



**Consolidated Financial Statements
For the Year Ended 31 December 2016**

Contents	Page
Auditor's Report	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Income	4
Consolidated Statement of Other Comprehensive Income	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the shareholders
Alijarah Holding (Q.P.S.C)
Doha- Qatar

Report on the audit of the consolidated financial statements

Opinion

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

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

Basis for Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters.

For each matter below our description of how our audit addressed the matters is provided in that context.

Installments and Due from Customers

The Group's installments and due from customers, as set out in the Note 4 to the consolidated financial statements, consists of installments due from customers on leasing and Islamic finance, property sales and other receivables. Installments due from customers on lease/Islamic finance and property sales are carried out at amortized costs less allowance for impairment, if any and other receivables are carried at costs.

INDEPENDENT AUDITOR'S REPORT (Continued)

There is a risk that installment due from customers on lease/Islamic finance and due from customers on property sales are impaired and no such reasonable impairment losses or provisions are provided in accordance to the requirements of International Financial Reporting Standards (IFRSs) due to the subjectivity in assessment of impairment indicators such as significant or prolonged decline in carrying value, use of estimations and assumptions in measuring impairment losses and magnitude of the account balances, they are considered to be a key audit matter. Accordingly, installments and due from customers might be with carrying amounts greater than estimated recoverable amounts, therefore the impairment test of these installments due from customers are considered to be a key audit matter.

Our procedures included, among others, selecting a sample of installments and due from customers based on our judgment and checking whether there is objective evidence that impairment exists on these balances. Therefore, we recalculated the amount of impairment losses/provisions required for impaired installment due from customers on Islamic finance and due from sales of property and determined whether they had been provided reasonably in accordance with the requirements of IFRSs and applicable provisions of accounting policies of the Group.

Furthermore, we perform the testing a sample of contracts and financial facilities provided to customers to verify the existence and completeness of the recorded transactions in the accounting books and tested sample customer files to verify the fulfillment of customers' credit worthiness conditions, financial and real estate guarantees provided to the group facing the financial facilities provided to customers. Discuss with the management to make sure the default risk of impairment in financial facilities balances provided to customers and checked the appropriateness of internal control systems related to credit grants procedures, following up collections, monitoring provisions provided and write offs customers' balances from the Group accounting records.

Revenues from core business

The conditions of the Group's long term contract in relation to the Islamic finance of Morabaha and Ijarah and contracts conditions on property sales that Group recognize in a period, and the revenue from such contracts represent a material amount of the Group's total revenue. The process to measure the amount of revenue to recognize in the financial leasing industry including the determination of the appropriate timing of recognition, involves significant management judgment. We identified revenue recognition of long-term contracts as a significant risk requiring special audit consideration. This is because of the side agreements may exist that effectively amend the original contracts, and such side agreements may be inadvertently unrecorded or deliberately concealed and therefore present a risk of material misstatement due to fraud.

In addition to testing the controls the Group has put in place over its process to enter into and record long-term contracts and other audit procedures, we considered it necessary to confirm the terms of these contracts directly with customers and testing journal entries made by management related to revenue recognition. Based on the audit procedures performed, we did not find evidence of the existence of side agreements. The Group's disclosures about revenue recognition are included in the summary of significant accounting policies in Note 2.5, as well as Note 18 to the consolidated financial statements.

Furthermore, testing a sample of invoices and revenue contracts related to Group different segments to verify the condition of revenue recognition and measurement to be recognized in the Group statement of profit or loss and check the sample of revenue transactions to verify the existence and completeness of recording revenues and make sure the appropriateness of internal control systems related to collecting summarizing, and recording the accounting information in the Group accounting records.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2015 were audited by other independent auditors whose reports dated January 27, 2016, expressed an unqualified audit opinion on those consolidated financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the consolidated financial statements

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

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

Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures 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 (Continued)

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Group and the consolidated financial statements are in agreement therewith. We have obtained all the information and explanations we considered necessary for the purpose of our audit. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law no. 11 of 2015 or the terms of the company's Articles of Association having occurred during the year which might have had a material effect on the business of the Group or its financial position as at 31 December 2016.

**Rödl & Partner
Middle East
Certified Public Accountants**



**Hikmat Mukhaimer, FCCA (UK)
(License No. 297)**



**Doha – Qatar
January 19, 2017**

ALIJARAH HOLDING (Q.P.S.C.)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016	2015
		QR	QR
ASSETS			
Cash and Bank Balances	3	906,323,038	872,788,087
Installments and Due from Customers	4	111,045,956	168,457,982
Available-for-Sale Financial Assets	5	9,116,195	56,802,964
Inventories	6	4,266,117	3,718,918
Prepayments and Other Receivables	7	34,555,478	55,302,389
Intangible Asset	8	9,149,978	10,677,099
Property and Equipment	10	177,415,922	130,722,399
Total Assets		1,251,872,684	1,298,469,838
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts Payable, Accruals and Other Payables	11	88,044,729	80,336,035
Islamic Financing Under Wakalah Arrangements	12	59,914,884	-
Deferred Revenue	13	86,427,724	180,908,959
Total Liabilities		234,387,337	261,244,994
EQUITY			
Share Capital	14	494,802,000	494,802,000
Legal Reserve	15	486,228,609	486,228,609
Fair Value Reserve		32,315	74,313
Retained Earnings		36,422,423	56,119,922
Total Equity		1,017,485,347	1,037,224,844
Total Liabilities and Equity		1,251,872,684	1,298,469,838

