land and its development for resale, construction, project feasibility study, project management, real estate marketing and property management, maintenance activities, brokerage activities, commercial and real estate representation, trading of mechanical electrical and construction equipment, import and export (related to the Group's activities). In addition, the Group is also involved in the management of residential compounds.

These consolidated financial statements of the Company and its material subsidiaries (together referred to as "the Group") as at and for the year ended 31 December 2016, include the following subsidiaries:

Name of the Company	*Share capital QR*	*Country of incorporation*	*Effective percentage of ownership as at 31 December*	
			2016	*2015*
Qortuba Real Estate Investment Company S.P.C.	200,000	Qatar	**100%**	100%
Gulf Spring Real Estate Investment and Development Company S.P.C.	200,000	Qatar	**100%**	100%
Granada Real Estate Investment Company W.L.L.	200,000	Qatar	**100%**	100%

Note:

1. Granada Real Estate Investment Company W.L.L. is registered in the names of Mazaya Qatar Real Estate Development Q.S.C. and an employee of the Group, who is holding these investments on behalf of the Group. This investment has been treated as fully owned subsidiary of the Group on the basis that the beneficial interest of the investment resides with the Group.

2. The commercial registration of Gulf Spring Real Estate Investment and Development Company S.P.C. has been expired on 2 November 2011.

The consolidated financial statements of the Group for the year ended 31 December 2016 were authorised for issue by the Board of Directors on 14 March 2017.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, modified to include the measurement at fair value of investment properties. The consolidated financial statements have been presented in Qatari Riyals ("QR"), which is the Group's presentation and functional currency.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the applicable requirements of the Qatar Commercial Companies' Law No. 11 of 2015.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Mazaya Qatar Real Estate Development Q.S.C. and its subsidiaries (together referred to as the "Group") as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee ;
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above mentioned elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are disclosed in Note 25.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of the new standards and interpretations effective as of 1 January 2016.

Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below ;

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 OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and do not have any impact on the Group as it does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments 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 their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Group's financial statements.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policy and disclosures (continued)

Annual Improvement Cycle: 2012-2014
These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

IFRS 7 Financial Instruments: Disclosures
(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative
The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Group.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policy and disclosures (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are applied retrospectively and do not have any impact on the Group as the consolidation exception is not applicable for the Group.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Topic	***Effective date***
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	-
IAS 7 Disclosure Initiative – Amendments to IAS 7	1 January 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	1 January 2017
IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2	1 January 2018
IFRS 16 Leases	1 January 2019

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

2.5 Significant accounting policies

Property and equipment
Property and equipment is stated at cost less accumulated depreciation and any impairment in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that computers and equipment.

Depreciation is recognized in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives of the depreciable assets are as follows:

Computer and equipment	1-3 years
Motor vehicles	5 years
Furniture and fixtures	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Property and equipment (continued)
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.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated statement of comprehensive income as the expense is incurred. An item of property and equipment is derecognized 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 is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

Investment properties
Investment properties are properties which are held either to earn rental income, including those under development, or for capital appreciation or for both, are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. Any gain or loss arising from a change in fair value is recognized in the consolidated statement of comprehensive income.

Property that is being constructed for future use as investment property is accounted for as investment property under the fair value model. Property under construction is designated as investment property only if there are unambiguous plans by management to subsequently utilize the property for rental activities upon completion of development, or if there is undetermined future use of the property and hence the property is held for long term capital appreciation.

Transfers between property categories
Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:
(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) commencement of development with a view to sale, for a transfer from investment property to inventories;
(c) end of owner-occupation, for a transfer from owner-occupied property to investment property;
(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

When the Group decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the consolidated statement of financial position) and does not treat it as trading property.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognized directly in equity as a revaluation surplus. Any loss is recognized immediately in the consolidated statement of comprehensive income.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with IAS 16 or IAS 2 shall be its fair value at the date of change in use.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Investment properties (continued)

Transfers between property categories (continued)
For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in consolidated statement of comprehensive income.

Project in progress
Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss.

Available-for-sale financial assets
All available-for-sale financial assets are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

After initial recognition, available-for-sale financial assets which have a quoted market price and whose fair value can be reliably measured are remeasured at fair value. The unrealised gains and losses on remeasurement to fair value are reported as a separate component of equity under other comprehensive income until the investment is sold, collected or otherwise disposed off, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of comprehensive income for the year.

