

**Dlala Brokerage and Investment  
Holding Company Q.S.C.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2015**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.S.C.**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Dlala Brokerage and Investment Holding Company Q.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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 is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as 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' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.


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

### *Opinion*

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

### **Report on Legal and Other Regulatory Requirements**

Furthermore, in our opinion, proper books of account have been kept by the Company and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Group. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Group or on its financial position.



T.F. Sexton  
of Ernst & Young  
Auditor's Registration No.114


Date: 15 February 2016  
Doha






**Dlala Brokerage and Investment Holding Company Q.S.C.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 31 December 2015**

|   | Notes | 2015<br>QR'000        | 2014<br>QR'000          |
|---|-------|-----------------------|-------------------------|
| <b>ASSETS</b>                                       |       |                       |                         |
| <b>Current assets</b>                               |       |                       |                         |
| Cash and bank balances                              | 4     | 147,982               | 162,034                 |
| Bank balances – customer funds                      | 5     | 504,799               | 732,596                 |
| Due from customers                                  | 6     | 31,285                | 12,734                  |
| Due from Qatar Central Securities Depository (QCSD) |       | -                     | 70,743                  |
| Available-for-sale investments                      | 7     | 84,731                | 123,198                 |
| Other assets  | 8     | 30,067                | 63,278                  |
|   |       | <u>798,864</u>        | <u>1,164,583</u>        |
| <b>Non-current assets</b>                           |       |                       |                         |
| Intangible asset                                    | 9     | 260                   | -                       |
| Property and equipment                              | 10    | 42,284                | 43,480                  |
|   |       | <u>42,544</u>         | <u>43,480</u>           |
| <b>TOTAL ASSETS</b>                                 |       | <u><b>841,408</b></u> | <u><b>1,208,063</b></u> |
| <b>LIABILITIES AND EQUITY</b>                       |       |                       |                         |
| <b>Liabilities</b>                                  |       |                       |                         |
| <b>Current liabilities</b>                          |       |                       |                         |
| Due to customers                                    |       | 510,327               | 812,043                 |
| Due to Qatar Central Securities Depository (QCSD)   |       | 16,694                | -                       |
| Other liabilities                                   | 11    | 44,963                | 97,928                  |
|   |       | <u>571,984</u>        | <u>909,971</u>          |
| <b>Non-current liability</b>                        |       |                       |                         |
| Employees' end of service benefits                  | 12    | 3,985                 | 3,527                   |
| <b>Total liabilities</b>                            |       | <u><b>575,969</b></u> | <u><b>913,498</b></u>   |
| <b>Equity</b>                                       |       |                       |                         |
| Share capital                                       | 13    | 284,160               | 222,000                 |
| Legal reserve                                       | 14    | 25,204                | 24,821                  |
| Fair value reserve                                  |       | (1,952)               | (14,701)                |
| (Accumulated losses) retained earnings              |       | <u>(42,016)</u>       | <u>62,388</u>           |
| <b>Equity attributable to owners of the parent</b>  |       | <u><b>265,396</b></u> | <u><b>294,508</b></u>   |
| Non-controlling interests                           |       | 43                    | 57                      |
| <b>Total equity</b>                                 |       | <u><b>265,439</b></u> | <u><b>294,565</b></u>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                 |       | <u><b>841,408</b></u> | <u><b>1,208,063</b></u> |

  
 Nasser Hamad Al Sulaiti  
 Chairman

  
 Ahmed Mohamed Al Asmakh  
 Managing Director

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

Dlala Brokerage and Investment Holding Company Q.S.C.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2015

|  | Notes  | 2015<br>QR'000         | 2014<br>QR'000       |
|--|--------|------------------------|----------------------|
| Brokerage and commission income  |        | 44,318                 | 103,940              |
| Brokerage and commission expense   | 16     | <u>(14,729)</u>        | <u>(34,493)</u>      |
| <b>Net brokerage and commission income</b>                               |        | <b>29,589</b>          | <b>69,447</b>        |
| Net investment income  | 17     | 3,276                  | 26,163               |
| Real estate income   | 18     | 5,574                  | 6,409                |
| Interest income  |        | 1,474                  | 1,026                |
| Other operating income   |        | <u>11</u>              | <u>86</u>            |
| <b>Net operating income</b>  |        | <b>39,924</b>          | <b>103,131</b>       |
| Other income   |        | 40                     | 201                  |
| General and administrative expenses                                      | 19     | (26,301)               | (33,988)             |
| Depreciation and amortization  | 9 & 10 | <u>(2,034)</u>         | <u>(2,560)</u>       |
| <b>Profit before impairment losses on available-for-sale investments</b> |        | <b>11,629</b>          | <b>66,784</b>        |
| Impairment losses on available-for-sale investments                      |        | <u>(53,603)</u>        | <u>-</u>             |
| <b>(LOSS) PROFIT FOR THE YEAR</b>  |        | <b><u>(41,974)</u></b> | <b><u>66,784</u></b> |
| Attributable to:   |        |                        |                      |
| Owners of the parent   |        | (41,969)               | 66,772               |
| Non-controlling interests  |        | <u>(5)</u>             | <u>12</u>            |
|  |        | <b><u>(41,974)</u></b> | <b><u>66,784</u></b> |
| <b>BASIC AND DILUTED (LOSS) EARNINGS PER SHARE (QR)</b>                  |        |                        |                      |
| (Attributable to owners of the parent)                                   | 20     | <u>(1.48)</u>          | <u>2.35</u>          |

