Qatar Oman Investment Company Q.P.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR OMAN INVESTMENT COMPANY Q.P.S.C.

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of Qatar Oman Investment Company Q.P.S.C. (the "Company") which comprise the statement of financial position as at 31 December 2018, and the related statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the basis for qualified opinion section of our report the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion

The Company has not applied equity accounting for its investment in an associate. The investment in an associate is carried at cost amounting to QR 18,904,756 as at 31 December 2018. The Company accounts for its investment in an associate using the equity method as its accounting policy. In the absence of audited financial statements or the management accounts of the associate, the Company has not recognized its share of results of the associate for the year ended 31 December 2018. Further as explained in note 4, the Company has not recorded catch-up adjustment amounting to QR 1,959,371 in respect of the prior year losses based on the associate's audited financial statements for the year ended 31 December 2017, which was received by the Company after issuance of its 2017 annual audited financial statements. Due to the unavailability of the reliable financial information for the year ended 31 December 2018, we were unable to obtain sufficient appropriate evidence about the carrying amount of the Company's investment in an associate as at 31 December 2018 and the Company's share of results for the year then ended. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key Audit Matters	How our audit addressed this key audit matter:
Valuation of investment property The Company records its investment property at fair value, with changes in fair value being recognized in the statement of profit or loss. The fair value is determined by two independent real estate valuation experts appointed by the management and supported by internal valuation prepared by management using discounted cash flow (DCF) method based on estimated rental value, occupancy rates, discount rates and other market indicators. Considering the judgements involved, the fair valuation of investment property was considered to be a key audit matter. Refer to the following notes to the financial statements: • Note 2.3 significant accounting judgements and • Note 2.5 summary of significant accounting • Note 3 Investment property • Note 18 fair value disclosure	Our audit procedures over valuation of investment property included the following: • Evaluated the objectivity, independence and • Tested the underlying data used as inputs for the • Evaluated the assumptions and estimates made by the management and the independent valuation expert, appropriateness of the valuation technique and reasonableness of data used in the valuation. • Checked the disclosures on the valuation of

Other information
Other information consists of the information included in the Company's 2018 Annual Report other than the financial statements and our auditor's report thereon. The management is responsible for the other information. The Company's 2018 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR OMAN INVESTMENT COMPANY Q.P.S.C. (CONTINUED)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF QATAR OMAN INVESTMENT COMPANY Q.P.S.C. (CONTINUED)

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, and the financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above-mentioned law or the Articles of Association having occurred during the year which might have had a material adverse effect on the Company financial position or performance.

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Date: 20 February 2019
Doha

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	**2018 QR**	*2017 QR*
ASSETS			
Non-current assets			
Property and equipment		**42,112**	49,261
Investment property	3	**49,250,000**	49,500,000
Investment in an associate	4	**18,904,756**	18,904,756
Financial assets at fair value through other comprehensive income	5	**196,710,404**	185,436,662
		264,907,272	253,890,679
Currents assets			
Financial assets at fair value through profit or loss	5	**3,803,702**	937,500
Trade and other receivables	6	**659,740**	1,116,607
Cash and bank balances	7	**31,393,080**	33,188,627
		35,856,522	35,242,734
TOTAL ASSETS		**300,763,794**	289,133,413
LIABILITIES AND EQUITY			
Liabilities			
Non-current liability			
Employees' end of service benefits	8	**1,370,821**	1,223,984
Current liability			
Trade and other payables	9	**11,405,913**	11,159,005
Total liabilities		**12,776,734**	12,382,989
Equity			
Share capital	10	**315,000,000**	315,000,000
Legal reserve	11	**20,710,037**	20,271,988
Fair value reserve		**(58,525,518)**	(81,659,616)
Retained earnings		**10,802,541**	23,138,052
Total equity		**287,987,060**	276,750,424
TOTAL LIABILITIES AND EQUITY		**300,763,794**	289,133,413

