United Development Company Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

United Development Company Q.P.S.C.
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF UNITED DEVELOPMENT COMPANY Q.P.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of United Development Company (Q.P.S.C.) (the "Company"), and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF UNITED DEVELOPMENT COMPANY Q.P.S.C.
(CONTINUED)

Report on legal and other regulatory matters
Furthermore, in our opinion proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles 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 a material effect on the business of the Company or on its financial position. The financial information included in the Annual Report of the Board of Directors' is in agreement with the books and records of the Group.

Firas Qoussous
Ernst and Young
Auditor's Registration No. 236
Date: 14 February 2016
Doha

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2015

	Note	2015 QR'000	2014 QR'000
Revenue		**1,440,646**	1,906,342
Cost of revenue		**(611,648)**	(782,919)
Gross profit		**828,998**	1,123,423
Dividend income		**20,252**	15,744
Other operating income	6	**231,905**	60,272
Impairment loss on available-for-sale financial assets		**(2,119)**	-
Impairment loss on investment property	10	**-**	(37,052)
Sales and marketing expenses		**(54,102)**	(51,845)
General and administrative expenses	7	**(341,785)**	(334,794)
Operating profit		**683,149**	775,748
Fair value gain on investment properties	10	**122,488**	-
Finance income		**35,287**	22,880
Finance costs		**(131,394)**	(147,934)
Net finance cost		**(96,107)**	(125,054)
Net share of results of associates	12	**23,349**	25,644
Profit for the year		**732,879**	676,338
Profit attributable to:			
Equity holders of the parent		**689,635**	625,669
Non-controlling interests		**43,244**	50,669
Profit for the year		**732,879**	676,338
Earnings per share			
Basic and diluted earnings per share	8	**1.95**	1.77

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015** **QR'000**	2014 QR'000
Profit for the year		**732,879**	676,338
Other comprehensive (loss)/ income			
Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods:			
Net change in fair value of available-for-sale financial assets	20	**(57,230)**	71,943
Net change in cash flow hedge reserve	20	**(1,382)**	188
Other comprehensive loss not to be reclassified to loss in subsequent periods:			
Impairment of previously revalued property, plant and equipment	20	**(27,510)**	(4,630)
Total comprehensive income for the year		**646,757**	743,839
Total comprehensive income attributable to:			
Equity holders of the parent		**603,513**	693,170
Non-controlling interests		**43,244**	50,669
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**646,757**	743,839

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	*2015* QR'000	*2014* QR'000
Assets			
Non-current assets			
Property, plant and equipment	9	**4,499,199**	4,001,168
Investment properties	10	**8,704,709**	8,394,340
Intangible assets	11	**3,678**	4,466
Investment in associates	12	**308,600**	317,033
Accounts and other receivables - long term	16	**140,165**	18,071
Available-for-sale financial assets	13	**449,456**	508,805
Total non-current assets		**14,105,807**	13,243,883
Current assets			
Inventories, net	14	**1,369,647**	1,665,331
Assets held for sale	15	-	16,535
Accounts and other receivables –current,net	16	**1,385,514**	1,464,281
Cash and cash equivalents	17	**2,277,347**	2,823,476
Total current assets		**5,032,508**	5,969,623
Total assets		**19,138,315**	19,213,506
Equity and liabilities			
Equity			
Issued capital	18	**3,540,862**	3,540,862
Legal reserve	19	**1,521,213**	1,452,249
Other reserves	20	**1,594,006**	1,680,128
Retained earnings		**4,257,545**	4,098,763
Equity attributable to equity holders of the parent		**10,913,626**	10,772,002
Non-controlling interests		**372,925**	347,045
Total equity		**11,286,551**	11,119,047
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	23	**3,429,677**	4,420,170
Retention payable	24	**100,139**	111,063
Accounts and other payables – long term	26	**69,175**	58,747
Employees' end of service benefits	25	**38,213**	32,257
Total non-current liabilities		**3,637,204**	4,622,237
Current liabilities			
Accounts and other payables	26	**2,663,773**	2,671,429
Interest-bearing loans and borrowings	23	**1,377,014**	641,458
Retention payable	24	**173,773**	159,335
Total current liabilities		**4,214,560**	3,472,222
Total liabilities		**7,851,764**	8,094,459
Total equity and liabilities		**19,138,315**	19,213,506

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 14 February 2016.

Ibrahim Jassim Al-Othman President & Chief Executive Officer	Turki Mohammed Khaled Al Khater Chairman of the Board

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to the equity holders of the Parent						
	Issued capital QR'000	*Legal reserve QR'000*	*Other reserves (Note 20) QR'000*	*Retained earnings QR'000*	*Total QR'000*	*Non-controlling interests QR'000*	*Total equity QR'000*
As at 1 January 2015	3,540,862	1,452,249	1,680,128	4,098,763	10,772,002	347,045	11,119,047
Total comprehensive income for the year							
Profit for the year	-	-	-	689,635	689,635	43,244	732,879
Other comprehensive loss							
Net change in fair value of available-for-sale financial assets	-	-	(57,230)	-	(57,230)	-	(57,230)
Impairment of previously revalued property, plant and equipment	-	-	(27,510)	-	(27,510)	-	(27,510)
Change in cash flow hedge reserve	-	-	(1,382)	-	(1,382)	-	(1,382)
Total other comprehensive loss	-	-	(86,122)	-	(86,122)	-	(86,122)
Total comprehensive income for the year	-	-	(86,122)	689,635	603,513	43,244	646,757
Transfer to legal reserve (Note 19)	-	68,964	-	(68,964)	-	-	-
Dividend paid (Note 21)	-	-	-	(442,608)	(442,608)	(19,404)	(462,012)
Contribution to social and sports fund (Note 22)	-	-	-	(17,241)	(17,241)	-	(17,241)
Change in non-controlling interests	-	-	-	(2,040)	(2,040)	2,040	-
Total transactions with owners	-	68,964	-	(530,853)	(461,889)	(17,364)	(479,253)
As at 31 December 2015	**3,540,862**	**1,521,213**	**1,594,006**	**4,257,545**	**10,913,626**	**372,925**	**11,286,551**

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2015

	Attributable to the equity holders of the Parent						
	Issued capital QR'000	*Legal reserve QR'000*	*Other reserves (Note 20) QR'000*	*Retained earnings QR'000*	*Total QR'000*	*Non-controlling interests QR'000*	*Total equity QR'000*
As at 1 January 2014	3,372,250	1,389,682	1,612,627	4,057,140	10,431,699	315,386	10,747,085
Total comprehensive income for the year							
Profit for the year	-	-	-	625,669	625,669	50,669	676,338
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	71,943	-	71,943	-	71,943
Net change in fair value of property, plant and equipment	-	-	(4,630)	-	(4,630)	-	(4,630)
Change in cash flow hedge reserve	-	-	188	-	188	-	188
Total other comprehensive income	-	-	67,501	-	67,501	-	67,501
Total comprehensive income for the year	-	-	67,501	625,669	693,170	50,669	743,839
Bonus shares	168,612	-	-	(168,612)	-	-	-
Transfer to legal reserve (Note 19)	-	62,567	-	(62,567)	-	-	-
Dividend paid	-	-	-	(337,225)	(337,225)	(17,787)	(355,012)
Contribution to social and sports fund (Note 22)	-	-	-	(15,642)	(15,642)	-	(15,642)
Change in non-controlling interests	-	-	-	-	-	(1,223)	(1,223)
Total transactions with owners	168,612	62,567	-	(584,046)	(352,867)	(19,010)	(371,877)
As at 31 December 2014	3,540,862	1,452,249	1,680,128	4,098,763	10,772,002	347,045	11,119,047