These consolidated financial statements were approved by the Board of Directors on 19th January 2017 and signed on their behalf by:



Sh. Falah Bin Jassim Bin Jabr Al-Thani
Chairman & Managing Director



Hamad Shareef Al-Emadi
Chief Executive Officer

ALIJARAH HOLDING (Q.P.S.C.)
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		QR	QR
Revenues			
Revenues from Core Business	18	205,384,284	175,232,568
Income from Investments	19	442,608	5,057,027
Other Income		315,451	619,771
TOTAL REVENUES & INCOME		206,142,343	180,909,366
Expenses			
Operating Expenses	20	(195,778,888)	(226,347,854)
General and Administration Expenses	21	(26,326,490)	(28,054,932)
Impairment Losses of Available for Sale Financial Assets	5	(2,151,420)	(24,846,665)
TOTAL EXPENSES		(224,256,798)	(279,249,451)
NET OPERATING LOSS		(18,114,455)	(98,340,085)
Finance Income		23,286,353	12,759,636
Finance Cost		-	(2,572,392)
Net Finance Income		23,286,353	10,187,244
PROFIT (LOSS) FOR THE YEAR		5,171,898	(88,152,841)
Basic and Diluted Earnings (Loss) Per Share	23	0.10	(1.78)

THE ACCOMPANYING NOTES FROM 1 TO 30 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ALIJARAH HOLDING (Q.P.S.C.)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
		QR	QR
Profit (Loss) for the Year		5,171,898	(88,152,841)
Other Comprehensive Income (Loss) that will be Reclassified to Profits or Loss in Subsequent Periods:			
Impairment loss reclassified to Profits or Loss during the year		2,151,420	24,846,665
Changes in Fair Value Reserve of Available-for-Sale Financial Assets		(2,193,418)	(11,102,619)
Other Comprehensive (Loss) Income		(41,998)	13,744,046
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		5,129,900	(74,408,795)

ALIJARAH HOLDING (Q.P.S.C.)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share Capital	Legal Reserve	Fair Value Reserve	Retained Earnings	Total
	QR	QR	QR	QR	QR
Balance at 1 January 2015	494,802,000	486,228,609	(13,669,733)	270,542,904	1,237,903,780
Correction of error (Note 17)	-	-	-	(84,211,971)	(84,211,971)
Balance at 1 January 2015 (restated)	494,802,000	486,228,609	(13,669,733)	186,330,933	1,153,691,809
Loss for the Year	-	-	-	(88,152,841)	(88,152,841)
Impairment loss reclassified to Profits or Loss during the year	-	-	24,846,665	-	24,846,665
Change in fair value of AFS financial assets	-	-	(11,102,619)	-	(11,102,619)
Total Comprehensive Loss for the Year	-	-	13,744,046	(88,152,841)	(74,408,795)
Dividends Paid (Note 16)	-	-	-	(42,058,170)	(42,058,170)
Balance at 31 December 2015	494,802,000	486,228,609	74,313	56,119,922	1,037,224,844
Balance at 1 January 2016	494,802,000	486,228,609	74,313	56,119,922	1,037,224,844
Profit for the Year	-	-	-	5,171,898	5,171,898
Impairment loss reclassified to Profits or Loss during the year	-	-	2,151,420	-	2,151,420
Change in fair value of AFS financial assets	-	-	(2,193,418)	-	(2,193,418)
Total Comprehensive Income for the Year	-	-	(41,998)	5,171,898	5,129,900
Social and Sports Fund appropriation	-	-	-	(129,297)	(129,297)
Dividends Paid (Note 16)	-	-	-	(24,740,100)	(24,740,100)
Balance at 31 December 2016	494,802,000	486,228,609	32,315	36,422,423	1,017,485,347

THE ACCOMPANYING NOTES FROM 1 TO 30 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ALJARAH HOLDING (Q.P.S.C.)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		QR	QR
Cash Flows From Operating Activities			
Profit (Loss) for the Year		5,171,898	(88,152,841)
Adjustments for:			
Depreciation and Amortization	21.a	30,769,043	29,846,516
Impairment Losses of Available for Sale Financial Assets	21.a	2,151,420	24,846,665
Dividend Income	19	(521,250)	(2,721,875)
Gain on disposal of property and equipment		(23,961)	-
Loss (Gain) on Sale of Available-for-Sale Financial Assets	19	128,693	(2,184,473)
Finance Income		(23,286,353)	(12,759,636)
Finance Cost		-	2,572,392
Provision for employees' end of service benefits	11(a)	1,312,246	1,769,186
		15,701,736	(46,784,066)
Working Capital Changes			
Installments and Dues from Customers		57,412,026	228,257,999
Prepayments and Other Receivables		15,423,459	30,831,361
Inventories		(547,199)	(508,480)
Accounts Payable, Accruals and Other Payables		(5,667,861)	(42,918,092)
Deferred Revenue		(94,481,235)	(17,637,980)
Employees' end of service benefits	11(a)	(2,196,949)	(978,675)
Net Cash Flows (used In) / from Operating Activities		(14,356,023)	150,262,067
Cash Flows From Investing Activities			
Finance Income Received		21,464,949	10,340,671
Dividend Income Received		521,250	2,721,875
Purchase of Property and Equipment	10	(11,170,397)	(8,002,726)
Property construction		(43,516,974)	(18,283,348)
Net movement in Bank Term Deposit		(25,000,000)	125,000,000
Purchase of Available-for-Sale Financial Assets	5	-	(39,112,494)
Proceeds from disposal of Available-for-Sale Financial Assets		45,364,657	97,693,390
Proceeds from Sale of Property and Equipment		52,705	-
Proceeds from Sale of Investment Property	9	-	130,000,000
Net Cash Flows (used In) / from Investing Activities		(12,283,810)	300,357,368