Sheikh Abdul Rahaman Bin Jabr Al Thani
Chairman

Naser Mohamed Al Khaldi
Chief Executive Officer

The attached notes 1 to 19 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	***2018*** ***QR***	*2017* *QR*
Net income from financial assets	13	**8,106,001**	13,067,791
Rental income from investment property		**2,333,790**	2,677,250
Fair value loss on revaluation of investment property	3	**(250,000)**	-
		10,189,791	15,745,041
General and administrative expenses	14	**(5,910,521)**	(6,539,761)
Depreciation		**(24,049)**	(15,397)
		(5,934,570)	(6,555,158)
Other income		**125,273**	143,710
PROFIT FOR THE YEAR		**4,380,494**	9,333,593
Basic and diluted earnings per share	15	**0.14**	0.30

The attached notes 1 to 19 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	*2017*
	QR	*QR*
PROFIT FOR THE YEAR	**4,380,494**	9,333,593
Other comprehensive income		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Net gain / (loss) on equity instruments designated at fair value through other comprehensive income	**22,715,654**	(24,468,840)
Net other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods	**22,715,654**	(24,468,840)
Total other comprehensive income / (loss) for the year	**22,715,654**	(24,468,840)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**27,096,148**	(15,135,247)

The attached notes 1 to 19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2017	315,000,000	19,338,629	(55,529,990)	29,060,372	307,869,011
Profit for the year	-	-	-	9,333,593	9,333,593
Other comprehensive loss	-	-	(24,468,840)	-	(24,468,840)
Total comprehensive loss for the year	-	-	(24,468,840)	9,333,593	(15,135,247)
Realized gain on investment at FVTOCI recycled to retained earnings	-	-	(1,660,786)	1,660,786	-
Transfer to legal reserve	-	933,359	-	(933,359)	-
Dividend paid (Note 12)	-	-	-	(15,750,000)	(15,750,000)
Social and sports activities support fund contribution*	-	-	-	(233,340)	(233,340)
Balance at 31 December 2017	315,000,000	20,271,988	(81,659,616)	23,138,052	276,750,424
Balance at 1 January 2018	315,000,000	20,271,988	(81,659,616)	23,138,052	276,750,424
Profit for the year	-	-	-	4,380,494	4,380,494
Other comprehensive income	-	-	22,715,654	-	22,715,654
Total comprehensive income for the year	-	-	22,715,654	4,380,494	27,096,148
Realized loss on investment at FVTOCI recycled to retained earnings	-	-	418,444	(418,444)	-
Transfer to legal reserve	-	438,049	-	(438,049)	-
Dividend paid (Note 12)	-	-	-	(15,750,000)	(15,750,000)
Social and sports activities support fund contribution*	-	-	-	(109,512)	(109,512)
Balance at 31 December 2018	**315,000,000**	**20,710,037**	**(58,525,518)**	**10,802,541**	**287,987,060**

* Pursuant to Law No. 13 of 2008 and further clarification of the Law issued in 2010, the Company made appropriation of QR 109,512 (2017: QR 233,340) from retained earnings for its contribution to Social and Sports activities. This amount represents 2.5% of the net profit for the year ended 31 December 2018 (2017: 2.5%).

The attached notes 1 to 19 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	*2018* *QR*	*2017* *QR*
OPERATING ACTIVITIES			
Profit for the year		**4,380,494**	9,333,593
Adjustments for:			
Depreciation		**24,049**	15,397
Interest income	13	**(241,320)**	(530,025)
Fair value loss on revaluation of investment property	3	**250,000**	-
Employees' end of service benefits	8	**146,837**	138,314
Unrealized loss of financial assets at fair value through profit and loss	13	**124,369**	23,488
Gain on sale of financial assets carried at fair value through profit or loss	13	**(752,317)**	(1,795,645)
Operating profit working capital changes		**3,932,112**	7,185,122
Movement in working capital:			
Trade and other receivables		**456,867**	(797,933)
Trade and other payables		**137,396**	(687,146)
Purchase of financial assets at fair value through other comprehensive income		**-**	(23,304,187)
Proceeds from sale of financial assets at fair value through other comprehensive income		**11,441,912**	27,042,503
Purchase of financial assets at fair value through profit or loss		**(29,948,158)**	(26,738,676)
Proceeds from sale of financial assets at fair value through profit or loss		**27,709,904**	32,971,587
Net cash flows from operating activities		**13,730,033**	15,671,270
INVESTING ACTIVITIES			
Purchase of property and equipment		**(16,900)**	(61,750)
Interest received		**241,320**	530,025
Net cash flows from investing activities		**224,420**	468,275
FINANCING ACTIVITY			
Dividend paid	12	**(15,750,000)**	(15,750,000)
Cash flows used in a financing activity		**(15,750,000)**	(15,750,000)
Net (decrease) / increase in cash and cash equivalents		**(1,795,547)**	389,545
Cash and cash equivalents at 1 January		**33,188,627**	32,799,082
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	7	**31,393,080**	33,188,627

The attached notes 1 to 19 form part of these financial statements.