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	*2015* *QR'000*	*2014* *QR'000*
Operating activities			
Profit for the year		**732,879**	676,338
Adjustments to reconcile profit to net cash flows:			
Net share of results of associates	12	**(23,349)**	(25,644)
Depreciation	9	**75,217**	83,717
Amortisation	11	**1,454**	1,993
Impairment loss and write off of property, plant and equipment and assets held for sale	7a	**851**	16,612
Impairment loss on intangible assets	11	**151**	-
Impairment loss on investment property	10	**-**	37,052
Impairment loss on available-for-sale financial assets	13	**2,119**	-
Provision for slow moving inventory		**-**	3,159
Impairment loss on accounts receivable	16.1	**13,297**	3,336
Fair valuation gain on investment property	10	**(122,488)**	-
Profit on disposal of assets		**(635)**	(93)
Loss on disposal of assets held for sale		**2,689**	-
Net finance cost		**96,107**	125,054
Dividend income	32	**(20,252)**	(15,744)
Provision for employees' end of service benefits	25	**12,067**	8,234
		770,107	914,014
Working capital adjustments:			
Accounts and other receivables - long term		**(122,094)**	-
Proceeds from sale of assets held for sale		**13,846**	-
Inventories		**144,992**	328,231
Accounts and other receivables – current, net		**71,482**	263,119
Accounts and other payables		**(14,864)**	347,548
Retention payable		**3,514**	(122,523)
Cash generated from operating activities		**866,983**	1,730,389
Employees' end of service benefits paid	25	**(5,976)**	(5,545)
Finance cost paid		**(132,114)**	(147,391)
Net cash flows from operating activities		**728,893**	1,577,453
Investing activities			
Additions to property, plant and equipment	9	**(607,410)**	(316,043)
Proceeds from sale of property, plant and equipment		**1,236**	713
Time deposits with maturities more than three months		**(835,362)**	(277,379)
Additions to intangible assets	11	**(462)**	(362)
Additions to investment properties	10	**(37,189)**	(4,548)
Interest received		**33,985**	21,149
Dividend received from associates		**30,400**	50,960
Dividend received from other investee companies		**20,252**	15,744
Net cash flows used in investing activities		**(1,394,550)**	(509,766)
Financing activities			
Proceeds from interest bearing loans and borrowings		**1,679,861**	898,271
Repayment of interest bearing loans and borrowings		**(1,938,105)**	(1,074,829)
Dividend paid		**(457,590)**	(345,724)
Net contribution, distribution and dividend paid to non-controlling interests		**-**	(1,223)
Net cash flows used in financing activities		**(715,834)**	(523,505)
Net (decrease)/ increase in cash and cash equivalents		**(1,381,491)**	544,182
Cash and cash equivalents at 1 January		**2,435,061**	1,890,879
Cash and cash equivalents at 31 December	17	**1,053,570**	2,435,061

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

United Development Company Q.P.S.C. (the "Company") was incorporated as a Qatari Public Shareholding Company in accordance with the Emiri Decree No 2 on 2 February 1999 whose shares are publicly traded. The registered office of the Company is situated in Doha and its registered office address is P.O box 7256, Doha, State of Qatar. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. Information regarding the Group's structure is provided in Note 4.

The principal activity of the Group is to contribute and invest in infrastructure and utilities, hydrocarbon and energy, urban development, environment related businesses, marina and related services, fashion, hospitality and leisure, business management, advertising, providing information technology solutions and insurance agency activities.

Pursuant to the Emiri Decree No 17 of 2004, the Company has been provided with a right to develop an island off the shore of Qatar for the sale and/or lease of properties. The Company is presently engaged in the development of this area known as "Pearl Qatar project". The Pearl Qatar project involves reclamation of land covering an area of 985 acres (4.2 million square meters) into a manmade island and the development of the island into various districts comprising housing beachfront villas, town homes, luxury apartments, retail shopping complex, penthouses, five star hotels, marinas and schools with related infrastructure and community facilities. The reclamation and the development of the land is being performed on a mix use development basis which was substantially completed in 2011.

The consolidated financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 14 February 2016.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No 11 of 2015.

The consolidated financial statements have been prepared on a historical cost basis, except for land categorised as property, plant and equipment, investment properties, assets held for sale and available-for-sale financial assets that are presented at fair value in accordance with IFRS.

These consolidated financial statements are presented in Qatari Riyals, which is the Group's functional currency. All financial information is presented in Qatari Riyals and all values are rounded to the nearest thousands unless and otherwise indicated.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition for real estate units
In making their judgment, management considered detailed criteria for the recognition of revenue from the sale of real estate units as set out in IAS 18 Revenue, and in particular, whether the Group had transferred the significant risks and rewards associated with ownership of real estate units to the buyer.

Impairment of available-for-sale financial assets
The Group treats available-for-sale financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment.

Classification of investment property or inventory
Property is classified as investment property or inventory based on the following criteria:

- Investment property comprises of land and buildings which are not occupied, not held for use by the Group in its operations, nor for sale in the ordinary course of business, but held primarily to earn rental income and capital appreciation;

2 BASIS OF PREPARATION (CONTINUED)

Judgments (continued)

Classification of investment property or inventory (continued)

- Inventory comprises of land and residential properties that are held for sale in the ordinary course of business. Principally these residential properties represent those that the Group develops and intends to sell before or on completion of construction.

Transfer of real estate units from inventory to investment properties
The Group sells real estate assets in the ordinary course of business. In the event of a change in managements' intention to retain certain real estate units for capital appreciation or to earn rental income, the carrying amount of real estate assets is transferred and any differences between the fair value of a real estate unit and its carrying amount is recognised in the statement of profit or loss at transfer date.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful life of property, plant and equipment for the purpose of determining depreciation. This estimate is determined after considering the expected usage of the asset or its physical wear and tear. Management periodically reviews the estimated useful life and depreciation method of an asset to ensure that the method and the period of depreciation is consistent with the expected pattern of economic benefits associated from the asset.

Impairment of trade and other receivables
An estimate of the collectible amount of trade and other receivables is made when the collection of the full amount is no longer probable. For individually significant amounts, the estimate is performed on an individual basis. Amounts which are not individually significant but which are past due are assessed collectively and an impairment provision applied for amounts past due for more than 365 days.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 described below:

Fair value of property (land classified as property plant and equipment and investment property)
The fair value of land and investment property is determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group assets.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Group has not early adopted any other standards, interpretation or amendments that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2015, 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 and amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Annual Improvements

Annual Improvements 2010-2012 Cycle
With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied the following improvements for the first time in these consolidated financial statements. They include:

IFRS 2 *Share-based Payment*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. These amendments did not impact the Group's consolidated financial statements or accounting policies as the Group does not operate a share based payment scheme.

IFRS 3 *Business Combinations*
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment does not impact the Group's accounting policy.

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

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous years and continues to disclose the same in Note 33 in the current year financial statements as the reconciliation is reported to the chief operating decision maker for the purposes of his decision making.

IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets*
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that an asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Group during the current year.

IAS 24 *Related Party Disclosures*
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant to the Group as it does not receive any key management personnel services from any other entities.

Annual Improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and the Group has applied the following amendments for the first time in these consolidated financial statements. They include:

IFRS 3 *Business Combinations*
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Group is not a joint arrangement, and thus this amendment is not relevant to the Group and its subsidiaries.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Annual Improvements (continued)

Annual Improvements 2011-2013 Cycle (Continued)

IFRS 13 *Fair Value Measurement*
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

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

Annual Improvements 2012-2014 Cycle
These improvements are effective for annual periods beginning on or after 1 January 2016. They 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 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 must be applied prospectively.

IFRS 7 *Financial Instruments: Disclosures*
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 would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

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 must be 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 must be applied prospectively. The amendment is not expected to have any impact on the Group.

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 must be applied retrospectively. These amendments are not expected to have any impact on the Group.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Annual Improvements (continued)

Annual Improvements 2012-2014 Cycle (continued)

Amendments to IAS 1 *Disclosure Initiative*
The amendments to IAS 1 Presentation of Financial Statements 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 are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

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. 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 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 must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective are disclosed below. The Group intends to adopt these standards, if applicable,when they become effective.

IFRS 9 *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date.

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Standards issued but not yet effective (continued)

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is 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 effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27 *Equity Method in Separate Financial Statements*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group’s consolidated financial statements.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors’ interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Basis of consolidation
The consolidated financial statements comprise the financial statements of United Development Company Q.P.S.C. and all its subsidiaries as at 31 December each year. 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 (i.e., existing rights that give it the current ability to direct the relevant activities of 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights.

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 three 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 financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)
Profit or loss and each component of other comprehensive income (OCI) 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. 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.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity.