Due to the uncertain nature of cash flows arising from certain of Group’s unquoted equity instruments, the fair value of these investments cannot be reliably measured. Consequently, these investments are carried at cost less any impairment losses.

Other financial assets
Financial assets resulting from the application of IFRIC 12 “Service Concession Arrangements” are recorded in the consolidated statement of financial position under the heading "Other financial asset" and recognized at amortized cost.

Receivables
Rent and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Islamic bank balances and cash
Islamic bank balances and cash in the consolidated statement of cash flows comprise Islamic bank balances and cash net of outstanding Islamic bank overdrafts, if any.

Impairment and uncollectibility of financial assets
An assessment is made at each reporting date 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 consolidated statement of comprehensive 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 consolidated statement of comprehensive 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.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Islamic finance facilities
Islamic financing facilities are recognized initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, those obligations are measured at amortized cost using the effective cost method.

Gains or losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the amortization process. Finance cost and other related charges are recognized as an expense when incurred. Installments due within one year are shown as a current liability. Installments due after 1 year are shown as non-current liability.

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

With respect to its national employees, the Group provides contributions to the General Retirement and Social Insurance Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Payables and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Groups' continuing involvement in the asset. 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.

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 consolidated statement of comprehensive income.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property and equipment previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair values
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Current versus non-current classification
The Group presents assets and liabilities based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific assets or the arrangement conveys a right to use the assets, even if that right is not explicitly specified in an arrangement. Operating lease payments are recognized as an operating expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

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 reporting date. All differences are taken to the consolidated statement of comprehensive income. Non-monetary items measured in terms of historical costs in a foreign currency are translated using the exchange rates as of the date of the initial transaction.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable to the Group.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Rental income
Rental income receivable from operating leases is recognized on a straight-line basis over the term of the lease, except for contingent rental income which is recognized when it arises.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of comprehensive income when they arise.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Revenue recognition (continued)

Service charges and expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognized in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue, as the directors consider that the Group acts as principal in this respect.

Construction revenue
Contract revenues includes the initial amounts agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in the consolidated statement of comprehensive income in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed with reference to the proportion of costs incurred for work performed for contract and in which have billed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in the consolidated statement of comprehensive income.

Islamic finance income
Islamic finance income is recognized on a time apportionment basis using the effective profit rate method.

Dividends income
Dividends income is recognised when the Group’s right to receive the payment is established.

Islamic finance costs
Islamic finance costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. The Group capitalizes Islamic finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset for Islamic finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group recognizes other Islamic finance costs as an expense in the period incurred.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

3 PROPERTY AND EQUIPMENT

	Computer and equipment QR	*Furniture and fixtures QR*	*Motor vehicles QR*	*Total QR*
Cost:				
At 1 January 2015	1,613,876	1,265,207	155,000	3,034,083
Additions	22,586	-	425,000	447,586
Disposals	(28,700)	(127,252)	-	(155,952)
At 31 December 2015	1,607,762	1,137,955	580,000	3,325,717
Additions	15,995	-	-	15,995
At 31 December 2016	**1,623,757**	**1,137,955**	**580,000**	**3,341,712**
Depreciation:				
At 1 January 2015	1,523,643	1,162,437	147,441	2,833,521
Charge for the year	75,755	57,410	9,655	142,820
Relating to disposals	(28,700)	(120,539)	-	(149,239)
At 31 December 2015	1,570,698	1,099,308	157,096	2,827,102
Charge for the year	41,986	37,531	85,233	164,750
At 31 December 2016	**1,612,684**	**1,136,839**	**242,329**	**2,991,852**
Net carrying amount				
31 December 2015	37,064	38,647	422,904	498,615
31 December 2016	**11,073**	**1,116**	**337,671**	**349,860**

4 INVESTMENT PROPERTIES

	2016 QR	*2015 QR*
At cost	**652,130,931**	652,130,931
Cumulative change in fair value	**86,221,071**	90,660,070
	738,352,002	742,791,001

The investment properties includes a property leased out under an operating lease agreement to a related party for an annual rent of QR 24.75 million with an increase in rental value every 5 years. Rental income from the property is pledged against the facilities obtained from Islamic bank.