1 INCOPORATION AND ACTIVITIES

Qatar Oman Investment Company (the "Company") is a Qatari Public Shareholding Company registered and incorporated in Qatar. The Company is registered under the Commercial Registration under No. 33411 and engaged in investment activities in the State of Qatar and Sultanate of Oman. Its registered address is P.O. Box 37048, Doha, State of Qatar.

The principal activities of the Company are as follow:
- Provide the necessary support to its affiliates.
- Ownership of the movables and real estate needed for necessary for its activity in accordance with the applicable laws.
- Management of commercial projects.
- Participate in the management of subsidiaries and provide support is necessary.
- Investment in shares, bonds and funds.
- Ownership and trade of patents, business and franchises.
- Providing industrial services.
- Real estate investment including the construction, sale, purchase and operation of real estate.
- General Marketing Services.

The financial statements were approved by the Board of Directors and authorized for issue on 20 February 2019.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and applicable provisions of Qatar Commercial Company Law.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for investments designated as fair value through profit or loss, investments designated as fair value through other comprehensive income and investment property that have been measured at fair value.

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, regardless of whether that price is directly observable or estimated using another valuation technique (Note 18).

These financial statements are presented in Qatari Riyals (QR), which is the Company's functional and reporting currency.

2.3 Significant accounting judgments and estimates

Use of estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognized in the financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

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

2.3 Significant accounting judgments and estimates (continued)

Use of estimates (continued)
Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Valuation of unquoted investments
Valuation of unquoted equity investments is normally based on one of the following:

- Recent arm's length market transactions;
- Current fair value of another instrument that is substantially the same; '
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;
- and Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Valuation of Investment property
The Company records its investment property at fair value, with changes in fair value being recognized in the statement of profit or loss. The fair value is determined by an external real estate valuation expert appointed by the management and supported by internal valuation prepared by management using discounted cash flow method based on estimated rental value, occupancy rates, discount rates and other market indicators.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Therefore, the financial statements continue to be prepared on a going concern basis.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations
The Company applied IFRS 15 *Revenue from Contracts with Customers* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company. The Company has adopted IFRS 9 Financial Instruments in 2009 in advance of its effective date.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration, all of the relevant facts and circumstances when applying the model to each of the contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of transition whereby the Company shall recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at 1 January 2018 and not restating the comparative financial information of 2017. Under this transition method, the Company have assessed only those contracts which are not yet complete as at 1 January 2018.

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

2.4 Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

IFRS 15 Revenue from Contracts with Customers (continued)
The Company is in the business of creating investment opportunities in the State of Qatar and the Sultanate of Oman as well as to hold a distinctive position in the market so as to make attractive investment prospects available in association with its partners, governments and investors in both countries.

Therefore, the adoption of IFRS 15 did not have a material impact on the timing of revenue recognition and no other factors were identified that have led to an adjustment to the amount recognized.

Adoption of IFRS 9 Financial instruments
The Company has adopted IFRS 9 Financial Instruments (IFRS 9) in 2009 in advance of its effective date. The Company has chosen 31 December 2009 as its date of initial application (i.e. the date on which the Company has assessed its existing financial assets) as this is the first reporting period end since the Standard was issued on 12 November 2009. As of 1 January 2018, the Company has fully adopted IFRS 9. The adoption of IFRS 9 changed the Company's accounting for impairment from incurred loss approach to a forward looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for debt financial instruments not held at FVTPL.

Management have reviewed and assessed all of the Company's existing financial assets as at the date of initial application of IFRS 9. As a result:

- The Company's equity instruments not held for trading have been designated as at FVTOCI;
- The Company's remaining investments in equity investments and debt instruments are measured at FVTPL.

The impact of adopting IFRS 9 has been a reclassification of available for sale investments to investment at fair value through other comprehensive income.