THE ACCOMPANYING NOTES FROM 1 TO 30 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

ALIJARAH HOLDING (Q.P.S.C.)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

Continued....

	Notes	2016	2015
		QR	QR
Cash Flow From Financing Activities			
Dividends Paid	16	(24,740,100)	(42,058,170)
Proceeds From Financing Under Wakalah Arrangements	12	65,000,000	-
Repayment of Financing Under Wakalah Arrangements	12	(5,085,116)	(128,039,395)
Finance Cost Paid		-	(2,572,392)
Net Cash Flows from / (used in) Financing Activities		35,174,784	(172,669,957)
Net Increase in Cash and Cash Equivalents		8,534,951	277,949,478
Cash and Cash Equivalents at the Beginning of the Year		747,788,087	469,838,609
Cash and Cash Equivalents at the End of the Year	3	756,323,038	747,788,087

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

1. INCORPORATION AND ACTIVITIES

Alijarah Holding Company Q.S.C. (the “Company”) is a public shareholding company incorporated in the State of Qatar in accordance with resolution No. 35 issued on 21 April 2003 by the Ministry of Business and Trade. The Company is registered under commercial registration No. 26487 and is governed by the provisions of the Qatar Commercial Companies’ Law No. 11 of 2015. The registered office of the Company is located at ‘D’ Ring Road, Doha, State of Qatar. The Company’s shares are publicly traded at the Qatar Exchange.

The Company and its fully owned subsidiaries (together the “Group”) are engaged in Leasing, Real Estate, Property Development, Transportation and Taxi Services and operate through its fully owned subsidiaries established in the State of Qatar. The Group is committed to conduct all its activities in accordance with Islamic Sharia’a.

The Group’s consolidated financial statements were approved and authorized for issue by the Board of Directors on 19 January 2017.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared on historical cost basis, except for available-for-sale financial assets that have been measured at fair value.

The consolidated financial statements are presented in Qatari Riyals (QR), which is the company’s functional and presentational currency and all values are rounded to the nearest Qatari Riyal, except when otherwise indicated.

2.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Group presents its statement of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the end of the reporting year (“current”) and more than 12 months of the end of the reporting year (“non-current”) is presented in Note 26.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries (listed below) fully owned by the Group:

Name of subsidiaries	Country of incorporation	Principal activity
Alijarah Leasing Company	Qatar	Islamic leasing
Alijarah Equipment Company	Qatar	Transportation
Alijarah Limousine Company	Qatar	Taxi & Limousine services
Alijarah Property Development Company	Qatar	Property Development
Al Nasr School for Modern Driving	Qatar	Driving School

2.4 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended IFRS and IFRIC interpretations effective as of 1 January 2016.

1. New and amended standards not applicable to the Group

The following standards are new and effective on or after 1 January 2016 and have no material impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception.

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10.

Amendments to IFRS 11 "Accounting for Acquisitions of Interest in Joint Operations"

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 "Business Combinations". A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

2. 4 Changes in accounting policies and disclosures (continued)

Amendments to IAS 1 “Presentation of financial statements”

The amendment is resulting from the disclosure initiative.

Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset.

Amendments to IAS 16 “Property, plant and Equipment” and IAS 41 “Agriculture”

The amendments deal with in bringing bearer plants in to the scope of IAS 16.

Amendments to IAS 27 “Separate Financial Statements”

The amendments allowed an entity to account for its investment in subsidiaries, joint ventures and associates in its separate financial statements:

At cost; or in accordance with IFRS 9; or using the equity method

Also, clarified that when the parent ceases or becomes an investment entity, it should account for the change from the date when the change in status occurs.

Amendments resulting from September 2014 annual improvements to IFRS/IAS for

IFRS 5, IFRS 7, IAS 19 and IAS 34

Other amendments to IFRSs effective for the financial year ended 31 December 2016 are not expected to have material impact on the Group.

2. New standards and interpretations effective for annual periods after 1 January 2017 and not yet adopted

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

Standard/Interpretation	Content	Effective Date
IFRS 2	Classification and Measurement of Share-based payment Transactions	1 January 2018
IFRS 4	Insurance Contracts	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 7	Disclosure Initiative	1 January 2017
IAS 12	Income Taxes	1 January 2017
IAS 40	Investment Property	1 January 2018
IFRS 12 and IFRS 1 and IAS 28	Annual improvements 2014-2016 to IFRS/IAS	1 January 2017 and 1 January 2018 respectively

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

2.5 Summary of significant accounting policies

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

The Group has determined the Chief Executive Officer of the Company as its chief operating decision maker. All transactions between operating segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in Company. Income and expenses directly associated with each segment are included in determining operating segment performance.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain and losses on revaluation of foreign currency non-monetary available-for-sale investments are recognized in the consolidated statement of changes in equity.