Dlala Brokerage and Investment Holding Company Q.S.C.  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2015

|   | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| <b>(Loss) profit for the year</b>   | <u><b>(41,974)</b></u>       | <u><b>66,784</b></u>         |
| <b>Other comprehensive income:</b>  |                              |                              |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>                         |                              |                              |
| Net fair value (loss) gain on available-for-sale investments  | <b>(40,791)</b>              | 11,364                       |
| Net gain on disposal of available-for-sale investments reclassified to the consolidated statement of income (Note 17) | <b>(63)</b>                  | (20,280)                     |
| Impairment losses on available-for-sale investments reclassified to the consolidated statement of income              | <u><b>53,603</b></u>         | <u>-</u>                     |
| <b>Net other comprehensive income (loss) to be classified to profit or loss in subsequent periods</b>                 | <u><b>12,749</b></u>         | <u><b>(8,916)</b></u>        |
| <i>Items not to be reclassified to profit or loss in subsequent periods</i>   | <u>-</u>                     | <u>-</u>                     |
| <b>Total other comprehensive income (loss) for the year</b>   | <u><b>12,749</b></u>         | <u><b>(8,916)</b></u>        |
| <b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>   | <u><b>(29,225)</b></u>       | <u><b>57,868</b></u>         |
| <b>Attributable to:</b>   |                              |                              |
| Owners of the parent  | <b>(29,220)</b>              | 57,856                       |
| Non-controlling interests   | <u><b>(5)</b></u>            | <u><b>12</b></u>             |
|   | <u><b>(29,225)</b></u>       | <u><b>57,868</b></u>         |



Dlala Brokerage and Investment Holding Company Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

|  | Notes  | 2015<br>QR'000 | 2014<br>QR'000 |
|--|--------|----------------|----------------|
| <b>OPERATING ACTIVITIES</b>                                      |        |                |                |
| (Loss) profit for the year                                       |        | (41,974)       | 66,784         |
| Adjustments for:   |        |                |                |
| Depreciation and amortization                                    | 9 & 10 | 2,034          | 2,560          |
| Provision for employees' end of service benefits                 | 12     | 569            | 1,041          |
| Gain on disposal of available-for-sale investments               | 17     | (63)           | (20,280)       |
| Profit on disposal of property and equipment                     |        | (34)           | -              |
| Impairment losses on available-for-sale investments              |        | 53,603         | -              |
| Interest income  |        | (1,474)        | (1,026)        |
| Dividend income  | 17     | (3,213)        | (5,883)        |
| Operating profit before working capital changes                  |        | 9,448          | 43,196         |
| Working capital changes:   |        |                |                |
| Customers funds  |        | 227,797        | (368,521)      |
| Due from customers   |        | (18,551)       | 35,556         |
| Due from/to QCSD   |        | 87,437         | (44,818)       |
| Other assets   |        | 33,514         | (17,777)       |
| Due to customers   |        | (301,716)      | 368,669        |
| Other liabilities  |        | (51,295)       | 12,885         |
| Net cash flows (used in) from operations                         |        | (13,366)       | 29,190         |
| Employees' end of service benefits paid                          | 12     | (111)          | (125)          |
| Contribution paid to social fund                                 |        | (1,670)        | (136)          |
| Cash flows (used in) from operating activities                   |        | (15,147)       | 28,929         |
| <b>INVESTING ACTIVITIES</b>                                      |        |                |                |
| Proceeds from sale of available-for-sale investments             | 17     | 138,268        | 807,976        |
| Purchase of available-for-sale investments                       |        | (140,592)      | (785,674)      |
| Purchase of property and equipment                               | 10     | (1,098)        | (1,136)        |
| Proceeds from sale of property and equipment                     |        | 34             | -              |
| Interest received  |        | 1,171          | 1,026          |
| Dividend received  |        | 3,213          | 5,883          |
| Proceeds from sale of fractional shares arising from bonus issue |        | 108            | -              |
| Net cash flows from investing activities                         |        | 1,104          | 28,075         |
| <b>FINANCING ACTIVITIES</b>                                      |        |                |                |
| Dividends paid to non-controlling interests                      |        | (9)            | -              |
| Bank deposits maturing after 90 days                             | 4      | (15,000)       | -              |
| Net cash flows used in financing activities                      |        | (15,009)       | -              |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>      |        | (29,052)       | 57,004         |
| Cash and cash equivalents at 1 January                           |        | 162,034        | 105,030        |
| <b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>                  | 4      | 132,982        | 162,034        |

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.

# Dlala Brokerage and Investment Holding Company Q.S.C.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

|  | Equity attributable to owners of the parent |                          |                               |                              |                  | Non-controlling interests<br>QR '000 | Total equity<br>QR '000 |
|--|---|--------------------------|-------------------------------|------------------------------|------------------|--------------------------------------|-------------------------|
|  | Share capital<br>QR '000                    | Legal reserve<br>QR '000 | Fair value reserve<br>QR '000 | Retained earnings<br>QR '000 | Total<br>QR '000 |                                      |                         |
| Balance at 1 January 2014  | 222,000                                     | 18,143                   | (5,785)                       | 3,964                        | 238,322          | 45                                   | 238,367                 |
| Profit for the year  | -   | -                        | -                             | 66,772                       | 66,772           | 12                                   | 66,784                  |
| Other comprehensive loss for the year                            | -   | -                        | (8,916)                       | -                            | (8,916)          | -                                    | (8,916)                 |
| Total comprehensive income for the year                          | -   | -                        | (8,916)                       | 66,772                       | 57,856           | 12                                   | 57,868                  |
| Transfer to legal reserve  | -   | 6,678                    | -                             | (6,678)                      | -                | -                                    | -                       |
| Contribution to Social and Sports Development Fund (Note 11)     | -   | -                        | -                             | (1,670)                      | (1,670)          | -                                    | (1,670)                 |
| Balance at 31 December 2014                                      | 222,000                                     | 24,821                   | (14,701)                      | 62,388                       | 294,508          | 57                                   | 294,565                 |
| (Loss) profit for the year                                       | -   | -                        | -                             | (41,969)                     | (41,969)         | (5)                                  | (41,974)                |
| Other comprehensive income for the year                          | -   | -                        | 12,749                        | -                            | 12,749           | -                                    | 12,749                  |
| Total comprehensive loss for the year                            | -   | -                        | 12,749                        | (41,969)                     | (29,220)         | (5)                                  | (29,225)                |
| Transfer to legal reserve  | -   | 383                      | -                             | (383)                        | -                | -                                    | -                       |
| Bonus shares issued (Note 15)                                    | 62,160                                      | -                        | -                             | (62,160)                     | -                | -                                    | -                       |
| Dividend paid to non-controlling interest                        | -   | -                        | -                             | -                            | -                | (9)                                  | (9)                     |
| Proceeds from sale of fractional shares arising from bonus issue | -   | -                        | -                             | 108                          | 108              | -                                    | 108                     |
| Balance at 31 December 2015                                      | 284,160                                     | 25,204                   | (1,952)                       | (42,016)                     | 265,396          | 43                                   | 265,439                 |

The accompanying notes 1 to 26 form an integral part of these consolidated financial statements.