Impairment of financial assets
The adoption of a new impairment model from IAS 39 is incurred loss approach with a forward – looking expected credit loss (ECL) approach did not warrant an adjustment to the financial statement.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39.

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

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

2.4 Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

IFRS 16 Leases (continued)
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessor to make more extensive disclosures than under IAS 17.

The Company will apply the standard from its mandatory adoption date of 1 January 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year, prior to date of adoption. The Company is currently assessing the impact of the new standards to the financial statements.

The following standards and interpretations are not expected to have a significant impact on the Company's financial statements.

Standard/Interpretation	*Content*	*Effective Date*
IFRS 17	Insurance Contracts	1 January 2021
IFRIC Interpretation 23	Uncertainty over Income Tax Treatment	1 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IAS 28	Long-term interests in associates and joint ventures	1 January 2019

Annual Improvements 2015-2017 Cycle (issued in December 2017)

Standard/Interpretation	*Content*	*Effective Date*
IFRS 3	Business Combinations	1 January 2019
IFRS 11	Joint Arrangements	1 January 2019
IAS 12	Income Taxes	1 January 2019
IAS 23	Borrowing Costs	1 January 2019

2.5 Summary of significant accounting policies

Revenue recognition

Dividend income
Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income
Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income
Rental income from investment property is recognized in the statement of profit or loss on a straight-line basis over the term of the lease.

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

2.5 Summary of significant accounting policies (continued)

Property and equipment
Property and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	3 years
Office equipment	3 years
Furniture	3 years
Computer software	3 years

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

The useful lives are reviewed at each financial year end. The change in estimated useful life of assets affects depreciation expense for the period in which the change has occurred and for each future period during the assets' remaining useful life.

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 statement of profit or loss as the expense is incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of income in the year the asset is derecognized.

Financial assets
Financial assets carried at fair value through profit and loss
All financial assets are recognized and derecognized on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

Investments in equity instruments are classified as at fair value through profit or loss, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition as described below.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss is included in investment income in the statement of profit or loss. Fair value of financial assets at fair value through profit or loss in an organized financial market is determined by reference to market bid prices at the close of business at the reporting date.

Financial assets at fair value through other comprehensive income
At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income ("FVTOCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognized in profit or loss and are included in the 'investment income'.

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

2.5 Summary of significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (policy adopted at 1 January 2018)

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all debt investments at amortized cost as FVTOCI.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

In all cases, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payment are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Impairment of financial assets (policy adopted up to 31 December 2017)

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of short-term deposits with an original maturity of three months or less and bank balances, net of outstanding bank overdrafts, if any.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods, assets or services received, whether billed by the supplier or not.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in the statement of profit or loss in the period in which they arise. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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

2.5 Summary of significant accounting policies (continued)

Investment in an associate
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investments in its associates are accounted for using the equity method. Under the equity method, investment in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Losses in excess of the cost of the investment in associates are recognized when the Company has incurred obligations on its behalf. Goodwill relating to associates are included in the carrying amounts of the investment and are not amortized.

The statement of profit or loss reflects the Company's share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is an objective evidence that the investment in the associate is impaired.
If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Derecognition of financial assets
financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

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

2.5 Summary of significant accounting policies (continued)

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

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

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employees' end of service benefits
The Company provides end of service benefits to its 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.

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

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.

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

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.

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

2.5 Summary of significant accounting policies (continued)

Fair value measurement (continued)
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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair value of financial investments that are actively traded in organized 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.

3 INVESTMENT PROPERTY

	2018 ***QR***	*2017* *QR*
As at 1 January	**49,500,000**	49,500,000
Fair value loss on revaluation of investment property	**(250,000)**	-
As at 31 December	**49,250,000**	49,500,000

The Company’s investment property consists of a residential property in Musheirib, Doha.

Rental income for investment property included in the statement of profit or loss for the year ended 31 December 2018 is QR 2,333,790 (2017: QR 2,677,250).

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Investment property is stated at fair value, which has been determined based on valuations performed by two accredited independent valuers as at 31 December 2018 and 2017. The valuers are an accredited independent valuers with recognized and relevant professional qualifications and with recent experience in the location and category of this investment property being valued. In arriving at estimated market value, the valuers have used their market knowledge and professional judgment and using sales comparable and income approaches. In estimating the fair value of the property, the highest and best use of the property is their current use.