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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of the influence retained.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. The consolidated financial statements include the financial statements of United Development Company Q.P.S.C. and its subsidiaries listed in the following table:

	Country of incorporation	% equity interest	
		2015	2014
Qatar District Cooling Company Q.C.S.C	Qatar	51	51
Ronautica Middle East O.M.C.	Qatar	100	100
The Pearl Qatar Company O.M.C.	Qatar	100	100
Hospitality Development Company O.M.C.	Qatar	100	100
United Fashion Company O.M.C.	Qatar	100	100
Medina Centrale Company O.M.C.	Qatar	100	100
Abraj Quartier Company O.M.C.	Qatar	100	100
United Facilities Management Company O.M.C	Qatar	100	100
Scoop Media and Communication Company O.M.C.	Qatar	100	100
Pragmatech Company O.M.C.	Qatar	100	100
Glitter O.M.C	Qatar	100	100
Enterprise Development Company	Republic of Turkey	100	100
Insure Plus O.M.C.	Qatar	100	100
Madina Innova O.M.C	Qatar	100	100
The Pearl Owners Corporation O.M.C	Qatar	100	100
United Development Investment Company	Cayman Island	100	100
United Technology Solutions Company O.M.C	Qatar	100	100
Porto Arabia Retail Company 1	Cayman Island	100	100
Leisure and Resorts O.M.C	Qatar	100	100

Qatar District Cooling Company Q.C.S.C, is a material partly owned subsidiary of the Group and is engaged in the construction, owning and operation of district cooling systems. It consolidates Installation Integrity 2006 W.L.L. (100%) and Cool Tech Qatar W.L.L. (100%) in its consolidated financial statements.

The accumulated balance of material non-controlling interest disclosed in the statement of financial position of QR 373,873 thousands as at 31 December 2015 (2014: QR 350,133 thousands) relates to the 49% equity interest in Qatar District Cooling Company Q.C.S.C that is not owned by the Group. Profit allocated to the material non-controlling interest amounted to QR 43,144 thousands (2014: QR 51,764 thousands).

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)
The summarised financial information of this subsidiary is provided below: This information is based on amounts before inter-company eliminations.

	2015 ***QR'000***	*2014* *QR'000*
Profit before tax	**107,681**	115,605
Total assets	**1,667,309**	1,530,960
Total liabilities	**840,265**	771,998
Total equity	**827,044**	758,962

Ronautica Middle East O.M.C. is involved in the development, operation of marina and sale of marine related equipment. During 2008, the capital of Ronautica Middle East O.M.C. was increased from QR 30 million to QR 100 million. The increase in capital was fully paid by the Group, which increased its equity interest from 60% to 88%. During 2009, the Group purchased the non-controlling interest of Ronautica Middle East O.M.C., which increased its equity interest from 88% to 100%.

The Pearl Qatar Company O.M.C activity is in the real estate sector.

Hospitality Development Company O.M.C. (HDC) is engaged in the investment and management of restaurants and sales and purchases of fast moving consumer goods in the hospitality sector. HDC consolidates Lebanese Restaurants Development L.L.C (84%), , Flavour of Mexico L.L.C (90%), The Rising Sun L.L.C (95.68%), Urban Restaurant Development L.L.C (90%) and Wafflemaster Restaurant L.L.C (2015: 100%, 2014:Nil) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.250 million to QR 50 million.

HDC took the decision to discontinue the operations of Modern Lebanese Restaurant L.L.C (90%) and China Square L.L.C (80.01%), respectively from 31 May 2014 and 30 September 2015. The liquidation process is still ongoing.

United Fashion Company O.M.C. (UFC) is engaged in fashion retailing. The mandate of the Company is to acquire top international names for brand franchising and operating in the Middle East. UFC consolidates Rony Nacouzi (60%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.250 million to QR 80 million

The operation of Hiref Middle East W.L.L which had a 51% stake in 2014 was officially closed as of 30 September 2014 and the liquidating process is still ongoing.

Medina Centrale Company O.M.C. is engaged in the investment of real estate properties.

Abraj Quartier Company O.M.C activity is in the development of real estate properties.

United Facilities Management Company O.M.C is engaged in facility management activity.

Scoop Media and Communication Company O.M.C activity is in the advertising sector.

PragmaTech Company O.M.C. activity is in providing information technology solutions. During the year 2012, a decision was taken to close this company's branch in Lebanon.

Glitter O.M.C. is engaged in cleaning services and related activities.

The Enterprise Development Company operates in the real estate sector and during the year 2013, a decision was taken to liquidate the company. The liquidation process was finalised during 2015.

Insure plus O.M.C acts as an insurance agent and provides technical services and risk related services of an insurance nature to the Group.

Madina Innova O.M.C is engaged in providing registry and master community services at the Pearl Qatar.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

The Pearl Owners Corporation O.M.C is engaged in property management support services.

United Development Investment Company is engaged in development and investment of real estate activities.

United Technology Solutions O.M.C is engaged in providing information technology solutions.

Porto Arabia Retail Company 1 is engaged in real estate rental activities.

Leisure and Resorts O.M.C engages in resort operations and development activities.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 - Financial Instrument: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration that is classified as equity is not remeasured, subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of its assets acquired and all of the liabilities assumed and reviews the procedures used to measure amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Investment in associates
Associates are those entities in which the Group has the significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The Group's investments in its associates are accounted for under the equity method of accounting.

Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the change in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in associates (continued)
The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Upon loss of the significant influence over the associate, the Group measures and recognizes any retained investments at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of retained investments and proceeds from disposal is recognized in the statement of profit or loss.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the executive decision makers. The executive decision makers, who are responsible for the allocation of resources and assessing the performance of operating segments have been identified as the Board of Directors.

Revenue recognition

Revenue from the sale of completed properties (land, townhouses, apartments and villas)
The Group applies IAS 18 revenue recognition principles to recognise the revenue from the sale of properties and accordingly the following conditions should be satisfied to recognise a sale:
(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the properties
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In jurisdictions where the Group transfers risks and rewards of ownership of the property in its entirety at a single point in time, revenue of and the associated costs are recognized at that point of time. Although this trigger is determined by reference to the sales contract and the relevant local laws, and so may differ from transaction to transaction, in general the Group determines the point of recognition of revenue to be the time at which the buyer is entitled to take possession of the property.

Revenue from the sale of goods and chilled water
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods and services have passed to the buyer and the amount of revenue can be measured reliably.

For the sale of chilled water, revenue comprises of available capacity and variable output provided to customers and is recognized when services are provided.

Service charges and expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from services
Revenue from rendering services is recognized by reference to the stage of completion of the transaction at the reporting date when the outcome of the transaction can be reliably estimated.

Profit on sale of available-for-sale financial assets
On sale of available-for-sale financial assets, a gain is recognised as the difference between the carrying amount and the sum of:
(a) consideration received and
(b) any cumulative gain previously recognised directly in equity.

Interest income
Interest income is recognised using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividend income
Dividend income is recognised when the right to receive the dividend is established which is generally when shareholders approve dividends.

Fee income
Fee income is recognised on a time proportion basis when realized.

Rental income
Rental income from investment properties and the leasing of berths is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Revenue from sale of goods (retail fashion and restaurant sales)
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the buyer; recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is measured at fair value.

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any revaluation surplus is recognized in the statement of other comprehensive income and presented in the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in the statement of profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except where the deficit directly offsets a previous surplus on the same asset which is directly offset against the surplus in the asset revaluation reserve.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Valuations are performed frequently enough to ensure that the fair value of the revalued assets do not differ materially from its carrying value.

Reclassification to investment properties
When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on re-measurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings, plant and facilities	20 – 50 years
Building improvements	3 – 7 years
Furniture, fixtures, equipment and instruments	3 – 7 years
Motor vehicles and boats	5 – 8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets
The Group recognises intangible assets arising from corporate branding, a brand strategy development arrangement where it has the right to charge for usage of brand strategy, development cost of technical know-how and computer software. These intangible assets are measured at cost upon initial recognition. Following initial recognition, the intangible asset is measured at cost, less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)
Computer software which is not an integral part of hardware is recognised as an intangible asset and is amortised over its estimated useful life of 5 years as determined by the Group's management. Corporate branding and brand strategy development cost is amortised over its estimated useful life of between 8 and 12 years as determined by the Group's management. Development cost of technical know-how is amortised over its estimated useful life of 5 years as determined by the Group management. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work–in-progress
The cost of capital work-in-progress consists of the contract value, directly attributable costs of developing and bringing the project assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The costs of capital work-in-progress will be transferred to tangible and intangible non-current asset classifications when these assets reach their working condition for their intended use. The carrying values of capital work in progress 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.

Investment properties
Investment property comprises completed property and property under construction or re-development held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequent to the initial recognition, investment property is stated at fair value with gains or losses arising from changes in fair value included in the statement of profit or loss in the year which they arises.

Cost includes expenditure that is directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and any other costs directly attributable to bringing the investment property to a working condition for their intended use. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Transfers are made to investment property when and only when, there is a change in use, evidenced by the end of the owner occupation or commencement of an operating lease. Transfers are made from investment or commencement of an operating lease. Transfers are made from investment property when and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of profit or loss.

Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the investment property no longer exists or have reduced.