**Dlala Brokerage and Investment Holding Company Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 At 31 December 2015

**1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Dlala Brokerage and Investment Holding Company Q.S.C. (the "Company") is a Qatari Shareholding Company (Q.S.C.) incorporated in the State of Qatar on 24 May 2005 under Commercial Registration No. 30670. The Company is listed in the Qatar Exchange and is governed by the provisions of the Qatar Commercial Companies Law No. 11 of 2015, and the regulations of Qatar Financial Markets Authority and Qatar Exchange. The Company's registered office is at P.O. Box 24571, Doha, State of Qatar.

The Company, together with its subsidiaries (together referred to as the "Group"), is engaged in brokerage activities at the Qatar Exchange, real estate and other investment activities.

The consolidated financial statements of the Group for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 15 February 2016.

**2 BASIS OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of Dlala Brokerage and Investment Holding Company Q.S.C. and its subsidiaries. The principal subsidiaries of the Group are as follows:

| <i>Entity</i>                                 | <i>Country of<br/>incorporation</i> | <i>Relationship</i> | <i>Ownership<br/>interest<br/>2015</i> | <i>Ownership<br/>interest<br/>2014</i> |
|---|-------------------------------------|---------------------|--|--|
| Dlala Brokerage Company W.L.L.                | Qatar                               | Subsidiary          | 99.98%                                 | 99.98%                                 |
| Dlala Islamic Brokerage Company W.L.L.        | Qatar                               | Subsidiary          | 99.98%                                 | 99.98%                                 |
| Dlala Real Estate S.P.C.                      | Qatar                               | Subsidiary          | 100%                                   | 100%                                   |
| Dlala Investment Company L.L.C. (Dormant)     | Qatar                               | Subsidiary          | 99.90%                                 | 99.90%                                 |
| Dlala International L.L.C. (Dormant)          | Qatar                               | Subsidiary          | 99.50%                                 | 99.50%                                 |
| Dlala Information Technology S.P.C. (Dormant) | Qatar                               | Subsidiary          | 100%                                   | 100%                                   |

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

Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the equity attributable to the owners of the parent. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. Any change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including any goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and any cumulative translation differences recorded in equity, and recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statements of income. It will also reclassify the parent's share of components previously recognised in other comprehensive income to the profit or loss or retained earnings, as appropriate.



### 3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of preparation**

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

During the year, a new Qatar Commercial Company's law No.11 of 2015 was issued in the State of Qatar. The new law did not have any impact on the consolidated financial statements.

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

The consolidated financial statements have been presented in Qatar Riyals (QR), which is the Group's functional and presentation currency and all values are rounded to the nearest thousand (QR'000) except when otherwise indicated.

#### **Changes in accounting policies and disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2015.

#### ***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. These amendments have no impact on the Group's financial performance.

#### ***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. These improvements include:

- IFRS 2 Share-based Payment;
- IFRS 3 Business Combinations;
- IFRS 8 Operating Segments;
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets;
- IAS 24 Related Party Disclosures.

#### ***Annual Improvements 2011-2013 Cycle***

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements, where applicable. They include:

- IFRS 3 Business Combinations;
- IFRS 13 Fair Value Measurement;
- IAS 40 Investment Property.



Dlala Brokerage and Investment Holding Company Q.S.C.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2015

**3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Changes in accounting policy and disclosures (continued)**

**Standards issued but not yet effective**

The following new standards have been issued but are not yet effective. The Group is currently evaluating the impact of these new standards.

| <i>Topic</i>   | <i>Effective date</i> |
|--|-----------------------|
| IFRS 9 Financial Instruments   | 1 January 2018        |
| IFRS 14 Regulatory Deferral Accounts   | 1 January 2016        |
| IFRS 15 Revenue from Contracts with Customers  | 1 January 2018        |
| Amendments to IFRS 11 Joint Arrangement: Accounting for acquisition of interest  | 1 January 2016        |
| Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization                    | 1 January 2016        |
| Amendments to IAS 27: Equity method in separate financial statements   | 1 January 2016        |
| Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities : Applying the Consolidation Exception                   | 1 January 2016        |
| Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016        |
| Annual Improvements to IFRSs 2012-2014 Cycle   | 1 January 2016        |
| Amendments to IAS 1 – Disclosure Initiative  | 1 January 2016        |

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

**Summary of significant accounting policies**

**Revenue**

Brokerage and commission income is recognized when a sale or purchase transaction is completed and the right to receive the commission has been established.

Real estate brokerage fee income is recognized when a rental contract is signed between the landlord and the tenant and when the right to receive the income has been established.

Revenue from sale of trading properties is recognized when significant risk and rewards of ownership are passed to the buyer and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold. Income from cancellation of sales contract is recognized based on underlying contractual terms.

Dividend income is recognized when the right to receive the dividend is established. Interest income is recognised on time proportionate basis using the effective interest rate method.

**Due from customers**

Amount due from customers are carried at original invoice amount less any allowance for non-collectability of receivables. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the customer) that the Group will not be able to collect part or all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.



### 3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Summary of significant accounting policies (continued)

##### Financial investments – available-for-sale

Available-for-sale investments are non-derivatives that are either designated in this category nor classified in any other categories. Available for sale financial assets are recognized initially at fair value plus transaction costs. After initial recognition, available for sale financial assets are subsequently re-measured at fair value, with any resultant gain or loss directly recognised as a separate component of equity under other comprehensive income until the investment is sold, collected or the investment is determined to be impaired, at which time the cumulative gain or less previously reported in equity is included in the consolidated statement of income for that year. Dividends earned on investments are recognised in the consolidated statement of income as “dividend income” when the right to receive dividend has been established. All regular way purchases and sales of investments are recognised on the trade date when the Group becomes or commit to be a party to contractual provisions of the instrument.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models. For investment in funds, fair value is determined by reference to net asset values provided by the fund administrators.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in the consolidated statement of income is transferred from equity to consolidated statement of income. Impairment losses on equity instruments recognized in the consolidated statement of income are not subsequently reversed. Reversals of impairment losses on debt instruments are done through the consolidated statement of income; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income.