The significant assumptions used in the valuation are set out below:

	2018 ***QR***	*2017* *QR*
Estimated market price (per sqm)	**7,531**	7,569
Construction costs (per sqm)	**3,850**	3,850
Average monthly rent (per apartment)	**4,420**	5,071
Yield rate	**6%**	6%
Vacancy rate	**5%**	5%

3 INVESTMENT PROPERTY (CONTINUED)

Sensitivity analysis
The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment property.

	Changes in valuation assumptions		***2018 QR***	*2017 QR*
Estimated market price	5%	±	**2,462,500**	2,475,000
Average rent	5%	±	**116,690**	133,863
Yield rate	5%	±	**144,000**	145,200
Vacancy rate	5%	±	**116,690**	133,863

4 INVESTMENT IN AN ASSOCIATE

	Country of incorporation	*Ownership interest*			
		2018 %	*2017 %*	***2018 QR***	*2017 QR*
Muzn Oman Commercial S.A.O.C.	Oman	**20%**	20%	**18,904,756**	18,904,756

Investment in an associate represents investment in Muzn Oman Commercial S.A.O.C. ("Muzn") a Company incorporated in the Sultanate of Oman. The associate Company main assets are a mall along with a hotel.

As at 31 December 2018, the Company has not recognized any share of results of the associate as the financial information of the associate were not made available at the reporting date. Further, the Company has not recorded catch-up adjustment amounting to QR 1,959,371 in respect of the prior year losses based on the associate's audited financial statements for the year ended 31 December 2017, which was received by the Company after issuance of its 2017 annual audited financial statements. Muzn is engaged in real estate development activities including commercial complex and mall. The construction of mall was completed in 2017 and the hotel is still under construction. Management believes that it will be inappropriate for the Company to record prior years catch up adjustment based on 2017 financial statement of Muzn as they relate to the period when the commercial activities were not commenced.

5 FINANCIAL ASSETS

	2018 QR	*2017 QR*
Financial assets at fair value through profit or loss	**3,803,702**	937,500

	2018 QR	*2017 QR*
Financial assets at fair value through other comprehensive income	**196,710,404**	185,436,662

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets that are listed equity shares and the fair value are determined by reference to published price quotations in an active stock market.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include an amount of QR 101,320,653 (2017: QR 77,473,113) that are invested in equity shares of non-listed companies and the Company considers these investments to be strategic in nature.

5 FINANCIAL ASSETS (CONTINUED)

The movement in financial assets at fair value through other comprehensive income during the year is as follows:

	2018 QR	*2017 QR*
As at 1 January	**185,436,662**	213,643,817
Additions	**-**	23,304,187
Disposals	**(11,860,356)**	(25,381,716)
Unrealized gains / (losses)	**23,134,098**	(26,129,626)
As at 31 December	**196,710,404**	185,436,662

6 TRADE AND OTHER RECEIVABLES

	2018 QR	*2017 QR*
Accrued dividend income	**450,000**	400,000
Staff loans	**86,259**	137,143
Dlala brokerage	**45,323**	405,609
Staff furniture allowance	**25,760**	48,240
Accrued interest income	**-**	59,665
Others	**52,398**	65,950
	659,740	1,116,607

7 CASH AND BANK BALANCES

	2018 QR	*2017 QR*
Cash on hand	**2,000**	2,000
Current accounts	**10,215,403**	9,692,514
Call deposits	**21,175,677**	12,294,113
Term deposit	**-**	11,200,000
	31,393,080	33,188,627

8 EMPLOYEES’ END OF SERVICE BENEFITS

	2018 QR	*2017 QR*
As at 1 January	**1,223,984**	1,085,670
Provided during the year (note 14)	**146,837**	138,314
As at 31 December	**1,370,821**	1,223,984

9 TRADE AND OTHER PAYABLES

	2018	*2017*
	QR	*QR*
Dividends payable	**10,090,391**	9,491,663
Accruals and other payables	**1,202,616**	1,430,426
Trade payables	**3,394**	3,576
Payable to social and sport contribution fund	**109,512**	233,340
	11,405,913	11,159,005