Borrowing costs
The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. For the purpose of determining interest available for capitalization, the costs related to these borrowings are reduced by any investment income on the temporary investment of the borrowings.

The capitalization of borrowing costs will cease once the asset is ready for its intended use. All other interest is recognised in the statement of profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Non-derivative financial assets
The Group initially recognises accounts and other receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Non-derivative financial assets comprise investments in equity securities, accounts and other receivables, cash and cash equivalents.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, as appropriate.All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

The Group derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of the financial asset are transferred.

Non-derivative financial assets are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Derecognition of financial assets
A financial asset is primarily derecognised where:
- the right to receive cash flows from the asset have expired or;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass through’ arrangement; and
- either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events that has occurred after the initial recognition of the asset, has a negative effect on the estimated future cash flows of that asset and can be estimated reliably.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets (continued)
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the original effective interest rate. All impairment losses are recognized in the statement of profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Financial liabilities
Non-derivative financial liabilities
All the financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities comprise term loans, accounts and other payables and retention payable.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Derecognition financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, 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 amount is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets other than investment property and inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated. An assets recoverable amount is the highest of an asset fair value less costs of disposal and its value in use.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)
In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Fair value measurement
The Group measures financial instruments and non-financial assets such as investment properties, at fair value at each consolidated financial position date. Fair value related disclosures for financial instruments and non-financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:
- property, plant and equipment in Note 9
- investment properties in Note 10
- available-for-sale financial assets in Note 13
- assets held for sale in Note 15
- quantitative disclosures of fair value measurement hierarchy in Note 31

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. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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

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

The Group determines the policies and procedures for both recurring fair value measurement such as unquoted available-for-sale financial assets, and for non-recurring measurement. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

The Group, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Available-for-sale financial assets
For investments actively traded in organised financial markets, fair value is determined by reference to quoted market bid prices at the close of business at the reporting date. Where the investments are not traded in an active market, traded in small volumes or where there is no quoted market price, a reasonable estimate of fair value is determined by reference to current market value of a similar investment or is based on the expected discounted cash flows. Investments whose fair value cannot be reliably measured are carried at cost less any impairment in value.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

Accounts and other receivables
The fair value of accounts and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Investment property
The Group values its investment property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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 and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Available-for-sale financial assets
The Group's investments in equity securities are classified as available-for-sale financial assets. After initial recognition, investments which are classified "available-for-sale – quoted" are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale financial assets (refer to note 20), are recognised directly in equity.

On de-recognition or impairment, the cumulative gain or loss previously reported in equity is included in the profit or loss for the year.

Due to the nature of the cash flows arising from the Group's unquoted investments, the fair value of investments cannot be reliably measured and consequently, these investments are carried at cost, less provision for impairment losses, if any. Available-for-sale instruments are recognised and derecognised on a trade date basis, when the Group becomes or ceases to be a party to the contractual provisions of the instrument.

Accounts and other receivables
Accounts and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Inventories
Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank balances and short term original deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Interest bearing loans and borrowings
All the term loans are initially recognised at the fair value of the consideration received plus directly attributable transaction costs. After initial recognition, interest bearing term loans are subsequently measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of the loan facility are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Employees' end of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and the length of service, subject to the completion of a minimum service period, calculated under the provisions of the Qatar Labour Law and is payable upon resignation or termination of employment. The expected costs of these benefits are accrued over the period of employment.

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

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

Provisions are measured at present value of expenditure expected to be required to settle the obligation at the end of the reporting period, using the rate that reflect the current market assessments of the time value of money and the risk specific to the obligation.

Provision are reviewed at each statement of financial position date and adjust to reflect the current best estimate. If it is no longer probable that an out flow resource embodying economic benefits will be required to settle the obligation the provision is reversed.

Onerous contracts
Present obligation arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the obligation under the contract exceed the economic benefits expected to be received from the contract.

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 recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Foreign currency translation
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are recognised in the profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (continued)
Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading; or
- 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.

Discontinued operations
A discontinued operation is a component of the Group's business that represents a separate geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale.

Assets and liabilities of discontinued operations are considered as disposal groups and classified as held-for-sale. Impairment loss on initial classification to held-for-sale and subsequent gain or loss on re-measurement are recognised in profit or loss.

The disposal group is re-measured in accordance with the Group's accounting policies immediately before classification as held-for-sale. Therefore, generally the disposal group is measured at the lower of its carrying amount and fair value less costs to sell. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Cash dividend and non-cash distribution to equity holders of the parent
The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Qatar Commercial Companies' Law No. 11 of 2015, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

5 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, accounts and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group has exposure to the following risks from its use of financial instruments
- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management frame work.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Accounts and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The majority of the Group's revenue is attributable to customers originating from the Gulf cooperative Council States. There is no concentration of credit risk attributable to a single customer.

Properties sold are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require additional collateral in respect of accounts and other receivables.

Accounts receivable are stated at original 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.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity 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 Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Currency risk
The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities. The majority of the Group's transactions are denominated in the functional currency of the Group's entities or currencies with a fixed exchange rate to the functional currency.

Equity price risk
The Group monitors equity securities based on the market indices. Material investments are managed by the Group on individual basis and all buy and sell decisions are approved by the Board of Directors. The equity securities performance is actively monitored and managed on a fair value basis.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of change in the market interest rate relates primarily to the Group's interest bearing loans and borrowings. The Group adopts a policy of ensuring that interest rate exposures are reviewed regularly.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plan;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with reports submitted to the Audit Committee, Board of Directors and senior management of the Group.

Capital management
The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group objectives when managing capital are:

- To safeguard the Group's ability to continue as going concern, so that it can continue to provide return 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 ensure that it meets financial covenants attached to the interest bearing loans and borrowings.

6 OTHER OPERATING INCOME

	2015	2014
	QR'000	*QR'000*
Fee income	169,374	40,152
Sundry income	62,531	20,120
	231,905	60,272

7 GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	QR'000	*QR'000*
Payroll and related expenses	206,644	193,500
Depreciation (Note 9)	29,047	31,017
Rent	12,960	19,820
Professional charges	18,259	11,493
Directors remuneration	13,500	13,500
Impairment loss and write off of property, plant and equipment and assets held for sale (Note a)	851	16,612
Other general and administrative expenses	60,524	48,852
	341,785	334,794

Notes

(a) Impairment loss and write off of property, plant and equipment and assets held for sale:

	2015	2014
	QR'000	*QR'000*
Write offs of property, plant and equipment (Note 9)	-	2,245
Impairment loss on property, plant and equipment (Note 9)	851	10,545
Impairment loss on assets held for sale - boats (Note 15)	-	3,822
	851	16,612

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2015	2014
	QR'000	*QR'000*
Profit attributable to equity holders of the parent	689,635	625,669
Weighted average number of ordinary shares outstanding during the year	354,086	354,086
Basic and diluted earnings per share (QR)	**1.95**	1.77

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

9 PROPERTY, PLANT AND EQUIPMENT

	Land QR'000	*Building QR'000*	*Boats QR'000*	*Plant facilities QR'000*	*Furniture, fixture, equipment, instruments and building improvements QR'000*	*Motor vehicles QR'000*	*Capital work in progress QR'000*	*Total 2015 QR'000*	*Total 2014 QR'000*
Cost or valuation:									
At 1 January	1,928,868	59,997	7,904	1,341,591	391,829	30,046	755,938	4,516,173	4,297,927
Additions	-	-	453	1,079	14,414	2,524	588,940	607,410	316,043
Transfers	-	-	-	(734)	9,484	-	(14,092)	(5,342)	(51,079)
Write-offs	-	-	-	-	(6,729)	-	-	(6,729)	(7,001)
Disposals	-	-	(10)	-	(2,124)	(4,854)	-	(6,988)	(39,717)
At 31 December	1,928,868	59,997	8,347	1,341,936	406,874	27,716	1,330,786	5,104,524	4,516,173
Depreciation and impairment:									
At 1 January	-	30,087	4,441	212,658	242,324	25,495	-	515,005	474,405
Depreciation charge for the year	-	2,520	1,097	38,037	30,831	2,732	-	75,217	83,717
Transfers	-	-	-	-	(142)	-	-	(142)	(14,439)
Impairment	-	-	-	-	28,361	-	-	28,361	15,175
Write-offs	-	-	-	-	(6,729)	-	-	(6,729)	(4,756)
Disposals	-	-	(9)	-	(1,806)	(4,572)	-	(6,387)	(39,097)
At 31 December	-	32,607	5,529	250,695	292,839	23,655	-	605,325	515,005
Net Book Value:									
At 31 December 2015	**1,928,868**	**27,390**	**2,818**	**1,091,241**	**114,035**	**4,061**	**1,330,786**	**4,499,199**	
At 31 December 2014	1,928,868	29,910	3,463	1,128,933	149,505	4,551	755,938		4,001,168

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation charge has been disclosed in the consolidated financial statements as follows:

	2015	*2014*
	QR'000	*QR'000*
Cost of revenue	45,885	51,673
Sales and marketing expenses	285	1,027
General and administrative expenses (Note 7)	29,047	31,017
	75,217	83,717

(i) The district cooling system plant and related facilities are being constructed on the freehold land owned by the Group and leasehold land.