For listed equity investments, a decline in the market value by 30% from cost or more, or for a continuous period of 12 months or more, are considered to be indicators of impairment.

##### Trading properties

Trading properties are real estate properties developed or held for sale in the ordinary course of business. Trading properties are held at the lower of cost and net realisable value. Cost of trading properties comprise all costs of purchase, cost of construction and other costs incurred in bringing the property to their present location and condition.

##### Intangible asset

Intangible asset represents the computer software application. Intangible asset acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category consistent with the nature of the intangible asset.



Dlala Brokerage and Investment Holding Company Q.S.C.  
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At 31 December 2015

**3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of significant accounting policies (continued)**

**Intangible asset (continued)**

The following are the useful life and method of amortization of Group's intangible asset.

|                        | <b>Computer<br/>software<br/>application</b> |
|------------------------|--|
| Useful life            | 3 years (finite)                             |
| Method of amortization | Straight line                                |

**Property and equipment**

Property and equipment are stated at cost, net of accumulated depreciation and/or impairment losses, if any. Costs include expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchase software that is integral to the functionality of the related equipment is capitalized as part of related equipment.

Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

|                          |              |
|--------------------------|--------------|
| • Building               | 20 years     |
| • Leasehold improvements | 5 years      |
| • Furniture and fixtures | 10 years     |
| • Computers and software | 3 to 5 years |
| • Office equipment       | 5 years      |
| • Motor vehicles         | 5 years      |

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

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

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated statement of income as the expense is incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

**Impairment and uncollectibility of financial assets**

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

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



Dlala Brokerage and Investment Holding Company Q.S.C.  
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**3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of significant accounting policies (continued)**

**Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks and short term deposits with an original maturity of less than three months.

**Due to customers**

Amounts due to customers are recognized initially at fair value of the amounts to be paid, less directly attributable transaction costs. Subsequent to initial recognition, due to customers are measured at amortized cost.

Borrowing costs that are directly attributable to the construction of investment properties, properties under developments and, property and equipment are capitalised. The capitalisation of borrowing costs will cease once the asset is ready for its intended use. All other borrowing costs are recognised as expense.

**Provisions**

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

**Employees' end of service benefits**

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

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

**Operating leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

**Foreign currencies**

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

**Fair value measurement**

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:

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



### 3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Summary of significant accounting policies (continued)

##### Fair value measurement (continued)

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

#### Derecognition of financial assets and liabilities

##### a) *Financial assets*

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

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

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

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



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**3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Summary of significant accounting policies (continued)**

**Derecognition of financial assets and liabilities (continued)**

*b) Financial liabilities*

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

**Current versus non-current classification**

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- a. Expected to be realised or intended to sold or consumed in normal operating cycle,
- b. Held primarily for the purpose of trading,
- c. Expected to be realised within twelve months after the reporting period,
- or
- d. 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:

- a. It is expected to be settled in normal operating cycle
- b. It is held primarily for the purpose of trading
- c. It is due to be settled within twelve months after the reporting period
- or
- d. 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.

**4 CASH AND CASH EQUIVALENTS**

Cash and cash equivalent included in the consolidated statement of cash flows include the following balances:

|   | 2015<br>QR'000 | 2014<br>QR'000 |
|---|----------------|----------------|
| Cash and bank balances                    | 147,982        | 162,034        |
| Bank deposits with maturity above 90 days | (15,000)       | -              |
|   | <u>132,982</u> | <u>162,034</u> |

Bank balances include short term deposits made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

**5 BANK BALANCES – CUSTOMER FUNDS**

Bank balances-customer funds represent bank balances for customers, which the Group holds in trust until the customers commit those funds to purchase of shares. At the settlement date of these transactions, the Group transfers due amounts from these customer funds to the settlement authority.

**Dlala Brokerage and Investment Holding Company Q.S.C.**  
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**6 DUE FROM CUSTOMERS**

|                                | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|--------------------------------|------------------------------|------------------------------|
| Amounts due from customers     | 35,315                       | 16,764                       |
| Less: Allowance for impairment | <u>(4,030)</u>               | <u>(4,030)</u>               |
|                                | <u>31,285</u>                | <u>12,734</u>                |

At 31 December 2015, amounts due from customers at nominal value of QR 4,030 thousand (2014: QR 4,030 thousand) were impaired. The Group provides fully for all balances due from its customers, which are overdue or under legal cases. There were no movements in the allowance for impairment during the year (2014: Nil).

At 31 December, the aging of unimpaired amounts due from customers is as follows:

|             |                               | <i>Neither past<br/>due nor<br/>impaired</i> | <i>Past due but not impaired</i>     |  |  |   |                                       |
|-------------|-------------------------------|--|--------------------------------------|--|--|---|---------------------------------------|
|             | <i>Total</i><br><i>QR'000</i> | <i>QR'000</i>                                | <i>&lt; 30 days</i><br><i>QR'000</i> | <i>30 – 60<br/>days</i><br><i>QR'000</i> | <i>61 – 90<br/>days</i><br><i>QR'000</i> | <i>91 – 120<br/>days</i><br><i>QR'000</i> | <i>&gt; 120 days</i><br><i>QR'000</i> |
| <b>2015</b> | 31,285                        | 31,285                                       | -                                    | -  | -  | -   | -                                     |
| 2014        | 12,734                        | 12,733                                       | 1                                    | -  | -  | -   | -                                     |

Unimpaired amounts due from customer balances are expected to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

**7 AVAILABLE-FOR-SALE INVESTMENTS**

|              | <i>31 December 2015</i>        |                                  |                               | <i>31 December 2014</i>        |                                  |                               |
|--------------|--------------------------------|----------------------------------|-------------------------------|--------------------------------|----------------------------------|-------------------------------|
|              | <i>Listed</i><br><i>QR'000</i> | <i>Unlisted</i><br><i>QR'000</i> | <i>Total</i><br><i>QR'000</i> | <i>Listed</i><br><i>QR'000</i> | <i>Unlisted</i><br><i>QR'000</i> | <i>Total</i><br><i>QR'000</i> |
| Shares       | 75,320                         | 2,196                            | 77,516                        | 118,209                        | 2,073                            | 120,282                       |
| Funds        | -                              | 7,215                            | 7,215                         | -                              | 2,916                            | 2,916                         |
| <b>Total</b> | <u>75,320</u>                  | <u>9,411</u>                     | <u>84,731</u>                 | <u>118,209</u>                 | <u>4,989</u>                     | <u>123,198</u>                |