10 SHARE CAPITAL

	2018	*2017*
	QR	*QR*
Authorized, issued and fully paid share capital:		
31,500,000 shares (2017: 31,500,000) with a value of QR 10 per share (Note (i))	**315,000,000**	315,000,000

Note:

(i) Subsequent to the reporting date, the Qatar Financial Markets Authority issued instructions to all entities listed in the main market of Qatar Stock Exchange to perform a split of the nominal value of ordinary shares from QR 10 per share to QR 1 per share. As a result, the Company's shares will be split into 315,000,000 shares with a value of QR 1 per share. This stock split is subject to the approval of shareholders at the Company's Extraordinary General Assembly to be held in due course.

11 LEGAL RESERVE

As required by the Qatari commercial Company's law no. 11 of 2015 and the Company's articles of association, 10% of the profit is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the issued share capital. The Company has transferred an amount of QR 438,049 to the legal reserve for the year ended 31 December 2018 (2017: QR 933,359). This reserve is not available for distribution except in circumstance stipulated in the above mention law.

12 DIVIDENDS

The Board of Directors resolved in its meeting held on 20 February 2019 to propose a cash dividend of 3% (2017: 5%) of the paid-up capital, amounting to QR 9,450,000 (2017: QR 17,500,00). This proposal is subject to approval at the Company's General Assembly Meeting.

A cash dividend of 5% for the year 2017 (2016: 5% cash dividends), was approved at the Annual General Assembly held on 19 March 2018 and distributed to shareholders.

13 NET INCOME FROM FINANCIAL ASSESTS

	2018	*2017*
	QR	*QR*
Dividend income	**7,236,733**	9,828,854
Net gain on sale of financial assets at fair value through profit or loss	**752,317**	1,795,645
Interest income	**241,320**	530,025
Gain from sale of rights issue	**-**	936,755
Unrealized loss on financial assets at fair value through profit or loss	**(124,369)**	(23,488)
	8,106,001	13,067,791

14 GENERAL AND ADMINISTRATIVE EXPENSES

	2018	*2017*
	QR	*QR*
Staff costs	**3,341,197**	3,337,084
Board of directors' allowance	**607,500**	1,022,500
Rent	**542,540**	648,085
Maintenance	**366,983**	450,584
Qatar exchange fees	**232,730**	269,510
Professional fees	**198,000**	194,860
End of service benefits (Note 8)	**146,837**	138,314
Advertisement expenses	**136,417**	152,615
Travel and transportation	**92,743**	145,964
Hospitality expenses	**72,003**	35,965
Governmental fees	**61,426**	41,100
Miscellaneous expenses	**112,145**	103,180
	5,910,521	6,539,761

15 EARNINGS PER SHARE

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

	2018	*2017*
Net profit for the year-QR	**4,380,494**	9,333,593
Weighted average number of shares	**31,500,000**	31,500,000
Basic and diluted earnings per share-QR	**0.14**	0.30

16 RELATED PARTIES DISCLOSURES

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

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

	2018	*2017*
	QR	*QR*
Short-term benefits	**1,524,000**	1,924,000
Long-term benefits	**80,000**	80,000
	1,604,000	2,004,000

17 SEGMENT ANALYSIS

For management purposes, the Company is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Real estate investing activities comprise investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.
- Equity and other investing activities comprise participation in financial and real estate funds and managing the Company's liquidity requirements.

17 SEGMENT ANALYSIS (CONTINUED)

31 December 2018	*Real estate investing activities QR*	*Equities and other investing activities QR*	*Unallocated QR*	*Total QR*
Segment revenue - net	**2,333,790**	**8,106,001**	**125,273**	**10,565,064**
Segment results:				
Segment expense - net	**(616,983)**	-	**(5,567,587)**	**(6,184,570)**
Segment profit / (loss)	**1,716,807**	**8,106,001**	**(5,442,314)**	**4,380,494**
Segment assets	**49,250,000**	**219,418,862**	**32,094,932**	**300,763,794**
Segment liabilities	-	-	**12,776,734**	**12,776,734**

31 December 2017	*Real estate investing activities QR*	*Equities and other investing activities QR*	*Unallocated QR*	*Total QR*
Segment revenue -net	2,677,250	13,067,791	143,710	15,888,751
Segment results:				
Segment expense - net	(450,584)	-	(6,104,574)	(6,555,158)
Segment profit / (loss)	2,226,666	13,067,791	(5,960,864)	9,333,593
Segment assets	49,500,000	205,278,918	34,354,495	289,133,413
Segment liabilities	-	-	12,382,989	12,382,989

18 FAIR VALUE DISCLOSURES

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, trade and other receivables, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Financial liabilities consist of trade payables, accruals and other payables.