(ii) The revaluation of the land in the West Bay area and Pearl Qatar was carried out by an independent external valuator in 2011. The cost of the land which was subject to revaluation, amounted to QR 109,500 thousands. The Group believes that the carrying value of revalued assets as at 31 December 2015 approximates its fair value.

(iii) Capital work in progress comprises of the costs incurred in respect of the following:

	2015	*2014*
	QR'000	*QR'000*
Cooling plants – Qatar District Cooling Company Q.C.S.C	237,922	49,744
Properties under development	1,090,510	703,840
Others	2,354	2,354
	1,330,786	755,938

(iv) The impairment loss of QR 28,361 thousands (2014: QR 15,175 thousands) was as a result of a review carried out by the Group where the recoverable amount of the items of property, plant and equipment was found to be lower than the carrying amount of such assets, of which certain assets were previously revalued.

The recoverable amounts were determined as the higher of fair value less cost to sell or value in use.

Impairment loss and write offs amounting to QR 28,361 thousands (2014: QR 17,420 thousands) are disclosed in the consolidated financial statements as follows:

	2015	*2014*
	QR'000	*QR'000*
Impairment loss		
Asset revaluation reserve (Note 20c)	27,510	4,630
General and administration expenses (Note 7a)	851	10,545
	28,361	15,175
Write offs		
General and administration expenses (Note 7a)	-	2,245
	28,361	17,420

10 INVESTMENT PROPERTIES

	2015	*2014*
	QR'000	*QR'000*
Balance at 1 January	8,394,340	7,290,596
Additions - development costs incurred during the year	37,189	4,548
Transfers from inventory	150,692	1,136,248
Fair value gain	122,488	-
Impairment loss	-	(37,052)
Balance at 31 December	**8,704,709**	8,394,340

The cost of investment properties as of 31 December 2015 includes capitalised borrowing costs amounting to QR 261,474 thousands (2014: QR 229,572 thousands).

The fair value of investment property is determined on the basis of a valuation carried out by an accredited independent valuer. The valuer is a member of a professional valuers associations and has the appropriate qualifications and experience in valuing these types of investment properties. The valuation was mainly determined using the discounted cash flow method in accordance with RICS valuation standards, adopting the IFRS basis of fair value and using established principals and valuation techniques. Management believes there has been no significant change to the fair value as at 31 December 2015 and the carrying value of investment properties approximates fair value.

The transfers to investment properties resulted from a change in managements' business plan to use these properties to generate rental income for the Group in future periods.

11 INTANGIBLE ASSETS

	Branding	*Goodwill*	*Operating software*	*Others*	*Total*
	QR'000	*QR'000*	*QR'000*	*QR'000*	*QR'000*
Cost:					
Balance at 1 January 2015	7,761	8,867	8,712	2,814	28,154
Additions during the year	447	-	15	-	462
Transfer	355	-	-	-	355
Balance at 31 December 2015	**8,563**	**8,867**	**8,727**	**2,814**	**28,971**
Balance at 1 January 2014	7,761	8,867	8,350	2,814	27,792
Additions during the year	-	-	362	-	362
Balance at 31 December 2014	7,761	8,867	8,712	2,814	28,154

11 INTANGIBLE ASSETS (CONTINUED)

	Branding QR'000	*Goodwill QR'000*	*Operating software QR'000*	*Others QR'000*	*Total QR'000*
Amortisation and impairment:					
Balance at 1 January 2015	5,346	8,867	6,931	2,544	23,688
Amortisation for the year	602	-	829	23	1,454
Impairment	151	-	-	-	151
Balance at 31 December 2015	**6,099**	**8,867**	**7,760**	**2,567**	**25,293**
Balance at 1 January 2014	4,455	8,867	6,185	2,188	21,695
Amortisation for the year	891	-	746	356	1,993
Balance at 31 December 2014	5,346	8,867	6,931	2,544	23,688
Net book value:					
At 31 December 2015	**2,464**	-	**967**	**247**	**3,678**
At 31 December 2014	2,415	-	1,781	270	4,466

12 INVESTMENT IN ASSOCIATES

The Group has the following investments in associate companies:

	Country of incorporation	***Shareholding***	***2015 QR'000 Carrying Value***	*2014 QR'000 Carrying Value*
Middle East Dredging Company Q.S.C. (Note a)	Qatar	45.9%	-	-
Al-Seef Limited Q.S.C (Note b)	Qatar	20%	254,506	271,427
United Readymix W.L.L. (Note c)	Qatar	32%	53,015	44,152
ASTECO Qatar (Note d)	Qatar	30%	1,079	1,454
			308,600	317,033

Notes:

(a) Middle East Dredging Company Q.S.C. (the associate) is involved in project related dredging and reclamation activities in the Gulf States and other neighbouring countries. The equity holding in the associate was impaired in full during 2013. Although the associate recorded a profit in 2014 and 2015, the Group has not recorded its share of this profit as the associate current liabilities as at 31 December 2015 exceeds its current assets and the accumulated losses of the associate exceeds 50% of its share capital.

(b) Al-Seef Limited Q.S.C. is engaged in production and selling of Linear Alkyl Benzene (LAB), downstream petrochemical products and essential feedstock to worldwide detergent manufacturing industries.

(c) United Readymix W.L.L. is engaged in the production and sale of ready-mix concrete and other building materials.

(d) ASTECO Qatar is involved in property management activity. In 2014, a decision was taken to liquidate the Company. The liquidation process is currently being carried out.

12 INVESTMENT IN ASSOCIATES (CONTINUED)

The net share of the results of associates represents the Group's share of the associates' net profit/(loss) for the year. The following table represents the summarized financial information of the Group's investments in associates.

	2015 QR'000	*2014 QR'000*
Share of associates' in the statement of financial position:		
Non-current assets	580,496	588,648
Current assets	676,497	677,572
Non-current liabilities	(162,988)	(162,520)
Current liabilities	(785,405)	(786,667)
Net assets	**308,600**	317,033
Associates' share of revenue and results:		
Group's share of revenue	**231,823**	1,117,099
Group's share of profit for the year	**23,349**	25,644

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 QR'000	*2014 QR'000*
Available-for-sale financial assets – quoted shares – Inside Qatar	254,182	310,559
Available-for-sale financial assets – quoted shares – Outside Qatar	191,274	194,246
Available-for-sale financial assets – unquoted shares	4,000	4,000
	449,456	508,805

As of 31 December 2015, unquoted equity investments are carried at cost due to non-availability of quoted market prices or other reliable measures of fair value.

Movement of the available-for-sale financial assets during the year is as follows:

	2015 QR'000	*2014 QR'000*
Balance at 1 January	508,805	436,862
Net change in fair value (Note 20)	(57,230)	71,943
Impairment loss recognised in the statement of profit or loss	(2,119)	-
Balance at 31 December	**449,456**	508,805

14 INVENTORIES, NET

	2015 QR'000	*2014 QR'000*
Land and properties held for trading	1,341,514	1,632,960
Construction work in progress – equipment	5,981	14,380
Material and chemical items	8,013	6,816
Spare parts	7,653	6,283
Fashion items	5,389	4,028
Food, beverage and consumables	995	774
Boat stocks	102	90
	1,369,647	1,665,331

15 ASSETS HELD FOR SALE

The Directors of the Company passed a resolution to dispose of certain yachts owned by the Group. Accordingly the yachts were classified as assets held for sale.

	2015 QR'000	*2014 QR'000*
Balance at 1 January	16,535	20,357
Impairment loss (Note 7a)	-	(3,822)
Disposal	(16,535)	-
Balance at 31 December	-	16,535

All boats classified as assets held for sale were sold in 2015.