Cash and Bank Balances

Cash and cash equivalents represent cash, bank balances and other short-term highly liquid investments with original maturities of three months or less.

Financial Instruments

The Group classifies its financial instruments in the following categories. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Management determines the classification of its financial instruments at initial recognition.

(a) Installments and dues from customers

Installments and dues from customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Islamic financing such as Ijarah and Morabaha are stated at their gross principal amount less any amount received, allowance for impairment and unearned profit. Subsequent to initial measurement, installments and dues from customers are carried at amortized cost less allowance for impairment.

(b) Available-for-sale financial assets ("AFS")

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices. AFS include equity securities.

The Group uses trade date accounting for regular way contracts when recording financial assets and liabilities. Financial assets are initially recognized at fair value plus transaction costs.

AFS are carried at fair value subsequent to initial recognition. Gains and losses arising from changes in the fair value of AFS are recognized directly in equity, until the financial asset is

2.5 Summary of significant accounting policies (continued)

derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in consolidated statement of income.

(c) Islamic financing under wakalah arrangements

Financial instruments or their components issued by the Group, are classified as financial liabilities under 'Islamic Financing under Wakalah Arrangements', where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder. 'Islamic Financing under Wakalah Arrangements' are initially recognized at fair value net of transaction costs incurred. After initial measurement, Islamic Financing under Wakalah Arrangements are subsequently measured at amortized cost.

De-recognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when they are extinguished that is, when the obligation is discharged, cancelled or has expired.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing inventories to their present location and condition at purchase cost on a weighted average basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Investment Property

Investment properties are initially measured at cost and subsequently measured using fair value model with changes in the fair value being recognized in the consolidated statement of income.

Leasing

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases.

Operating lease payments are recognized as an expense in the consolidated statement of income on a straight line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized on a straight line basis over the lease term.

2.5 Summary of significant accounting policies (continued)

Fair values

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of financial assets

(a) Financial assets carried at amortized cost

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

The amount of financing loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of income. If a financing has a variable rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

2.5 Summary of significant accounting policies (continued)

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group.

When a financing is uncollectible, it is written off against the related allowance for financing impairment. Such financing facilities are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the consolidated statement of income in impairment charge.

(b) Financial assets classified as AFS

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as AFS, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the assets are impaired. If any such evidence exists for AFS financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in consolidated statement of income is removed from equity and recognized in the consolidated statement of income. Impairment losses recognized in the consolidated statement of income on equity instruments are not reversed through the consolidated statement of income.

Intangible Asset

License Fee

The cost incurred in acquiring a license to operate the driving school is recorded as intangible asset in the consolidated statement of financial position. The license has an indefinite useful life.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when this asset is recognized.

Software

The cost incurred for the development or acquisition of software is recorded as intangible asset in the consolidated statement of financial position. Subsequent costs are included in the asset carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the software will flow to the Group and the cost can be measured reliably.

For each module or component of a software project, amortization should start when the computer software is ready for its intended use and placed in service. The software is amortized using the straight line method over its estimated useful life. The estimated useful life might be

2.5 Summary of significant accounting policies (continued)

changed subsequently considering the effects of obsolescence, technology, and other economic factors on useful life.

The software carrying amount is written down immediately if it's use is not expected to provide substantive service benefit to the Group.

Property and Equipment

Property and equipment are stated at historical cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to write off the cost of property and equipment to their estimated residual values over their expected useful lives as follows:

	Years
Building	10
Office equipment	4-5
Furniture and fixtures	5
Heavy Equipment, trucks and motor vehicles	5
Leasehold improvements	5

Land is not depreciated. An asset's carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. Repairs and maintenance are charged to the consolidated statement of income when the expenditure is incurred.

Capital work-in-progress represents renovation work and construction work which are carried at cost, less any recognized impairment loss. Cost includes professional fees and related construction costs. Upon the completion of the work, the balance of work-in-progress will be transferred to the relevant caption under property and equipment.

Accounts Payable and Accruals

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

Deferred Revenue

Deferred Revenue is valued at cost plus attributable profit less foreseeable losses. Attributable profit is recognized on a percentage completion basis when the outcome of a contract can be assessed with reasonable certainty.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

2.5 Summary of significant accounting policies (continued)

Employee Benefits

Defined benefit plan

The Group makes provision for end of service benefits payable to its expatriate employees on the basis of the employees' length of service in accordance with the employment policy of the Group and the applicable provisions of Qatar Labor Law number 14 of 2004. The expected costs of these benefits are accrued over the period of employment.

The liability recognized in the statement of financial position in respect of employees' end of service indemnity is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by management using the projected unit credit method.

The current service cost of the defined benefit plan, recognized in the statement of income in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Defined contribution plans

Also the Group 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 personnel cost under the general administration expenses in the consolidated statement of income. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized when they are due.

Share Capital

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

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of financing and other costs that an entity incurs in connection with the borrowing of funds.