**8 OTHER ASSETS**

|                                       | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|---------------------------------------|------------------------------|------------------------------|
| Advance paid for real estate projects | 26,444                       | 60,294                       |
| Prepayments                           | 1,869                        | 1,995                        |
| Other receivables                     | <u>1,754</u>                 | <u>989</u>                   |
|                                       | <u>30,067</u>                | <u>63,278</u>                |



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**9 INTANGIBLE ASSET**

|   | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Cost:   |                              |                              |
| At 1 January  | -                            | -                            |
| Transfers from property and equipment during the year (Note 10) | <u>376</u>                   | <u>-</u>                     |
| At 31 December  | <u>376</u>                   | <u>-</u>                     |
| Amortization:   |                              |                              |
| At 1 January  | -                            | -                            |
| Amortization for the year                                       | <u>116</u>                   | <u>-</u>                     |
| At 31 December  | <u>116</u>                   | <u>-</u>                     |
| At 31 December  | <u>260</u>                   | <u>-</u>                     |

Amortization of intangible asset during the year is included under the depreciation and amortization in the consolidated statement of income.

**Dlala Brokerage and Investment Holding Company Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**10 PROPERTY AND EQUIPMENT**

|   | Land<br>QR '000 | Building<br>QR '000 | Leasehold<br>improvements<br>QR '000 | Furniture<br>and<br>fixtures<br>QR '000 | Computer<br>equipment<br>and software<br>QR '000 | Office<br>equipment<br>QR '000 | Motor<br>vehicles<br>QR '000 | Capital<br>work-in -<br>progress<br>QR '000 | Total<br>QR '000 |
|---|-----------------|---------------------|--------------------------------------|---|--|--------------------------------|------------------------------|---|------------------|
| <b>Cost:</b>                              |                 |                     |                                      |   |  |                                |                              |   |                  |
| As at 1 January 2015                      | 29,097          | 13,886              | 98                                   | 1,547                                   | 38,281   | 3,164                          | 929                          | 12  | 87,014           |
| Additions                                 | -               | -                   | -                                    | 20                                      | 4  | 14                             | -                            | 1,060                                       | 1,098            |
| Disposals                                 | -               | -                   | -                                    | -                                       | -  | -                              | (178)                        | -   | (178)            |
| Transfers to intangible<br>asset (Note 9) | -               | -                   | -                                    | -                                       | -  | -                              | -                            | (376)                                       | (376)            |
| Transfers to computer and<br>equipment    | -               | -                   | -                                    | -                                       | 25   | -                              | -                            | (25)  | -                |
| As at 31 December 2015                    | 29,097          | 13,886              | 98                                   | 1,567                                   | 38,310   | 3,178                          | 751                          | 671   | 87,558           |
| <b>Depreciation:</b>                      |                 |                     |                                      |   |  |                                |                              |   |                  |
| As at 1 January 2015                      | -               | 2,985               | 97                                   | 777                                     | 36,257   | 2,689                          | 729                          | -   | 43,534           |
| Charge for the year                       | -               | 716                 | 1                                    | 144                                     | 615  | 360                            | 82                           | -   | 1,918            |
| Relating to disposals                     | -               | -                   | -                                    | -                                       | -  | -                              | (178)                        | -   | (178)            |
| As at 31 December 2015                    | -               | 3,701               | 98                                   | 921                                     | 36,872   | 3,049                          | 633                          | -   | 45,274           |
| <b>Net book value:</b>                    |                 |                     |                                      |   |  |                                |                              |   |                  |
| As at 31 December 2015                    | 29,097          | 10,185              | -                                    | 646                                     | 1,438  | 129                            | 118                          | 671   | 42,284           |



**Dlala Brokerage and Investment Holding Company Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**10 PROPERTY AND EQUIPMENT (continued)**

|                              | Land<br>QR '000 | Building<br>QR '000 | Leasehold<br>improvements<br>QR '000 | Furniture<br>and<br>fixtures<br>QR '000 | Computer<br>equipment<br>and software<br>QR '000 | Office<br>equipment<br>QR '000 | Motor<br>vehicles<br>QR '000 | Capital<br>work-in -<br>progress<br>QR '000 | Total<br>QR '000 |
|------------------------------|-----------------|---------------------|--------------------------------------|---|--|--------------------------------|------------------------------|---|------------------|
| <b>Cost:</b>                 |                 |                     |                                      |   |  |                                |                              |   |                  |
| As at 1 January 2014         | 29,097          | 13,860              | 98                                   | 1,843                                   | 36,151   | 3,075                          | 772                          | 982   | 85,878           |
| Additions                    | -               | 26                  | -                                    | 2                                       | 47   | 89                             | 157                          | 815   | 1,136            |
| Reclassification             | -               | -                   | -                                    | (298)                                   | 298  | -                              | -                            | -   | -                |
| Transfers                    | -               | -                   | -                                    | -                                       | 1,785  | -                              | -                            | (1,785)                                     | -                |
| As at 31 December 2014       | 29,097          | 13,886              | 98                                   | 1,547                                   | 38,281   | 3,164                          | 929                          | 12  | 87,014           |
| <b>Depreciation:</b>         |                 |                     |                                      |   |  |                                |                              |   |                  |
| As at 1 January 2014         | -               | 2,267               | 84                                   | 819                                     | 34,872   | 2,308                          | 624                          | -   | 40,974           |
| Charge for the year          | -               | 718                 | 13                                   | 155                                     | 1,188  | 381                            | 105                          | -   | 2,560            |
| Relating to reclassification | -               | -                   | -                                    | (197)                                   | 197  | -                              | -                            | -   | -                |
| As at 31 December 2014       | -               | 2,985               | 97                                   | 777                                     | 36,257   | 2,689                          | 729                          | -   | 43,534           |
| <b>Net book value:</b>       |                 |                     |                                      |   |  |                                |                              |   |                  |
| As at 31 December 2014       | 29,097          | 10,901              | 1                                    | 770                                     | 2,024  | 475                            | 200                          | 12  | 43,480           |