16 ACCOUNTS AND OTHER RECEIVABLES

	2015 QR'000	*2014 QR'000*
Accounts and other receivables – current, net (Note 16.1)	1,385,514	1,464,281
Accounts and other receivables - long term (Note 16.2)	140,165	18,071
	1,525,679	1,482,352

16.1 Accounts and other receivables – current, net

	2015 QR'000	*2014 QR'000*
Accounts receivable	128,096	94,040
Amounts due from customers	596,024	700,441
Advances to contractors	39,506	78,393
Amounts due from related parties (Note a)	21,957	31,232
Accrued income	5,864	4,562
Prepaid expenses and other assets	594,067	555,613
	1,385,514	1,464,281

As at 31 December 2015, accounts receivable amounting to QR 41,422 thousands (2014: QR 29,274 thousands) were impaired and fully provided for.

	2015 QR'000	*2014 QR'000*
Balance as of 1 January	29,274	30,798
Provision made during the year	13,297	3,550
Bad debts written off	(351)	(4,860)
Recoveries	(798)	(214)
Balance as of 31 December	**41,422**	29,274

16 ACCOUNTS AND OTHER RECEIVABLES (CONTINUED)

16.1 Accounts and other receivables – current, net (continued)

(a) Included in the amounts due from related parties are the following balances:

	2015 QR'000	*2014 QR'000*
United Readymix W.L.L.	14,203	15,425
Middle East Dredging Company Q.S.C.	1,492	4,412
China Square L.L.C	-	3,945
Lebanese Restaurants Development L.L.C	3,201	3,201
Flavour of Mexico L.L.C	1,264	1,264
Lavantine SAS	-	1,105
Food Scope America	1,097	1,097
Urban Restaurant Development L.L.C	700	779
Installation Integrity 2006 W.L.L	-	4
	21,957	31,232

Refer to Note 27 for the terms and conditions relating to related party transactions. Accounts receivable is non-interest bearing and as at 31 December 2015, the analysis of accounts receivables and amounts due from customers that were past due but not impaired is set out below:

	Neither past due nor impaired 2015 QR'000	***Past due but not impaired 2015 QR'000***	***Total 2015 QR'000***	*Total 2014 QR'000*
Accounts receivable	6,869	121,227	128,096	94,040
Amounts due from customers	337,954	258,070	596,024	700,441
	344,823	**379,297**	**724,120**	794,481

Note 30 on credit risk of accounts receivable, explains how the Group manages and measures credit quality of accounts receivable that are neither past due nor impaired.

16.2 Accounts and other receivables - long term

	2015 QR'000	*2014 QR'000*
Long term deposits (i)	18,071	18,071
Long term loan receivable (ii)	122,094	-
	140,165	18,071

(i) This amount represents the deposit paid for the purpose of obtaining utilities services by the subsidiary, Qatar Cool District Cooling Company Q.C.S.C. This deposit will be released upon the discontinuation of the service provided for each cooling plant.

(ii) In 2015, the Group entered into an agreement to provide a financing facility to its associate, Middle East Dredging Company Q.S.C, a related party. The loan is interest-bearing and repayable at the end of the loan term.

17 CASH AND CASH EQUIVALENTS

	2015	*2014*
	QR'000	*QR'000*
Cash on hand and bank balances	230,441	532,655
Time deposits	2,046,906	2,290,821
Total cash and cash equivalents	2,277,347	2,823,476
Less: Reserves / Time deposits maturing after 90 days	(1,223,777)	(388,415)
Cash and cash equivalents as per the statement of cash flows	**1,053,570**	2,435,061

Time deposits carry interest at commercial rates.

18 ISSUED CAPITAL

	2015	*2014*
	QR'000	*QR'000*
Authorised, issued and fully paid up capital:		
354,086,248 ordinary shares of QR 10 each		
(2014 : 354,086,248 ordinary shares of QR 10 each)	**3,540,862**	3,540,862
Number of shares		
On issue at 1 January (thousands)	**354,086**	354,086
On issue at 31 December (thousands)	**354,086**	354,086

At 31 December 2015, the authorised share capital comprised of 354,086,248 ordinary shares (2014: 354,086,248 ordinary shares), all shares have a par value of QR 10. All issued shares are fully paid. The holders of ordinary shares are entitled to receive a dividend, as declared from time to time and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Group's residual assets.

19 LEGAL RESERVE

In accordance with Qatar Commercial Companies' Law No. 11 of 2015, 10% of the profits for the year are transferred to a legal reserve. Transfers may cease when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution, except in the circumstances stipulated by the Qatar Commercial Companies' Law No. 11 of 2015. In 2006, the Company capitalized QR 57,280 thousands from legal reserve in order to issue bonus shares for 2005.

During the year, an amount of QR 68,964 thousands was transferred to the legal reserve (2014: QR 62,567 thousands).

20 OTHER RESERVES

	Fair value reserve QR'000	***Cash flow hedge reserve QR'000***	***Asset revaluation reserve QR'000***	***Total 2015 QR'000***	*Total 2014 QR'000*
Balance at 1 January	153,714	(6,129)	1,532,543	1,680,128	1,612,627
(Decrease)/ increase	(57,230)	(1,382)	(27,510)	(86,122)	67,501
Balance at 31 December	**96,484**	**(7,511)**	**1,505,033**	**1,594,006**	1,680,128

(a) **Fair value reserve**

The fair value reserve is used to record the changes, other than impairment losses in the fair value of available-for-sale financial assets.

(b) **Cash flow hedge reserve**

The cash flow hedge reserve represents the Group's share of other comprehensive income of associates.

(c) **Asset revaluation reserve**

The asset revaluation reserve is used to record increases in the fair value of property, plant and equipment that were subject to fair valuation and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

The movement in asset revaluation reserve during the year is as follows:

	2015 QR'000	*2014 QR'000*
Impairment loss of previously revalued assets (Note 9)	(27,510)	(4,630)
	(27,510)	(4,630)

21 PROPOSED DIVIDENDS

The Board of Directors proposed a cash dividend of 15% of share capital amounting to QR 531,129 thousands for the year 2015 which will be subject to the approval of the shareholders at the Annual General Meeting (2014: cash dividend of 12.5% of share capital amounting to QR 442,608 thousands).

22 SOCIAL AND SPORTS FUND

Qatar Law No. 13 of 2008 requires all Qatari listed shareholding companies to pay 2.5% of net profit to a social and sports fund. In pursuant to this Law and further clarifications for the Law issued in 2010, the Group has made an appropriation of QR 17,241 thousands representing 2.5% of the net profit attributable to the equity holders of Company for the year ended 31 December 2015 (2014: QR 15,642 thousands).

23 INTEREST-BEARING LOANS AND BORROWINGS

	2015	*2014*
	QR'000	*QR'000*
Loan 1	569,482	602,023
Loan 2	764,925	764,925
Loan 3	694,583	819,236
Loan 4	728,000	728,000
Loan 5	192,500	245,000
Loan 6	485,545	589,545
Loan 7	61,700	61,700
Loan 8	819,380	1,020,360
Loan 9	523,976	267,545
	4,840,091	5,098,334
Less: Unamortised finance cost associated with raising finance	(33,400)	(36,706)
Balance at 31 December	**4,806,691**	5,061,628
Presented in the consolidated statement of financial position as:		
Current liability	1,377,014	641,458
Non-current liability	3,429,677	4,420,170
	4,806,691	5,061,628

The loans carry interest at variable rates of Qatar Central Bank repo rate and/or LIBOR plus or minus a margin. The finance costs associated with the raising of funds represents arrangement, agency and participation fees.

(i) Loan 1: In May 2007, the subsidiary, Qatar District Cooling Company signed a loan agreement with a consortium of banks to provide loan facilities. This loan agreement grants a total facility of US$ 285 million available for drawdown to repay the existing debt facility in full, fund the completion of the construction of the existing and new project facilities and to pay the interest, fees and other costs and expenses under the finance documents. The loan is repayable in nineteen semi-annual instalments commencing 36 months after the agreement date i.e. May 2010 and ending on May 2019. The loan is secured against the project assets and other tangibles of the chilling plants of the company. Additionally, all revenues from the chilling plants and insurance proceeds have been assigned in favour of the lenders.

On 28 December 2014, the Company informed the consortium of banks of its intention to fully settle the existing term loan liability through a refinancing facility taken up with a new bank. The new facility was made available to the Group subsequent to year end and, on 8 January 2015, the Company used the proceeds from the new facility to settle the existing term loan liability. The remaining balance of the unamortised finance costs associated with the existing liability was recognised in the statement of profit or loss for the year ended 31 December 2014.

(ii) Loan 2: In August 2014, the Company signed a syndicated loan agreement of US$ 210 million with a group of local and regional banks for corporate purposes available for 3 years as a revolving facility. The facility was fully drawn by the Company.