Fair value hierarchy
As at 31 December 2018, the Company held financial assets at fair value through other comprehensive income investments and financial assets at fair value through profit or loss measured at fair value. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument (observable inputs).

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

18 FAIR VALUE DISCLOSURES (CONTINUED)

Fair value hierarchy (continued)
Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial assets the Company determines fair values using valuation techniques.

Valuation techniques include, comparison to similar assets for which market observable prices exist, and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial assets at the reporting date, that would have been determined by market participants acting at arm's length.

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

31 December 2018	***Level 1 QR***	***Level 2 QR***	***Level 3 QR***	***Total QR***
Investment property	**-**	**49,250,000**	**-**	**49,250,000**
Financial assets at fair value through other comprehensive income	**95,389,751**	**101,320,653**	**-**	**196,710,404**
Financial assets at fair value through profit or loss: quoted equity shares	**3,803,702**	**-**	**-**	**3,803,702**

31 December 2017	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*	*Total QR*
Investment property	-	49,500,000	-	49,500,000
Financial assets at fair value through other comprehensive income	107,963,549	77,473,113	-	185,436,662
Financial assets at fair value through profit or loss: quoted equity shares	937,500	-	-	937,500

During the reporting year ended 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

19 FINANCIAL RISK MANAGEMENT

Objectives and policies
The Company's principal financial liabilities comprise of trade payables, accruals, and other payables. The main purpose of these financial liabilities is to manage the working capital requirements of the Company. The Company has various financial assets such as trade and other receivables, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and cash and bank balances, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, market risk, equity price risk, interest rate risk, and currency risk. The management reviews and agrees policies for managing each of these risks which risks are summarised below.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 Company is exposed to credit risk on its bank balances and cash and receivables as shown below:

	2018	*2017*
	QR	*QR*
Bank balances	**31,391,080**	33,186,627
Dlala brokerage	**45,323**	405,609
Staff furniture allowance	**25,760**	48,240
Other receivables	**588,657**	662,758
	32,050,820	34,303,234

The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks. With respect to credit risk arising from the other financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk
The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

31 December 2018	*On demand QR*	*Less than 1 year QR*	*1-5 years QR*	*Total QR*
Trade and other payables	**-**	**11,405,913**	**-**	**11,405,913**
Total	**-**	**11,405,913**	**-**	**11,405,913**

31 December 2017	*On demand QR*	*Less than 1 year QR*	*1-5 years QR*	*Total QR*
Trade and other payables	-	11,159,005	-	11,159,005
Total	-	11,159,005	-	11,159,005

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

Equity price risk
The Company's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity price risk (continued)
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.

	Change in equity price	*Effect on equity QR*	*Effect on profit or loss QR*
2018			
Quoted financial assets at fair value through other comprehensive income	**±10%**	**9,538,975**	**-**
Non- listed – financial assets at fair value through other comprehensive income	**±10%**	**10,132,065**	
Quoted financial assets at fair value through profit or loss	**±10%**	**-**	**380,370**
2017			
Quoted financial assets at fair value through other comprehensive income	±10%	10,796,355	-
Non- listed – financial assets at fair value through other comprehensive income		7,747,311	
Quoted financial assets at fair value through profit or loss	±10%	-	93,750

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's financial assets and liabilities with floating interest rates. As the Company does not have any financial assets and liabilities at floating interest rate and therefore the Company is not exposed to material interest rate risk.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risks as it does not have material balances in foreign currencies and hence the foreign currency risk is minimal.

Capital management
The Company manages its capital to ensure that it will be able to continue as a going concern while maintaining the return to shareholders through the optimization of the debt and equity balances.

Capital comprises of share capital, fair value reserve, legal reserve and retained earnings and is measured at QR 287,987,060 (2017: QR 276,750,424).