The fair value of the Group's investment properties at 31 December 2016 and 2015 has been arrived at on the basis of a valuation carried out at that date by an independent valuer not related to the Group. The valuations were prepared by certified valuers, specialized in the valuation of real estate and similar activities. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties and discounted cash flows coupled with market and other evidence. In estimating the fair value of the properties, the lowest and best use of the properties is their current use.

4 INVESTMENT PROPERTIES (CONTINUED)

The movement in investment properties during the year is as follows:

	2016	*2015*
	QR	*QR*
At 1 January	**742,791,001**	762,514,001
Fair value movement during the year	**(4,438,999)**	(19,723,000)
	738,352,002	742,791,001

5 PROJECT IN PROGRESS

	2016	*2015*
	QR	*QR*
Balance at 1 January	**99,248,709**	98,595,652
Additions	**609,651**	653,057
Balance at 31 December	**99,858,360**	99,248,709

Project in progress balance includes the amounts spent on development of one of the Company’s projects. The Initial infrastructure development work for the project is completed.

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	*2015*
	QR	*QR*
Investment in unquoted shares	**21,000,000**	21,000,000

Unquoted shares investment include investment made in a privately held Company in the State of Qatar. This investment is recorded at cost since the fair value cannot be reliably measured. Management believes that the balance is not impaired based on the latest available information.

7 WAKALA INVESTMENTS

During 2009, the Group had entered into a Wakala contract amounting to QR 65,000,000 with a GCC Investment Company through an agent. The Investment Company did not settle the amount with its accrued profit on the maturity date.

In 2011, the Group obtained a court ruling in its favor, whereby the outstanding Wakala amount, along with related profit, to be settled by the investment Company during the period from June 2013 to June 2017. During 2013, the Group received the first scheduled payment amounting to QR 3,645,605. In 2014, the Investment Company has not honored the installment due to the Group and therefore the Group has decided to provide impairment allowance for the investments amounting to QR 30,677,198. The management believes that the value of Wakala investments did not decline below the carrying value amounting to QR 30,677,197 during the year.

	2016	*2015*
	QR	*QR*
Wakala investments	**61,354,395**	61,354,395
Less: Provision for impairment	**(30,677,198)**	(30,677,198)
	30,677,197	30,677,197

8 OTHER FINANCIAL ASSETS

The Group had entered into a Service Concession Arrangement with the major shareholder, a related party, to build, operate and transfer (BOT) a residential compound. Under the terms of this agreement Qatar Foundation has contractually guaranteed to rent this compound at specified and determinable amount for a period of 20 years.

During the year, the Group has recognized revenue and cost relating to the arrangement amounting to QR 119,570,851 and QR 18,301,422 respectively. (2015 : QR 288,176,897 and QR 137,631,156 respectively).

As of December 31, the following amounts are reflected in the consolidated statement of financial position of the Group:

	2016 ***QR***	*2015* *QR*
Other financial asset	**1,278,949,875**	1,159,379,024

Other financial assets are segregated between current and non-current portions as follows:

	2016 ***QR***	*2015* *QR*
Non-current portion	**1,079,900,598**	936,806,352
Current portion	**199,049,277**	222,572,672
	1,278,949,875	1,159,379,024

Expected receipts from the asset is pledged against the facilities obtained from an Islamic Bank.

9 RECEIVABLES AND PREPAYMENTS

	2016 ***QR***	*2015* *QR*
Advances to contractors	**4,008,890**	10,164,021
Prepayments	**703,289**	771,497
Accrued income	**618,871**	-
Refundable deposits	**92,048**	92,048
Other receivables	**1,199,980**	1,126,176
	6,623,078	12,153,742
Less: Provision for impairment	**(1,125,704)**	(1,125,704)
	5,497,374	11,028,038

At 31 December 2016, other receivables amounting to QR 1,125,704 were impaired (2015 : QR 1,125,704). There were no movements in the provision for impairment of other receivables during 2015 and 2016.