Earnings per share

The group basic diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary share outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Revenue Recognition

Construction contracts

When the outcome of individual contracts can be foreseen with reasonable certainty and can be measured reliably, margin is recognized by reference to the stage of completion, based on the

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

percentage margin forecast at completion. The stage of completion is measured by the proportion of contracts costs incurred for work performed to date to the estimated total contract costs or the proportion of the value of work done to the total value of work under contract. Full provision is made for all known expected losses on individual contracts immediately once such losses are foreseen. Margin in respect of variations in contract work and claims is recognized if it is probable they will result in revenue.

Leasing income

Income from Islamic Financing and investment contracts under Islamic Sharia'a principles are recognized in the consolidated statement of income using a method that is analogous to the effective 'yield' rate. Fees and Commissions are generally recognized when the related service has been provided.

Sale of completed property

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied.

Transportation income

Transportation income represents revenue generated from services provided to local customers in respect of transportation of raw materials under a contract with customers. Transportation Income is recognized on accrual basis when the services are provided.

Taxi income

Taxi income represents revenue generated from performing public taxi services in Qatar under the franchise agreement with Karwa (Mowasalat), the income is recognized when earned based on actual collections from customers.

Limousine income

Limousine income represents revenue generated from performing public and private limousine services in Qatar, the income is recognized when earned based on actual collections from customers.

Income from deposits

Profit from Term Deposits is recognized on a time proportion basis using the effective profit rate method.

Dividend income

Dividend income is recognized when the right to receive payment is established.

3. CASH AND BANK BALANCES

	2016	2015
	QR	QR
Cash on Hand	108,455	326,864
Current Accounts with Islamic Banks	16,214,583	167,961,223
Term Deposits with Islamic Banks	890,000,000	704,500,000
Cash and Bank Balances	906,323,038	872,788,087

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

Term bank deposits carry profit at commercial market rates.

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances:

	2016	2015
	QR	QR
Cash and Bank Balances	906,323,038	872,788,087
Term deposits maturing after 3 months	(150,000,000)	(125,000,000)
Cash and cash equivalents	756,323,038	747,788,087

4. INSTALLMENTS AND DUES FROM CUSTOMERS

	2016	2015
	QR	QR
Gross Installments Due from Leasing	130,345,073	163,995,169
	2016	2015
<i>Morabaha</i>	116,339,444	142,484,720
<i>Ijarah</i>	14,005,629	21,510,449
Less: Deferred Profits of Future Installments	(4,918,260)	(9,097,743)
	2016	2015
<i>Morabaha</i>	3,485,911	6,488,445
<i>Ijarah</i>	1,432,349	2,609,298
Net Installments Due From Leasing	125,426,813	154,897,426
Gross Installments Due From Property Sales	20,013,052	46,661,299
Less: Deferred Profits of Future Installments	(554,688)	(2,157,464)
Net Installments Due From Property Sales	19,458,364	44,503,835
Other Trade Related Receivables	15,983,248	18,879,190
Allowance for Impairment	(49,822,469)	(49,822,469)
Total Installments and Dues From Customers	111,045,956	168,457,982
Maturity profile of installments and dues from customers		
Not later than 1 year	69,549,441	94,982,960
Later than 1 year and not later than 5 years	40,769,131	71,873,545
Later than 5 years	727,384	1,601,477
	111,045,956	168,457,982

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	QR	QR
Quoted Equity Investments	9,116,195	56,802,964

Note: Quoted equity investments have been valued using Level 1 measurement techniques as per IFRS 7 and there have been no transfers between Level 1 and Level 2 fair value measurements. There are no Level 3 fair value measurements.

During the year, the Group reclassified available for sale financial assets losses of QR 2,151,420 (2015: QR 24,846,665) from other comprehensive income into consolidated statement of income due to impairments.

	2016	2015
	QR	QR
At 1 January	56,802,964	124,302,004
Additions	-	39,112,494
Disposal	(45,493,351)	(95,508,915)
Change in fair value	(2,193,418)	(11,102,619)
At 31 December	9,116,195	56,802,964

6. INVENTORIES

	2016	2015
	QR	QR
Spare parts and consumables	4,266,117	3,718,918

The cost of inventories recognized as an expense and included in operating expenses amounted to QR 16,360,227 (2015: QR 20,689,450).

7. PREPAYMENTS AND OTHER RECEIVABLES

	2016	2015
	QR	QR
Security Deposit	133,680	1,129,380
Advance Payments to Suppliers	25,541,374	45,758,647
Pre-payments	3,855,739	4,286,702
Other Receivables	784,318	1,708,697
Profits Accrued on Bank Deposits	4,240,367	2,418,963
	34,555,478	55,302,389

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

8. INTANGIBLE ASSET

	Driving School License	Software	Total
	QR	QR	QR
Cost:			
At 1 January 2015	8,000,000	1,469,973	9,469,973
Additions	-	3,132,362	3,132,362
At 31 December 2015	8,000,000	4,602,335	12,602,335
At 31 December 2016	8,000,000	4,602,335	12,602,335
Amortization:			
At 1 January 2015	-	1,357,086	1,357,086
Charge for the year	-	568,150	568,150
At 31 December 2015	-	1,925,236	1,925,236
Charge for the year	-	1,527,121	1,527,121
At 31 December 2016	-	3,452,357	3,452,357
Net carrying amounts:			
31 December 2016	8,000,000	1,149,978	9,149,978
31 December 2015	8,000,000	2,677,099	10,677,099