(iii) Loan 3: In September 2015, the subsidiary, Medina Centrale Company fully settled its existing syndicated loan facility of QR 765 million and US$ 27.4 million and entered into a new syndicated loan facility of QR 738 million. The new facility is payable in quarterly instalments commencing from November 2015 and ending in November 2019.

23 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(iv) Loan 4: This represents a corporate banking facility obtained by the Company in March 2013 for QR 728 million. The loan was fully drawn by the Company and payable over a period of 3 years from March 2013.

(v) Loan 5: This represents a general corporate facility obtained by the subsidiary, Porto Arabia Retail Company 1 in August 2011. The facility limit is QR 350 million payable semi-annually commencing from February 2013 to August 2018. The facility was fully drawn by the Company.

(vi) Loan 6: This represents a general corporate facility obtained by the Company in September 2014. The loan was fully drawn by the Company and repayable in quarterly instalments commencing from October 2014 and ending on October 2021.

(vii) Loan 7: This facility was obtained by the subsidiary United Development Investment Company in February 2011. The facility limit is QR 400 million payable in full in June 2016. The outstanding balance as at 31 December 2015 represents the drawn amount of the facility.

(viii) Loan 8: This represents a project finance loan obtained by the Company amounting to QR 1.546 billion in July 2013 for the purpose of financing the purchase of residential units at the Qanat Quartier Project in the Pearl-Qatar Island from the Pearl-Qatar Real Estate Fund. The loan is repayable in quarterly instalments commencing from September 2013 and ending in October 2022. The loan was fully drawn down by the Company.

(ix) Loan 9: In June 2014, the Company signed a Musharaka agreement of QR 855 million for the construction of Abraj Quartier Office Towers 01 & 02 at the Pearl Qatar project. The loan is repayable in quarterly instalments commencing September 2018 and ending on June 2026. The outstanding balance as at 31 December 2015 represents the drawn down amount of the facility

The maturity profiles of the term loans are as follows:

31 December 2015	***1 year QR'000***	***2-5 years QR'000***	***Over 5 years QR'000***	***Total QR'000***
Loan 1	60,458	383,921	125,103	569,482
Loan 2	-	764,925	-	764,925
Loan 3	173,646	520,937	-	694,583
Loan 4	728,000	-	-	728,000
Loan 5	52,500	140,000	-	192,500
Loan 6	92,000	320,000	73,545	485,545
Loan 7	61,700	-	-	61,700
Loan 8	208,710	371,040	239,630	819,380
Loan 9	-	146,666	377,310	523,976
	1,377,014	**2,647,489**	**815,588**	**4,840,091**

31 December 2014	*1 year QR'000*	*2-5 years QR'000*	*Over 5 years QR'000*	*Total QR'000*
Loan 1	114,177	487,846	-	602,023
Loan 2	-	764,925	-	764,925
Loan 3	108,101	711,135	-	819,236
Loan 4	-	728,000	-	728,000
Loan 5	52,500	192,500	-	245,000
Loan 6	104,000	332,000	153,545	589,545
Loan 7	61,700	-	-	61,700
Loan 8	200,980	475,395	343,985	1,020,360
Loan 9	-	43,809	223,736	267,545
	641,458	3,735,610	721,266	5,098,334

This note provides information regarding the contractual terms of the Group's term loans, which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risk, refer to Note 30.

24 RETENTION PAYABLE

Retention payable represents amounts withheld from the payments to contractors. These amounts will be settled upon completion of the maintenance period subject to satisfactory discharge of the obligations of the contractors. This has been disclosed in the consolidated statement of financial position as follows:

	2015 QR'000	*2014 QR'000*
Current	173,773	159,335
Non-current	100,139	111,063
	273,912	270,398

25 EMPLOYEES' END OF SERVICE BENEFITS

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

	2015 QR'000	*2014 QR'000*
Balance at 1 January	32,257	29,475
Transfers	(135)	93
Provided during the year	12,067	8,234
End of service benefits paid	(5,976)	(5,545)
Balance at 31 December	**38,213**	32,257

26 ACCOUNTS AND OTHER PAYABLES

	2015 QR'000	*2014 QR'000*
Accounts and other payables - current (Note 26.1)	2,663,773	2,671,429
Accounts and other payables - long term (Note 26.2)	69,175	58,747
	2,732,948	2,730,176

26.1 Accounts and other payables – current

	2015 QR'000	*2014 QR'000*
Accounts payable	195,291	163,380
Accrued contracts costs	982,896	1,094,180
Advances received from customers	900,073	912,653
Other accrued expenses	188,620	137,687
Due to a related party – National Central Cooling Co Q.S.C.	57	57
Other payables	396,836	363,472
	2,663,773	2,671,429

26 ACCOUNTS AND OTHER PAYABLES (CONTINUED)

26.2 Accounts and other payables – long term

	2015	*2014*
	QR'000	*QR'000*
Master community reserve fund	26,650	16,850
Customer deposits	42,525	41,897
	69,175	58,747

27 RELATED PARTY DISCLOSURES

Related party transactions
Note 4 provides information about the Group structure including subsidiaries and associates. During the year, certain transactions have occurred with related parties on the same commercial basis and conditions as other non-related parties. Pricing policies and terms of these transactions are approved by the Group's management.

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

	2015	*2014*
	QR'000	*QR'000*
Other related parties:		
Revenue	**2,227**	15,040
Associates:		
Management fee	**38**	50
Rent income	**3,349**	3,740

Amounts due from related parties are disclosed in Note 16.1 and 16.2 to these financial statements.

Compensation of key management personnel
The details of compensation and remuneration to key management personnel are as follows:

	2015	*2014*
	QR'000	*QR'000*
Short term benefits	24,118	23,603
Employees' end of service benefits	949	987
	25,067	24,590

The Group has provided for Directors' remuneration for the year 2015 amounting to QR 13,500 thousands (2014: QR 13,500 thousands) which is subject to the approval by the shareholders at the Annual General Meeting.

28 CONTINGENT LIABILITIES

	2015	*2014*
	QR'000	*QR'000*
Bank guarantees and bonds	**8,191**	6,321
Letters of credit	**7,276**	5,516

The Group anticipates that no material liability will arise from the above guarantees and letter of credits, which are issued in the ordinary course of business.

29 CAPITAL COMMITMENTS

	2015	2014
	QR'000	*QR'000*
Contractual commitments to contractors/suppliers	**481,038**	782,902

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Accounting policies for financial assets and liabilities are set out in Note 4.

Financial instruments comprise of cash and bank balances, time deposits, accounts receivable, other receivables, due from / to related parties and accounts and other payables.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its financial assets which consist principally of accounts receivable, amounts due from customers, advances to contractors, amounts due from related parties and bank balances. Accounts receivable, amounts due from customers and amounts due from related parties are shown net of provision for doubtful receivables and bank balances are held with reputed banks.

As at the reporting date, there were no significant concentrations of credit risk. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

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

	Carrying amount	
	2015	*2014*
	QR'000	*QR'000*
Accounts and other receivables - current	785,583	904,106
Bank balances	2,277,347	2,823,476
	3,062,930	3,727,582

The maximum exposure to credit risk for accounts and other receivables at the reporting date by geographic region was equal to accounts receivable amount disclosed in the consolidated statement of financial position.

Included in the Group's receivables are customer balances which are past due but not impaired at the end of the reporting date (refer to Note 16) for which no allowance has been provided for as there was no significant change in the credit quality of the customers and the amounts are still considered recoverable.

Impairment losses
Except as disclosed in Note 16 to these consolidated financial statements, based on the management's assessment and historic default rates, the Group believes that no impairment allowance is necessary in respect of accounts receivable and amounts due from customers.