10 ISLAMIC BANK BALANCES AND CASH

Islamic bank balances and cash included in the consolidated statement of cash flows include the following amounts:

	2016 ***QR***	*2015* *QR*
Islamic bank balances	**11,644,462**	24,506,540
Cash in hand	**20,000**	19,950
	11,664,462	24,526,490

11 SHARE CAPITAL

	2016 ***QR***	*2015* *QR*
Authorized, issued and fully paid		
110,250,000 ordinary shares of QR 10 each (2015: 105,000,000 shares)	**1,102,500,000**	1,050,000,000

All shares are of equal class and voting rights. During the year, the Group issued bonus shares equivalent to 5% of the paid up share capital as at 31 December 2015 amounting to QR 52,500,000 equivalent to 5,250,000 shares which was approved by the Annual General Assembly held on 1 March 2016. (2015 : the Group issued bonus shares equivalent to 5% of the paid up share capital as at 31 December 2014 amounting to QR 50,000,000 equivalent to 5,000,000 shares and cash dividends amounting to QR 30,000,000)

12 LEGAL RESERVE

The Qatar Commercial Companies' Law No.11 of 2015, requires the Company to transfer 10% of the net profit of the year to a legal reserve. Such transfers may be discontinued at the option of the Company when the legal reserve equates to 50% of the share capital. During the year the Group has transferred QR 7,462,557 (2015 : QR 11,272,286) to the reserve. The reserve is not normally available for distribution except in the circumstances stipulated in the above mentioned law.

13 ISLAMIC FINANCE FACILITIES

	Notes	***2016*** ***QR***	*2015* *QR*
Islamic facility 1	(i)	**440,088,995**	341,949,234
Islamic facility 2	(ii)	**235,152,646**	247,929,707
		675,241,641	589,878,941
Presented in the consolidated statement of financial position as follows:			
Current portion		**43,670,006**	38,499,777
Non-current portion		**631,571,635**	551,379,164
		675,241,641	589,878,941

13 ISLAMIC FINANCE FACILITIES (CONTINUED)

Notes:

(i) During 2014, the Group entered into an Islamic facility agreement with an Islamic Bank in order to finance a real estate project of the Group for an amount of QR 450 million. The agreement carries profit rate at market rates. The Islamic financing facilities has started in 2014. The Group had drawn QR 440,088,995 as of 31 December 2016 (2015: QR 341,949,234) and is repayable in 11 variable semi-annual instalments. Expected receipts from the real estate project is pledged against the Islamic facility.

(ii) During 2014, the Group entered into an Islamic facility agreement with an Islamic Bank in order to finance a real estate project of the Group for an amount of QR 274 million. The Islamic facility commenced in 2014 and is repayable in 8 annual variable instalments from the end of 2014 till the end of 2021 and a final settlement in 2022. The Islamic facility carries profit rate at market rates. The Islamic facility is secured by a pledge on the rental income from the real estate project.

Islamic finance cost for the year amounted to QR 31,160,202 (2015: QR 22,571,879).

14 EMPLOYEES' END OF SERVICE BENEFITS

The movements in the provision are as follows:

	2016	*2015*
	QR	*QR*
At 1 January	**1,235,908**	942,609
Provided during the year	**402,455**	369,029
Payments during the year	**-**	(75,730)
At 31 December	**1,638,363**	1,235,908

15 PAYABLES AND OTHER LIABILITIES

	2016	*2015*
	QR	*QR*
Accrued expenses	**18,883,258**	32,275,904
Deferred rental income	**11,137,500**	12,375,000
Dividends payable	**10,511,073**	11,845,016
Social and sports activities fund contribution	**8,919,690**	10,404,875
Retention payable	**3,953,395**	47,987,968
Accounts payable	**3,330,545**	1,360,674
	56,735,461	116,249,437

16 OTHER INCOME

	2016	*2015*
	QR	*QR*
Profit from deposits with Islamic banks	**98,355**	58,462
Dividend income	**-**	1,140,000
Miscellaneous income	**-**	10,159
	98,355	1,208,621

17 GENERAL AND ADMINISTRATIVE EXPENSES

	2016	*2015*
	QR	*QR*
Staff costs	**11,966,095**	13,701,908
Board of Directors remuneration	**540,000**	4,950,000
Rent	**999,166**	1,194,228
Registration and regulatory fees	**746,273**	827,345
Legal and professional expenses	**705,532**	593,962
Marketing and advertising	**644,465**	605,076
Business development	**169,616**	182,024
Sharia Board fees	**75,000**	45,000
Donations	**20,000**	-
Loss on disposal of property and equipment	**-**	4,153
Other miscellaneous expenses	**715,357**	660,875
	16,581,504	22,764,571

18 MANAGEMENT FEES

	2016	*2015*
	QR	*QR*
Management fees	**480,822**	2,000,000

The Group had a management service agreement with Al- Mazaya Holding Company K.S.C. for the management support in executing various investment property management activities. During the year ended 31 December 2016, the Group had cancelled this agreement and accordingly settled all the dues to Al- Mazaya Holding K.S.C.