**Dlala Brokerage and Investment Holding Company Q.S.C.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**11 OTHER LIABILITIES**

|  | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|--|------------------------------|------------------------------|
| Advances received from customers for a real estate project | 23,429                       | 65,903                       |
| Dividend payable   | 16,198                       | 17,210                       |
| Accrued expenses   | 2,508                        | 10,799                       |
| Contribution to Social and Sports Development Fund (i)     | -                            | 1,670                        |
| Commission payable   | 947                          | 1,452                        |
| Other payables   | 1,881                        | 894                          |
|  | <u>44,963</u>                | <u>97,928</u>                |

- (i) Pursuant to Law No. 13 of 2008 and further clarification of the law issued in 2010, the Group is required to contribute to the social and sports development fund of Qatar, which is calculated at 2.5% of the net profit for the year. Since the Group has generated losses for the year ended 31 December 2015, no provision for the contribution was recorded as of the year ended 31 December 2015.

**12 EMPLOYEES' END OF SERVICE BENEFITS**

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

|                             | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|-----------------------------|------------------------------|------------------------------|
| Provision as at 1 January   | 3,527                        | 2,611                        |
| Provided during the year    | 569                          | 1,041                        |
| End of service benefit paid | <u>(111)</u>                 | <u>(125)</u>                 |
| Provision as at 31 December | <u>3,985</u>                 | <u>3,527</u>                 |

**13 SHARE CAPITAL**

|   | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| <i>Authorised, issued and fully paid:</i>                               |                              |                              |
| Balance at the beginning of the year                                    |                              |                              |
| 22,200,000 shares of QR 10 each   | 222,000                      | 222,000                      |
| Add: Bonus shares issued during the year:                               |                              |                              |
| 6,216,000 shares at QR 10 each (Note 15)                                | <u>62,160</u>                | <u>-</u>                     |
| Balance at the end of the year:   |                              |                              |
| 28,416,000 shares of QR 10 each (2014: 22,200,000 shares at QR 10 each) | <u>284,160</u>               | <u>222,000</u>               |

**14 LEGAL RESERVE**

In accordance with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to the legal reserve. The transfers are made based on the profits earned by each subsidiary of the Group. The Group may resolve to discontinue such annual transfers, when the reserve equals 50% of the issued capital. This reserve is not available for distribution, except in the circumstances stipulated by the above law.



**Dlala Brokerage and Investment Holding Company Q.S.C.**  
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**15 DIVIDENDS**

At the Extra Ordinary General Assembly held on 7 April 2015, the shareholders approved a bonus share issue of 28 shares for every 100 shares held at 31 December 2014 (Note 13), amounting to QR 62,160 thousand, for the year ended 31 December 2014.

No dividends were declared for the year ended 31 December 2013.

**16 BROKERAGE AND COMMISSION EXPENSE**

|                                   | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|-----------------------------------|------------------------------|------------------------------|
| Commission paid to Qatar Exchange | 13,566                       | 31,104                       |
| Other commission expenses         | 90                           | 519                          |
| Other brokerage expenses          | 1,073                        | 2,870                        |
|                                   | <u>14,729</u>                | <u>34,493</u>                |

**17 NET INVESTMENT INCOME**

|   | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|---|------------------------------|------------------------------|
| Net gain on disposal of available-for-sale investments (Note (i)) | 63                           | 20,280                       |
| Dividend income   | 3,213                        | 5,883                        |
|   | <u>3,276</u>                 | <u>26,163</u>                |

*Note (i):*

Net gain on disposal of available-for-sale investments:

|  | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|--|------------------------------|------------------------------|
| Proceeds from disposal of available-for-sale investments | 138,268                      | 807,976                      |
| Cost of disposal   | (138,205)                    | (787,696)                    |
|  | <u>63</u>                    | <u>20,280</u>                |

**18 REAL ESTATE INCOME**

|  | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|--|------------------------------|------------------------------|
| Gain on sale of trading properties (Note(i)) | -                            | 4,472                        |
| Other real estate income                     | -                            | 1,636                        |
| Real estate brokerage fee income             | 5,574                        | 301                          |
|  | <u>5,574</u>                 | <u>6,409</u>                 |

*Note (i)*

*Gain on sale of trading properties:*

|                                 | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|---------------------------------|------------------------------|------------------------------|
| Sale proceeds                   | -                            | 49,964                       |
| Cost of trading properties sold | -                            | (45,492)                     |
|                                 | <u>-</u>                     | <u>4,472</u>                 |

# Dlala Brokerage and Investment Holding Company Q.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

### 19 GENERAL AND ADMINISTRATIVE EXPENSES

|   | 2015<br>QR'000 | 2014<br>QR'000 |
|---|----------------|----------------|
| Staff costs and directors' remuneration | 17,174         | 24,760         |
| IT and communication costs              | 2,777          | 3,624          |
| Bank guarantee fees                     | 1,315          | 1,399          |
| Marketing expenses                      | 984            | 1,300          |
| Consulting and professional fees        | 748            | 629            |
| Communication expenses                  | 550            | 606            |
| Rent expenses                           | 343            | 343            |
| Maintenance expenses                    | 493            | 342            |
| License and regulatory fees             | 677            | 471            |
| Penalties and claims                    | 780            | 50             |
| Insurance expenses                      | 38             | 49             |
| Miscellaneous expenses                  | 422            | 415            |
|   | <u>26,301</u>  | <u>33,988</u>  |

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

Basic (loss) earnings per share is calculated by dividing the (loss) profit for the year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

|   | 2015            | 2014          |
|---|-----------------|---------------|
| (Loss) profit attributable to owners of the parent (QR'000)                               | <u>(41,969)</u> | <u>66,772</u> |
| Weighted average number of shares outstanding during the year<br>(in thousands) (Note 13) | <u>28,416</u>   | <u>28,416</u> |
| Basic and diluted (loss) earnings per share (QR)  | <u>(1.48)</u>   | <u>2.35</u>   |

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

At the Extra Ordinary General Assembly held on 7 April 2015, the shareholders approved a bonus share issue of 28 shares for every 100 shares held at 31 December 2014, amounting to QR 62,160 thousand. Therefore, previously reported basic and diluted earnings per share of QR 3.01 for the year ended 31 December 2014 has been restated to 2.35.