	2016	2015
	QR	QR
Amortization attributable to General and Administration (Note 21)	13,156	54,585
Direct costs forming part of Operating expenses – Transportation and Taxi division (Note 20)	1,513,965	513,565
	1,527,121	568,150

On 2 September 2013, the Group acquired 100% shares of Al Nasr Driving School (the Acquiree”), a limited liability company incorporated in the State of Qatar. The Acquiree is engaged in operating a driving school in the State of Qatar. The Group has obtained control over the subsidiary in accordance with the Sale and Purchase Agreement effective from 2 September 2013.

At the date of acquisition, the Acquiree’s asset consists only of the license to operate a driving school amounting to QR 8 Million. The license granted to the Acquiree has an indefinite useful life.

The group tests whether the license to operate a driving school has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The Cash flows have been discounted by the weighted average cost of capital of 12%, all Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 2%. As a result of this analysis, no impairment allowance recognized against the license as at 31 December 2016 and 2015.

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

9. INVESTMENT PROPERTY

	2016	2015
	QR	QR
Opening Balance	-	130,000,000
Disposals	-	(130,000,000)
	-	-

The Group purchased an investment property in Al-Aziziyah area on 11 June 2014. This property was held for undetermined future use until it was sold at the fair value of QAR 130,000,000 on 01 April 2015. The fair value of the property as at 31 December 2014 is based on the valuation performed by an independent valuer. The Group repaid the Islamic financing under wakalah arrangements from the proceeds of sale of investment property.

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

10. PROPERTY AND EQUIPMENT

	Office Equipment	Land	Building	Furniture and Fixtures	Heavy Equipment, Trucks and Motor Vehicles	Work in Progress	Total
	QR	QR	QR	QR	QR	QR	QR
Cost:							
At 1 January 2015	5,968,161	29,991,000	29,406,687	8,389,970	166,815,906	14,797,949	255,369,673
Additions/transfer	489,693	-	-	423,965	1,116,210	18,838,408	20,868,276
Reclassification	-	-	-	-	17,785,810	(20,360,374)	(2,574,564)
At 31 December 2015	6,457,854	29,991,000	29,406,687	8,813,935	185,717,926	13,275,983	273,663,385
Additions/transfer	276,040	-	206,700	113,066	10,546,590	66,467,498	77,609,894
Disposal	-	-	-	-	(86,090)	-	(86,090)
Reclassification	-	-	-	-	96,371	(1,742,076)	(1,645,705)
At 31 December 2016	6,733,894	29,991,000	29,613,387	8,927,001	196,274,797	78,001,405	349,541,484
Depreciation:							
At 1 January 2015	4,114,443	-	9,810,593	5,791,887	93,945,697	-	113,662,620
Charge for the year	821,847	-	3,082,726	1,728,862	23,644,931	-	29,278,366
At 31 December 2015	4,936,290	-	12,893,319	7,520,749	117,590,628	-	142,940,986
Charge for the year	661,147	-	3,090,477	884,912	24,605,387	-	29,241,923
Disposal	-	-	-	-	(57,347)	-	(57,347)
At 31 December 2016	5,597,437	-	15,983,796	8,405,661	142,138,668	-	172,125,562

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

10. PROPERTY AND EQUIPMENT (continued)

	Office Equipment	Land	Building	Furniture and Fixtures	Heavy Equipment, Trucks and Motor Vehicles	Work in Progress	Total
	QR	QR	QR	QR	QR	QR	QR
Net carrying amounts:							
31 December 2016	1,136,457	29,991,000	13,629,591	521,340	54,136,129	78,001,405	177,415,922
31 December 2015	1,521,564	29,991,000	16,513,368	1,293,186	68,127,298	13,275,983	130,722,399

Depreciation charge for the year has been allocated in the consolidated statement of income on the following basis:

	2016	2015
	QR	QR
Depreciation attributable to General and Administration (Note 21)	3,345,146	4,402,656
Direct costs forming part of Operating expenses – Transportation and Taxi division (Note 20)	25,896,777	24,875,710
	29,241,923	29,278,366

The Group also commenced the construction and development of taxi complex, driving school and warehouses in February 2015. This project is expected to be completed on mid of 2017. The Group paid QR 43,516,974 for the cost of this project as of 31 Dec 2016 (2015: QR 18,283,348). The finance cost capitalized during the year ended 31 Dec 2016 is QR 1,093,342 (2015: Nil).

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

11. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	2016	2015
	QR	QR
Accounts payable and advances from customers	58,379,691	56,040,951
Unclaimed dividends	7,054,828	7,056,027
Provision for employees' end of service benefits (a)	4,552,884	5,437,587
Provision for social contribution (b)	129,297	-
Accrued expenses	17,928,029	11,801,470
	88,044,729	80,336,035

Notes:

(a) Provision for employees' end of service benefits

	2016	2015
	QR	QR
At 1 January	5,437,587	4,647,076
Charge for the year	1,312,246	1,769,186
Payments during the year	(2,196,949)	(978,675)
	4,552,884	5,437,587

(b) Contribution to Social and Sports Development Fund

Pursuant to Law No. 13 of 2008 and further clarification of the law issued in 2010, the Group made an appropriation of QR 129,297 for the year 2016 (nil for the year 2015) to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the year ended 31 December 2016.