19 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during the year as follows:

	2016	*2015*
	QR	*QR*
Profit attributable to shareholders of the parent	**74,625,565**	112,722,861
Weighted average number of shares outstanding during the year	**110,250,000**	110,250,000
Basic and diluted earnings per share (QR)	**0.677**	1.022

During 2016, the Group issued bonus shares for the year 2015. Accordingly, the previously reported earnings per share as at 31 December 2015 have been restated for the effect of this transaction.

19 BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

The weighted average number of shares for the years ended 31 December 2016 and 2015 has been calculated as follows:

	2016 QR	*2015 QR*
Weighted average number of shares at 1 January	**105,000,000**	105,000,000
Effect of bonus shares issued	**5,250,000**	5,250,000
Weighted average number of shares at 31 December	**110,250,000**	110,250,000

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

20 CONTRIBUTION TO SOCIAL AND SPORTS ACTIVITIES FUND

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR 1,865,639 (2015: QR 2,818,072) equivalent to 2.5% of the consolidated net profit for the year for the support of sports and social activities.

21 DIVIDENDS

At the General Assembly meeting held on 1 March 2016, the shareholders approved a bonus share distribution equivalent to 5% of the paid up capital amounting to QR 52,500,000 for the year ended 31 December 2015 (for the year ended 31 December 2014: cash dividend of QR 0.30 per share amounting to QR 30,000,000 and a bonus share distribution equivalent to 5% of the paid up capital amounting to QR 50,000,000).

The Board of Directors has proposed a bonus share issue at 5% for the year ended 31 December 2016. The proposed bonus shares for the year ended 31 December 2016 will be submitted for approval at the Annual General Assembly meeting.

22 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent entities where the Group is one of their founders, major shareholders in the Company, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Related party transactions
Transactions with related parties during the year were as follows:

	2016 QR	*2015 QR*
Management fees	**480,822**	2,000,000
Construction revenue	**119,570,851**	288,176,897
Rental and property management income	**28,560,446**	30,761,591

Related party balances
Balances with a related party included in the consolidated statement of financial position are as follows:

	2016 QR	*2015 QR*
Al Mazaya Holding Company	**-**	1,811,049

22 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Compensation of key management personnel
The remuneration of key management personnel during the year was as follows:

	2016 ***QR***	*2015* *QR*
Board remuneration	**540,000**	4,950,000
Salaries and short-term benefits	**5,199,865**	6,731,665
Employees' end of service benefits	**109,998**	71,725
	5,849,863	11,753,390

23 CONTINGENCIES AND COMMITMENTS

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

	2016 ***QR***	*2015* *QR*
Bank guarantees	**-**	1,000,000

Capital commitment:

	2016 ***QR***	*2015* *QR*
Contractual commitments for project in progress	**56,894,185**	60,740,315
Commitments for operating leases	**2,244,102**	858,770

Commitments for operating leases are further analysed as follows:

	2016 ***QR***	*2015* *QR*
Within one year	**792,036**	858,770
After one year but not more than five years	**1,452,066**	-
	2,244,102	858,770

Litigations and claims
Various legal cases were filed against and by the Group as of 31 December 2016. According to the Group's Legal Counsel best estimates, no material liabilities will arise as a result of these cases and accordingly no provisions have been provided against these cases.

24 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT

Risk management framework
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board of Directors are responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group.

The main risks arising from the Groups' financial instruments are market risk, credit risk, real estate risk, profit rate risk and liquidity risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Credit risk
Credit risk is the risk of financial losses to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises principally from the Group's other financial assets, wakala investments, accrued income, refundable deposits and Islamic bank balances and due from related party.

Allowances for impairment
The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its receivables. The main component of this allowance is a provision policy loss component that relates to individually significant exposures. The allowances for impairment of receivables and movement thereon during the year is disclosed in Note 9.