The weighted average number of shares has been calculated as follows:

|   | 2015          | 2014          |
|---|---------------|---------------|
| Qualifying shares at the beginning of the year (in thousands) | 28,416        | 22,200        |
| Effect of bonus share issue (in thousands) (Note 15)          | <u>-</u>      | <u>6,216</u>  |
| Balance at the end of the year (in thousands)                 | <u>28,416</u> | <u>28,416</u> |



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**21 RELATED PARTY DISCLOSURES**

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

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

|  | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|--|------------------------------|------------------------------|
| <i>Board of Directors;</i>                 |                              |                              |
| Brokerage and commission income            | 3,535                        | 3,117                        |
| Fees paid for attending the Board meetings | <u>(130)</u>                 | <u>-</u>                     |

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

|                    | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|--------------------|------------------------------|------------------------------|
|                    | <i>Payable</i>               |                              |
| Board of Directors | <u>3,555</u>                 | <u>503</u>                   |

The above balances are included under due to customers.

**Compensation of key management personnel**

Key management personnel of the Group consist of Board of Directors and General Managers. The remuneration of key management personnel during the year was as follows:

|                                  | <i>2015</i><br><i>QR'000</i> | <i>2014</i><br><i>QR'000</i> |
|----------------------------------|------------------------------|------------------------------|
| Salaries and short-term benefits | 2,099                        | 4,933                        |
| Pension benefits                 | 19                           | 17                           |
| Bonus – Board of Directors       | <u>-</u>                     | <u>4,500</u>                 |
|                                  | <u>2,118</u>                 | <u>9,450</u>                 |

# Dlala Brokerage and Investment Holding Company Q.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 22 COMMITMENTS AND CONTINGENCIES

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

|                      | 2015<br>QR'000 | 2014<br>QR'000 |
|----------------------|----------------|----------------|
| Letters of guarantee | <u>225,000</u> | <u>275,000</u> |

Letters of guarantee represent the financial guarantees issued by the banks on behalf of the Group to QCSD in the ordinary course of business and will mature within twelve months from the reporting date.

|                            | 2015<br>QR'000 | 2014<br>QR'000 |
|----------------------------|----------------|----------------|
| <i>Capital commitments</i> |                |                |
| Capital commitments        | <u>1,099</u>   | <u>364</u>     |

#### *Operating lease commitments*

Future minimum rental payable under non-cancellable operating lease as at 31 December is as follows:

|  | 2015<br>QR'000 | 2014<br>QR'000 |
|--|----------------|----------------|
| Within one year                              | 356            | 301            |
| After one year but not more than three years | 363            | 434            |
| More than three years                        | <u>-</u>       | <u>46</u>      |
|  | <u>719</u>     | <u>781</u>     |

### 23 SEGMENT INFORMATION

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

- Stock Broking – this segment includes financial services provided to customers as a stock broker;
- Real Estate – this segment includes providing property management, marketing and sales services for real estate clients;
- IT and International – this segment includes IT management services and other overseas financial services;
- Others – represents the Holding Company, which provide corporate services to subsidiaries in the Group and engages in investing activities.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.



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**23 SEGMENT INFORMATION (continued)**

The following table presents the revenue, profit, assets and liabilities information regarding the Group's operating segments for the year ended 31 December 2015 and 2014, respectively.

| <i>31 December 2015</i>               | <i>Stock<br/>Broking<br/>QR'000</i> | <i>Real<br/>Estate<br/>QR'000</i> | <i>IT and<br/>Internatio<br/>nal<br/>QR'000</i> | <i>Others<br/>QR'000</i> | <i>Elimination<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
|---------------------------------------|-------------------------------------|-----------------------------------|---|--------------------------|-------------------------------|-------------------------|
| Brokerage and commission income (net) | 29,589                              | -                                 | -   | -                        | -                             | 29,589                  |
| Other revenues (*)                    | 2,478                               | 9,251                             | 2   | 65,929                   | (67,325)                      | 10,335                  |
| Segment revenue                       | 32,067                              | 9,251                             | 2   | 65,929                   | (67,325)                      | 39,924                  |
| Segment (loss)/profit                 | (22,251)                            | 3,826                             | (53)  | 40,495                   | (63,991)                      | (41,974)                |
| Depreciation and amortization         | 182                                 | 804                               | -   | 1,048                    | -                             | 2,034                   |
| Segment assets                        | 666,339                             | 93,362                            | 16,057  | 307,642                  | (241,992)                     | 841,408                 |
| Segment liabilities                   | 533,386                             | 23,807                            | 115   | 36,660                   | (17,999)                      | 575,969                 |
| <i>31 December 2014</i>               | <i>Stock<br/>Broking<br/>QR'000</i> | <i>Real<br/>Estate<br/>QR'000</i> | <i>IT and<br/>International<br/>QR'000</i>      | <i>Others<br/>QR'000</i> | <i>Elimination<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
| Brokerage and commission income (net) | 69,447                              | -                                 | -   | -                        | -                             | 69,447                  |
| Others revenues (*)                   | 15,344                              | 10,227                            | 2   | 11,711                   | (3,600)                       | 33,684                  |
| Segment revenue                       | 84,791                              | 10,227                            | 2   | 11,711                   | (3,600)                       | 103,131                 |
| Segment profit/(loss)                 | 59,506                              | 3,244                             | (30)  | 4,064                    | -                             | 66,784                  |
| Depreciation                          | 201                                 | 878                               | 1   | 1,480                    | -                             | 2,560                   |
| Segment assets                        | 976,388                             | 154,826                           | 16,087  | 268,458                  | (207,696)                     | 1,208,063               |
| Segment liabilities                   | 826,820                             | 68,097                            | 99  | 45,000                   | (26,518)                      | 913,498                 |

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

\*Other revenues include investment and real estate income and profits.