12. ISLAMIC FINANCING UNDER WAKALAH ARRANGEMENTS

The Group has obtained various Islamic financing facilities under Wakalah arrangements with various local banks to fund business operations and working capital requirements. These facilities are unsecured and are repayable at various dates and carry financing charges at commercial rates. The Group settled all these facilities in full during the 2nd quarter of 2015.

During 2016, the Group has obtained Islamic financing facility under Wakalah arrangement to fund construction and development of taxi complex, driving school and warehouses. The facility is secured and it is repayable at various dates and carries financing charges at commercial rates.

	2016	2015
	QR	QR
At 1 January	-	128,039,395
Additions	65,000,000	-
Repayment	(5,085,116)	(128,039,395)
	59,914,884	-

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

13. DEFERRED REVENUE

During 2010, the Group entered into an arrangement with Qatari Diar Real Estate Co., for undertaking the infrastructure development of the plot areas in the North and West Water Front of Lusail area. This amount will be recognized in the consolidated statement of income based on the percentage of completion of the infrastructure development.

14. SHARE CAPITAL

	2016	2015
	QR	QR
Authorized, Issued and Fully paid-up		
49,480,200 Ordinary Shares of QR 10 each	494,802,000	494,802,000

15. LEGAL RESERVE

In accordance with the Qatar Commercial Companies' Law No.11 of 2015, QR 321,621,300 received in excess of the nominal amount of the share issued during the year 2012 has been credited to the Legal reserve. The legal reserve is not available for distribution except in circumstances specified in the said Law. The Group has not appropriated any amount to legal reserve during the year as the reserve had already exceeded 50% of the Group's share capital.

16. DIVIDENDS PAID AND PROPOSED

During 2016, the Group paid a dividend of QR 0.50 per share amounting to QR 24,740,100 in respect of 2015 results. (2015: QR 0.85 per share amounting to QR 42,058,170 in respect of 2014 profits)

The BOD resolved in its meeting to propose to the forthcoming General Assembly Meeting of the shareholders the payment of 5% cash dividend (QR 0.50 per share) amounting to QR 24,740,100.

17. RESTATEMENTS

In 2010, Alijarah Holding has entered into an agreement to purchase 895 plot of lands, where the Company has also agreed to develop the infrastructure of the area such as landscape, street lighting, water pipes... etc. The consideration for the infrastructure project was agreed to be settled against discharging the purchase price of that land. Over the period of executing the infrastructure project, the Company was recognizing the revenue from the project using the percentage of completion.

In 2015, the management found that the current percentage of completion is less than what has been recognized in the past; therefore, reassessed the actual progress of the project for the prior years by comparing the actual costs incurred to total estimated cost of the project. Accordingly, management restated the 2014 financial statements to reflect the appropriate percentages of completion at the end of each of the years. The cumulative impact on the consolidated statement of financial position (increase / (decrease) in net equity for the beginning balance of year 2015 is summarized as follows:

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

01 January 2015

	As previously reported	Effect of the restatement	Restated
	QR	QR	QR
Accounts Payable, Accruals and Other Payables	234,805,401	(112,341,785)	122,463,616
Deferred Revenue	1,993,182	196,553,757	198,546,939
Retained Earnings	270,542,904	(84,211,971)	186,330,933

18. REVENUES FROM CORE BUSINESS

			2016	2015
			QR	QR
Revenue from leasing operations				
	2016	2015	4,497,735	7,999,675
<i>Morabaha</i>	3,339,271	5,700,330		
<i>Ijarah</i>	1,158,464	2,299,345		
Revenue from transportation			72,556,658	92,590,205
Revenue from taxi operations			31,240,853	47,638,120
Revenue from plots resale			1,005,027	877,493
Profit on property installments			1,602,776	8,489,095
Revenue from real estate property development			94,481,235	17,637,980
			205,384,284	175,232,568

19. INCOME FROM INVESTMENTS

	2016	2015
	QR	QR
(Loss) Gain on sale of AFS financial assets	(128,693)	2,184,473
Dividends received	521,250	2,721,875
Other income from AFS financial assets	50,051	150,679
	442,608	5,057,027

20. OPERATING EXPENSES

	2016	2015
	QR	QR
Property development cost	54,001,465	29,039,782
Cost of transportation operations	61,364,429	87,858,466
Cost of taxi operations	53,002,252	84,060,331
Directly attributable depreciation and amortization (Note 8 and 10)	27,410,742	25,389,275
	195,778,888	226,347,854