Advances and related parties
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each contractor/suppliers and related party. The demographics of the Group's project base, including the default risk of the industry and country, in which the contractor/supplier operate, has less of an influence on credit risk. Material amounts of the Group's advances/collections are attributable to contractors originating from the State of Qatar and all these balances are against bank guarantees.

On the other hand, all material transactions with related parties are firstly approved by the Board of Directors, and / or the Shareholders in their General Assembly Meetings, if stipulated under the relevant laws. The Group's policy is that advances and related parties are stated at original paid advance / invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery, if any.

Islamic bank balances
Credit risk on balances and placements with banks and other financial institutions is limited as they are placed with Islamic banks having good credit ratings assigned by international credit rating agencies.

The carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amounts	
	2016	*2015*
	QR	*QR*
Other financial assets	**1,278,949,875**	1,159,379,024
Wakala investments	**30,677,197**	30,677,197
Islamic banks balances	**11,644,462**	24,506,540
Accrued income	**618,871**	-
Refundable deposits	**92,048**	92,048
Other receivables	**74,276**	472
	1,322,056,729	1,214,655,281

24 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Groups' approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Groups' reputation.

The Group limits its liquidity risk by ensuring Islamic bank facilities are available. The Groups' terms of service require amounts to be settled within its specified terms in the contracts and invoices. Trade accounts payable are normally settled within the terms of service from the supplier.

The table below summarises the maturities of the Groups' undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

As at 31 December 2016	*Less than 3 months QR*	*3 to 12 months QR*	*1 to 5 years QR*	*> 5 years QR*	*Total QR*
Accounts payable	**3,330,545**	**-**	**-**	**-**	**3,330,545**
Accrued expenses	**18,883,258**	**-**	**-**	**-**	**18,883,258**
Social and sports activities fund contribution	**-**	**8,919,690**	**-**	**-**	**8,919,690**
Islamic finance facilities	**-**	**73,815,521**	**298,962,421**	**463,638,268**	**836,416,210**
Retention payables	**-**	**3,953,395**	**-**	**-**	**3,953,395**
Dividend payables	**-**	**10,511,073**	**-**	**-**	**10,511,073**
Total	**22,213,803**	**97,199,679**	**298,962,421**	**463,638,268**	**882,014,171**

As at 31 December 2015	*Less than 3 months QR*	*3 to 12 months QR*	*1 to 5 years QR*	*> 5 years QR*	*Total QR*
Accounts payable	1,360,674	-	-	-	1,360,674
Accrued expenses	32,275,904	-	-	-	32,275,904
Social and sports activities fund contribution	-	10,404,875	-	-	10,404,875
Islamic finance facilities	25,722,716	59,752,629	398,846,450	216,574,511	700,896,306
Due to a related party	-	1,811,049	-	-	1,811,049
Retention payables	-	47,987,968	-	-	47,987,968
Dividend payables	-	11,845,016	-	-	11,845,016
Total	59,359,294	131,801,537	398,846,450	216,574,511	806,581,792

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is not exposed to foreign currency risk as there are no balances denominated in foreign currency at the reporting date

24 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Profit rate risk
Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Group adopts a policy of ensuring that profit rates on short term deposits and finance cost rate on Islamic financing borrowings exposures are reviewed monthly, and that finance cost rates are not subject to present fluctuations in profit rates. The Group's policy ensures that most of the exposure on profit rates on borrowings are on a fixed basis or are based on Qatar Central Bank rate REPO rates , unless, the variable basis are in favourable terms to the Group.

Further, the Group does not account for any financial assets and liabilities at fair value through profit or loss, and the Group has not entered into derivative instrument agreements, therefore the changes to Islamic bank profit rates at the reporting date would not adversely affect the profit or loss.

At the reporting date the profile of the Group's profit bearing financial instrument was:

	2016 ***QR***	*2015* *QR*
Islamic finance facilities	**675,241,641**	589,878,941

The following table demonstrates the sensitivity of equity and profit or loss to reasonably possible changes in profit rates by 25 basis points, with all other variables held constant. The sensitivity of equity and profit or loss is the effect of the assumed changes in profit rates for one year, based on the floating rate financial instruments held at 31 December. The effect of decreases in profit rates is expected to be equal and opposite to the effect of the increases shown.