**24 FINANCIAL RISK MANAGEMENT**

**Objective and policies**

The Group's principal financial liabilities comprise of amounts due to customers, due to QCSD and certain other liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as amounts due from customers, due from QCSD, available-for-sale investments, bank balances - customer funds and cash and bank balances, which arise directly from its operations.

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**24 FINANCIAL RISK MANAGEMENT (continued)**

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks, which are summarized below.

**Market risk**

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

**Interest rate risk**

The Group is exposed to interest rate risk on its floating rate interest bearing financial instruments. The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group's profit for the year, based on the floating rate financial instruments held at 31 December 2015. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

|      | <i>Increase in<br/>basis points</i> | <i>Effect on<br/>profit<br/>QR'000</i> |
|------|-------------------------------------|--|
| 2015 | +25 b.p                             | 329                                    |
| 2014 | +25 b.p                             | 404                                    |

There is no impact on the Group's equity.

**Equity price risk**

The following table demonstrates the sensitivity of the effect of cumulative changes in fair values recognised in the equity to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

|   | <i>Changes in<br/>equity prices</i> | <i>Effect on<br/>equity<br/>QR'000</i> |
|---|-------------------------------------|--|
| 2015  |                                     |  |
| Available-for-sale investments - Qatar Exchange | +5%                                 | 3,766                                  |
| 2014  |                                     |  |
| Available-for-sale investments – Qatar Exchange | +5%                                 | 5,910                                  |

**Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As the Qatari Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk. The Group is not exposed to significant currency risk, in light of minimal balances in foreign currencies other than US Dollars.

**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 is exposed to credit risk on its due from customers, bank balances and bank balances – customer funds and certain other assets, as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits and monitoring outstanding receivables. The Group provides brokerage services to a large number of customers and its top 10 customers account for 10% (2014: 10%) of total amount due from customers at reporting date.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 24 FINANCIAL RISK MANAGEMENT (continued)

#### Credit risk (continued)

With respect to credit risk arising from the financial assets of the Group, including receivables and bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the consolidated statement of financial position.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross.

|                                | 2015<br>QR'000 | 2014<br>QR'000 |
|--------------------------------|----------------|----------------|
| Bank balances (excluding cash) | 147,975        | 162,028        |
| Bank balances - customer funds | 504,799        | 732,596        |
| Due from customers             | 35,315         | 16,764         |
| Due from QCSD                  | -              | 70,743         |
| Other assets                   | 1,754          | 989            |
|                                | <u>689,843</u> | <u>983,120</u> |

#### 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 risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

The Group limits its liquidity risk by ensuring adequate bank facilities are available. The Group's terms of trade require amounts to be settled within its specified terms in invoices. Due to customers and QCSD are normally settled within the terms of trade.

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

| At 31 December 2015 | On<br>demand<br>QR'000 | Less than<br>1 year<br>QR'000 | Total<br>QR'000 |
|---------------------|------------------------|-------------------------------|-----------------|
| Due to customers    | 510,327                | -                             | 510,327         |
| Due to QCSD         | 16,694                 | -                             | 16,694          |
| Other liabilities   | -                      | 19,026                        | 19,026          |
| Total               | <u>527,021</u>         | <u>19,026</u>                 | <u>546,047</u>  |
| At 31 December 2014 | On<br>demand<br>QR'000 | Less than<br>1 year<br>QR'000 | Total<br>QR'000 |
| Due to customers    | 812,043                | -                             | 812,043         |
| Other liabilities   | -                      | 21,226                        | 21,226          |
| Total               | <u>812,043</u>         | <u>21,226</u>                 | <u>833,269</u>  |

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**24 FINANCIAL RISK MANAGEMENT (continued)**

**Capital management**

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014. Capital comprises share capital and (accumulated losses) retained earnings, and is measured at QR 242,144 thousand at 31 December 2015 (2014: QR 284,388 thousand).

In addition, the Group's subsidiaries engaged in brokerage services are required by the "Financial Solvency Rules for Financial Services Firms" issued by Qatar Financial Markets Authority to comply with certain capital adequacy measures. Management monitors these requirements on a daily basis and corrective actions are taken when necessary.

**25 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, bank balances- customer funds due from customers, available-for-sale investments and other receivables. Financial liabilities consist of due to customers, due to QCSD and other payables.

The fair values of financial instruments are not materially different from their carrying values.

**Fair value hierarchy**

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

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

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

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

As at 31 December 2015, the following table shows an analysis of financial instruments recorded at fair value by level of fair value hierarchy:

|                                | <i>Total</i><br><i>QR'000</i> | <i>Level 1</i><br><i>QR'000</i> | <i>Level 2</i><br><i>QR'000</i> | <i>Level 3</i><br><i>QR'000</i> |
|--------------------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <i>At 31 December 2015</i>     |                               |                                 |                                 |                                 |
| Available-for-sale investments | <u>82,535</u>                 | <u>75,320</u>                   | <u>7, 215</u>                   | <u>-</u>                        |
|                                | <i>Total</i><br><i>QR'000</i> | <i>Level 1</i><br><i>QR'000</i> | <i>Level 2</i><br><i>QR'000</i> | <i>Level 3</i><br><i>QR'000</i> |
| <i>At 31 December 2014</i>     |                               |                                 |                                 |                                 |
| Available-for-sale investments | <u>121,125</u>                | <u>118,209</u>                  | <u>2,916</u>                    | <u>-</u>                        |

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.



## 26 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGMENTS

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

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future.

### **Impairment of receivables**

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

At the end of the reporting period, gross amounts due from customers was QR 35,315 thousand (2014: QR 16,764 thousand) and the allowance for impairment of receivables was QR 4,030 thousand (2014: QR 4,030 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

### **Useful lives of property and equipment intangible asset**

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

### **Impairment of available-for-sale investments**

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

At the reporting date, the carrying value of investments were QR 84,731 (2014: QR 123,198) with a provision for impairment loss of QR 53,603 (2014: Nil). Impairment losses on equity investments are not reversed through the (consolidated) income statement and increases in fair value after impairment are recognised directly in equity through other comprehensive income.

### **Going concern**

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.