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk
The following are the contractual maturities of financial liabilities and the impact of netting agreements:

31 December 2015	***Carrying amount QR'000***	***Contractual cash flows QR'000***	***Less than 12 months QR'000***	***2- 5 years QR'000***	***More than 5 years QR'000***
Non-derivative financial liabilities					
Retention payable	273,912	(273,912)	(173,773)	(100,139)	-
Employees' end of service benefits	38,213	(38,213)	-	-	(38,213)
Accounts and other payables	1,561,432	(1,561,432)	(1,492,257)	-	(69,175)
Interest bearing loans and borrowings	4,840,091	(4,840,091)	(1,377,014)	(2,647,489)	(815,588)
	6,713,648	**(6,713,648)**	**(3,043,044)**	**(2,747,628)**	**(922,976)**

31 December 2014	*Carrying amount QR'000*	*Contractual cash flows QR'000*	*Less than 12 months QR'000*	*2- 5 years QR'000*	*More than 5 years QR'000*
Non-derivative financial liabilities					
Retention payable	270,398	(270,398)	(159,335)	(111,063)	-
Employees' end of service benefits	32,257	(32,257)	-	-	(32,257)
Accounts and other payables	1,498,309	(1,498,309)	(1,439,562)	-	(58,747)
Interest bearing loans and borrowings	5,098,334	(5,098,334)	(641,458)	(3,735,610)	(721,266)
	6,899,298	(6,899,298)	(2,240,355)	(3,846,673)	(812,270)

Market risk
Interest rate risk
At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying Amount	
	2015 QR'000	*2014 QR'000*
Fixed and Variable rate instruments		
Time deposits	2,046,906	2,290,821
Term loans	(4,840,091)	(5,098,334)
	(2,793,185)	(2,807,513)

Sensitivity analysis
A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

Change in variable	***Impact on net profit QR'000***	***Impact on equity QR'000***
31 December 2015		
+100 basis points	**(48,401)**	**(48,401)**
-100 basis points	**48,401**	**48,401**
31 December 2014		
+100 basis points	(50,983)	(50,983)
-100 basis points	50,983	50,983

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. All time deposits are designated in Qatar Riyals. The Group's exposure towards currency risk is minimal as majority of the foreign currency financial assets and liabilities are denominated in currencies that have a fixed exchange rate with its functional currency.

Equity price risk
Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), where those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis
The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on the equity of the Group.

		Impact on equity	
	Changes in variables	***2015***	*2014*
		QR'000	*QR'000*
Qatar market	+10%	**25,418**	31,056
International markets	+10%	**19,127**	19,424
Qatar market	-10%	**(25,418)**	(31,056)
International markets	-10%	**(19,127)**	(19,424)

The method used for deriving sensitivity information and significant variables did not change from the previous period.

31 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, available-for-sale financial assets and receivables. Financial liabilities consist of term loans, payables, and accrued expenses.

The fair values of financial instruments, with the exception of certain available-for-sale financial assets carried at cost, are not materially different from their carrying values.

Change in fair value recognised directly in equity:

	2015	*2014*
	QR'000	*QR'000*
Net change in fair value of available-for-sale financial assets	(57,230)	71,943

Fair values

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments as at 31 December 2015 and 31 December 2014:

	Carrying amounts		*Fair values*	
	2015	*2014*	***2015***	*2014*
	QR'000	*QR'000*	***QR'000***	*QR'000*
Financial assets				
Cash and cash equivalents	2,277,347	2,823,476	2,277,347	2,823,476
Accounts and other receivables	1,525,679	1,482,352	1,525,679	1,482,352
Available-for-sale financial assets	449,456	508,805	449,456	508,805
	4,252,482	4,814,633	**4,252,482**	4,814,633
Financial liabilities				
Accounts and other payables	2,732,948	2,730,176	2,732,948	2,730,176
Interest bearing loans and borrowings	4,806,691	5,061,628	4,806,691	5,061,628
Retention payable	273,912	270,398	273,912	270,398
	7,813,551	8,062,202	**7,813,551**	8,062,202

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial Assets	**Date of valuation**	***Level 1 QR'000***	***Level 2 QR'000***	***Level 3 QR'000***	***Total QR'000***
31 December 2015					
Available-for-sale financial assets	31 Dec 2015	445,456	-	-	445,456
Investment properties	31 Dec 2015	-	-	8,704,709	8,704,709
Property, plant and equipment	31 Dec 2011	-	-	1,597,295	1,597,295
		445,456	**-**	**10,302,004**	**10,747,460**
31 December 2014					
Available-for-sale financial assets	31 Dec 2014	504,805	-	-	504,805
Investment properties	31 Dec 2011	-	-	8,394,340	8,394,340
Assets held for sale	31 Dec 2014	-	-	16,535	16,535
Property, plant and equipment	31 Dec 2011	-	-	1,597,295	1,597,295
		504,805	-	10,008,170	10,512,975

32 FINANCE INCOME AND EXPENSE

	2015 QR'000	*2014 QR'000*
Interest income on bank deposits	35,287	22,880
Dividend income on available-for-sale financial assets	20,252	15,744
Finance income	**55,539**	38,624
Interest expense on financial liabilities	(131,394)	(147,934)
Finance expense	**(131,394)**	(147,934)
Net finance expense	**(75,855)**	(109,310)

33 OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require separate business strategies. For each of the strategic business units, the Group reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

Urban development: This includes real estate development and constructions activities.

Hydrocarbon & energy: This includes production and sale of chemicals and hydrocarbon materials.

Hospitality & leisure: This includes investment and development of hotel, leisure facilities and selling of luxurious items.

Infrastructure & utilities: This includes construction and management of district cooling systems and marina activities.

Other operations include providing advertising and information technology solution services and insurance agency services. The accounting policies of the reportable segments are the same as described in note 4.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Geographical segments
The Group has not diversified its activities outside of the State of Qatar except for United Development Investment Company (established in Cayman Island) and Porto Arabia Retail Company 1 (established in Cayman Island). However these companies do not have any material operations outside Qatar and therefore majority of the Group assets are located in Qatar. Accordingly there are no distinctly identifiable geographical segments in the Group for the year ended 31 December 2015.

33 OPERATING SEGMENTS (CONTINUED)

	Urban Development		*Hydro Carbon & Energy*		*Hospitality & Leisure*		*Infrastructure & Utilities*		*Others*		*Total*	
	2015	*2014*	***2015***	*2014*	***2015***	*2014*	***2015***	*2014*	***2015***	*2014*	***2015***	*2014*
	QR'000	*QR'000*	***QR'000***	*QR'000*	***QR'000***	*QR'000*	***QR'000***	*QR'000*	***QR'000***	*QR'000*	***QR'000***	*QR'000*
External revenue	**891,885**	1,415,466	**-**	-	**57,557**	64,068	**335,417**	325,642	**155,787**	101,166	**1,440,646**	1,906,342
Inter segment revenue	**32,892**	28,774	**-**	-	**262**	309	**39,154**	31,179	**72,898**	87,428	**145,206**	147,690
Interest income	**30,883**	19,048	**-**	-	**1,112**	670	**2,354**	2,035	**938**	1,127	**35,287**	22,880
Interest expense	**117,956**	129,034	**-**	-	**322**	-	**13,116**	18,900	**-**	-	**131,394**	147,934
Depreciation	**24,248**	26,770	**-**	-	**5,074**	9,550	**43,405**	43,578	**2,490**	3,819	**75,217**	83,717
Profit/(loss) for the year	**619,915**	678,129	**-**	-	**(7,997)**	(25,760)	**112,421**	80,542	**40,754**	19,911	**765,093**	752,822
Share of profit of associates	**15,263**	7,056	**8,462**	18,879	**-**	-	**-**	-	**(376)**	(291)	**23,349**	25,644
Reportable segment assets	**16,570,106**	16,826,360	**-**	-	**124,920**	130,859	**1,942,521**	1,771,869	**192,168**	167,385	**18,829,715**	18,896,473
Investment in associates	**53,013**	44,152	**254,506**	271,426	**-**	-	**-**	-	**1,081**	1,455	**308,600**	317,033
Reportable segment liabilities	**6,913,728**	7,255,806	**-**	-	**16,028**	18,145	**836,519**	756,968	**85,489**	63,540	**7,851,764**	8,094,459

33 OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

Revenue	***2015*** ***QR'000***	*2014* *QR'000*
Total revenue for reportable segments	1,585,852	2,054,032
Elimination of inter-segment revenue	(145,206)	(147,690)
Consolidated revenue	**1,440,646**	1,906,342

Profit or loss	***2015*** ***QR'000***	*2014* *QR'000*
Total profit or loss for reportable segments	765,093	752,822
Elimination of inter-segment profits	(55,563)	(102,128)
Net share of results of associates	23,349	25,644
Consolidated profit for the year	**732,879**	676,338

Assets	***2015*** ***QR'000***	*2014* *QR'000*
Total assets for reportable segments	18,829,715	18,896,473
Investments in associates	308,600	317,033
Consolidated total assets	**19,138,315**	19,213,506

Liabilities	***2015*** ***QR'000***	*2014* *QR'000*
Total liabilities for reportable segments	7,851,764	8,094,459
Consolidated total liabilities	**7,851,764**	8,094,459

34 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the presentation in the current year's consolidated financial statements. However, such reclassifications did not have any effect on the net profit and equity of the comparative year.