	Net effect on profit or loss +25b.p QR
At 31 December 2016	**(1,688,104)**
At 31 December 2015	(1,474,697)

Real estate risk
The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development schemes may increase if there are delays in the planning process. The Group employs experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process, and utilizes the accumulated experience in contracting for the purpose of reducing development costs as compared to the relevant market.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (refer to credit risk). To reduce this risk, the Group reviews the financial status of all prospective major tenants and decides on the appropriate level of security required via rental deposits or guarantees.
- The exposure of the fair values of the portfolio to market and occupier fundamentals.

Other risks
Other risks to which the Group is exposed are regulatory risk, legal risk, and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues that are considered to have reputational repercussions for the Group with guidelines and policies being issued as appropriate.

24 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Capital management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and to sustain future development of the business. The management monitors the capital, which the Group defines as share capital and retained earnings and is measured at QR 1,389,416,528 on 31 December 2016 (2015: QR 1,324,119,159).

The Group manages its capital structure and makes adjustments to it, in light of changes in business conditions and owners' expectations. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or increase capital. No changes were made in the objectives, policies or processes during the year ended 31 December 2016 and 31 December 2015.

The Group's main objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- to remain within the Group's quantitative banking covenants and attain a strong credit rating.

Further, the Board seeks to maintain a balance between higher targeted returns that might be possible with higher levels of borrowings, and the advantages and security afforded by the strong capital position of the Group.

The Group's net debt to equity ratio at the reporting date was as follows:

	2016 QR	*2015 QR*
Total liabilities	**733,615,465**	709,175,335
Less: Islamic bank balances and cash	**(11,664,462)**	(24,526,490)
Net debt	**721,951,003**	684,648,845
Total equity	**1,452,733,665**	1,379,973,739
Net debt to equity ratio at 31 December	**50%**	50%

On the other hand, the Board reviews regularly the borrowing to value ratio, which is calculated as the amount of outstanding debt divided by the fair value of investment properties portfolio. The Group's policy is to keep average borrowing to value at a low risk ratio.

The Group's borrowing to value ratio at the reporting date was as follows:

	2016 QR	*2015 QR*
Islamic finance facilities	**675,241,641**	589,878,941
Fair value of investment properties	**738,352,002**	742,791,001
Borrowing to fair value ratio at 31 December	**91%**	79%

24 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Accounting classifications and fair values
The fair values of the financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	2016		*2015*	
	Fair values QR	***Carrying amounts QR***	*Fair Values QR*	*Carrying amounts QR*
Financial assets				
Other financial asset	**1,278,949,875**	**1,278,949,875**	1,159,379,024	1,159,379,024
Wakala investment	**30,677,197**	**30,677,197**	30,677,197	30,677,197
Islamic bank balances	**11,644,462**	**11,644,462**	24,526,490	24,526,490
Accrued income	**618,871**	**618,871**	-	-
Refundable deposits	**92,048**	**92,048**	92,048	92,048
Other receivables	**74,276**	**74,276**	472	472
	1,322,056,729	**1,322,056,729**	1,214,675,231	1,214,675,231
Financial liabilities				
Islamic finance facilities	**675,241,641**	**675,241,641**	589,878,941	589,878,941
Accrued expenses	**18,883,258**	**18,883,258**	32,275,904	32,275,904
Dividend payables	**10,511,073**	**10,511,073**	11,845,016	11,845,016
Social and sports activities fund contribution	**8,919,690**	**8,919,690**	10,404,875	10,404,875
Retention payables	**3,953,395**	**3,953,395**	47,987,968	47,987,968
Accounts payable	**3,330,545**	**3,330,545**	1,360,674	1,360,674
Due to a related party	**-**	**-**	1,811,049	1,811,049
	720,839,602	**720,839,602**	695,564,427	695,564,427

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.

As at 31 December 2016, the Group held the following financial instruments measured at fair value:

		Fair value measurement using		
31 December 2016	*Total QR*	*Quoted prices in active markets Level 1 QR*	*Significant observable inputs Level 2 QR*	*Significant unobservable inputs Level 3 QR*
Financial assets :				
Investment properties	**738,352,002**	**-**	**265,959,002**	**472,393,000**

		Fair value measurement using		
31 December 2015	*Total QR*	*Quoted prices in active markets Level 1 QR*	*Significant observable inputs Level 2 QR*	*Significant unobservable inputs Level 3 QR*
Financial assets :				
Investment properties	742,791,001	-	270,398,001	472,393,000

24 FINANCIAL RISK OBJECTIVES, POLICIES AND MANAGEMENT (CONTINUED)

Fair value hierarchy (continued)

Fair value of investment properties except for the Tala residencies and Gloria hotel are valued using the market comparable approach, due to a high volume of transactions involving comparable properties in the areas during the year. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square metre (sqm).

The fair value of the below investment properties is determined using a discounted cash flow (DCF) method. Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The key unobservable inputs for the two properties described below are as follows;

Property	*Key unobservable inputs*	*2016*	*2015*
Tala residencies	Monthly rental income	QR 99 sq.m	QR 99 sq.m
	Rent increament	10% in every 5 years	10% in every 5 years
	All risk yield – current	8.75%	8.75%
	All risk yield – exit	9.5%	9.5%
Gloria hotel	Average daily rate	QR 394	QR 375
	Average increase	5% p.a.	5% p.a.
	Occupency rate incresae	2% p.a.	2% p.a.
	All risk yield - current	11.50%	11.50%
	All risk yield - exit	9%	9%

Unquoted available for sale equity investments amounting to QR 21,000,000 (31 December 2015: QR 21,000,000) are recorded at cost since the fair value cannot be reliably measured. The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. As at 31 December 2016, the management has assessed that there is no indication of impairment for the unquoted available for sale financial assets.

During the year ended 31 December 2016, 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. There were no movements within Level 3 fair value measurements.

25 KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 or physical wear and tear, technical and commercial obsolescence. 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.

25 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of available-for-sale financial assets
For available-for-sale assets, the Group assess at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of a financial assets is classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of comprehensive income, is removed from equity and recognised in the consolidated statement of comprehensive income.

Impairment of Wakala investments
Wakala investments are held at the lower of cost and fair value. The Group assess at each reporting date whether there is objective evidence that the Wakala investment is impaired. Where there is evidence of impairment, the cumulative loss, measured as the difference between the carrying value and the current fair value, less any impairment loss previously recognised in the consolidated statement of comprehensive income, is removed from equity and recognised in the consolidated statement of comprehensive income.

At the reporting date, carrying value of Wakala investments is QR 61,354,395 (2015: QR 61,354,395), with provisions for impairment of QR 30,677,198 (2015: 30,677,198). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Impairment of other receivable
An estimate of the collectible amount of other receivable 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 a provision applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross other receivable were QR 1,199,980 (2015: QR 1,126,176), and the allowance for impairment of other receivables were QR 1,125,704 (2015: QR 1,125,704). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Valuation of property
Investment properties are stated at fair value. The Group used external, independent evaluators to determine the fair value of the investment properties. The independent evaluator uses the market situations, estimated yield and expected future cash flows and the recent real estate transactions with similar characteristics and location of properties for the valuation of investment properties.

If an independent valuation is carried out at the intermediate period, the management determines the year end valuation by applying appropriate discounting rate on the intermediate valuation based on the market situations, estimated yield and expected future cash flows. Thus the management believes it’s a more transparent and accurate valuation.

Service concession arrangements
Management has estimated that the present value of the guaranteed monthly amount under the build, operate and transfer agreement with Qatar Foundation (Note 8) represents the fair value of the construction element of the agreement and therefore fully pertains to construction revenue and is thus recognized in accordance with the Group’s relevant accounting policies.

The present value of the guaranteed amount has been estimated using the minimum guaranteed rental rate per square meter applied to the estimated leasable area. The Group has used a rate of 7.05 % (2015: 7.2%) to discount the expected cash inflows under the service concession arrangements (Note 8).

26 SEGMENT INFORMATION

The Group has only one business segment, that is investment in and development operations of real estate properties. Geographically, the Group operates mainly in the State of Qatar and United Arab Emirates. United Arab Emirates operations are not considered reportable segment.

Fair value of investment properties held in United Arab Emirates as at 31 December 2016 amounted to QR 24,132,754 (2015 : QR 24,358,000) and the corresponding fair value loss from these properties amounted to QR 35,650,246 (2015: QR 35,425,000). There were no revenues generated from these properties in both 2016 and 2015.

27 COMPARATIVE FIGURES

Certain comparative figures in the financial statements for the year ended 31 December 2015 were reclassified to match with the current year's classification. However, such reclassifications did not have any effect on the previously reported profit or equity.