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

21. GENERAL AND ADMINISTRATION EXPENSES

	2016	2015
	QR	QR
Staff costs	10,910,426	12,145,348
Depreciation and amortization (Note 8 and 10)	3,358,302	4,457,241
Advertising expenses	1,040,490	1,990,159
Professional and legal fees	2,359,197	1,808,532
Rents, licensing and listing	1,292,473	667,156
Business promotion	1,229,200	-
Commissions	7,000	1,300,000
General meeting, telephone, recruitment expenses	606,465	729,199
Insurance	140,141	170,221
Consumable expenses	788,579	1,104,706
Postage printing and stationery	631,243	446,213
Repairs and maintenance expenses	1,190,789	940,547
Bank charges and commissions	178,071	114,905
Donations and portfolio cleansing	203,000	-
Travel expenses	282,258	70,767
Miscellaneous and site expenses	2,108,856	2,109,938
	26,326,490	28,054,932

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

21.a EXPENSES BY NATURE

	2016	2015
	QR	QR
Property Development Cost	54,001,465	10,081,121
Staff costs	41,675,952	55,574,039
Transportation Expenses	41,356,349	58,202,245
Depreciation and amortization	30,769,043	29,846,516
Repairs and maintenance expenses	13,357,248	16,851,530
Fuel Expenses	12,482,193	17,032,707
Franchising Fees	12,118,000	12,320,000
Insurance	2,818,774	4,177,075
Professional and legal fees	2,359,197	1,808,532
Impairment losses on AFS financial assets	2,151,420	24,846,665
Miscellaneous and site expenses	2,123,130	2,439,953
Other Franchise Related Charges	1,925,582	-
Rents, licensing and listing	1,858,918	1,136,052
Business promotion	1,306,216	-
Consumable expenses	933,620	1,104,706
Advertising expenses	917,090	1,991,759
Postage printing and stationery	631,243	446,213
General meeting, telephone, recruitment expenses	606,465	729,199
Travel expenses	282,258	70,767
Donations and portfolio cleansing	203,000	-
Hire Charges	194,564	1,988,140
Bank charges and commissions	178,071	114,904
Commission	7,000	1,328,667
Impairment charges on other receivables	-	37,158,661
	224,256,798	279,249,451

22. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the Group and companies in which they are major owners. Pricing policies and terms of these transactions are approved by the Group's management.

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

Related party transactions

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

Nature of Transaction	Relationship	2016	2015
		QR	QR
Transportation Revenue	Company chaired by Board Member	53,716,225	80,944,971
Profit on property installments	Chairman	821,772	1,394,517
		54,537,997	82,339,488

Related party balances

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

Nature of Transaction	Relationship	2016	2015
		QR	QR
Due from QNCC	Company chaired by Board Member	1,768,423	13,759,668
Due from property sale	Chairman	12,948,855	12,948,855
		14,717,278	26,708,523

Key management personnel remuneration

	2016	2015
	QR	QR
Key management personnel remuneration	4,027,252	4,438,952
BOD remuneration	-	-
	4,027,252	4,438,952

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

23. BASIC AND DILUTED (LOSS)/ EARNINGS PER SHARE

	2016	2015
	QR	QR
Net (loss) profit for the year (QR)	5,171,898	(88,152,841)
Weighted average number of shares	49,480,200	49,480,200
Basic and Diluted (Loss)/ Earnings per share (QR)	0.10	(1.78)

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

The weighted average numbers of shares have been calculated as follows:

	2016	2015
Qualifying shares at the beginning of the year	49,480,200	49,480,200
Balance at end of the year	49,480,200	49,480,200

24. SEGMENT REPORTING

Based on the nature of core activities of the business, the Group is segmented into five major operating segments. The major operating segments are given below with their respective revenue and analysis of Assets and Liabilities:

- Financial Leasing
- Transportation
- Property Development
- Driving School
- Taxi Services (including Limousine)

The Group operates geographically in only one segment, being in Doha-Qatar.

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

The following table presents segment revenues and profits of the Group's operating segments as at 31 December 2016 and 31 December 2015:

2016	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Revenues and Gains:								
External Parties	4,533,480	72,556,659	97,135,484	2,000	31,315,613	599,107	-	206,142,343
Internal Parties	-	197,859	-	-	-	-	(197,859)	-
Total Revenues and Gains	4,533,480	72,754,518	97,135,484	2,000	31,315,613	599,107	(197,859)	206,142,343
Profit (Loss) for the year	1,777,606	5,680,844	42,007,296	(167,139)	(48,430,572)	4,303,863	-	5,171,898
Finance Income	4,149,985	104,334	6,404,673	-	41,156	12,586,205	-	23,286,353
Finance Cost	-	-	-	-	-	-	-	-
Depreciation and amortization	(10,850)	(4,824,122)	(3,107,887)	-	(22,586,619)	(239,565)	-	(30,769,043)

2015	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Revenues and Gains:								
External Parties	8,249,527	92,684,627	27,004,568	-	47,913,617	5,057,027	-	180,909,366
Internal Parties	12,202,487	148,650	-	-	-	-	(12,351,137)	-
Total Revenues and Gains	20,452,014	92,833,277	27,004,568	-	47,913,617	5,057,027	(12,351,137)	180,909,366
(Loss) Profit for the year	15,413,178	(699,669)	(22,581,825)	(2,433)	(53,868,645)	(26,413,447)	-	(88,152,841)
Finance Income	2,359,995	71,906	4,553,844	-	4,883,223	890,668	-	12,759,636
Finance Cost	(280,586)	-	(2,291,806)	-	-	-	-	(2,572,392)
Depreciation and amortization	(8,472)	(4,708,932)	(4,180,012)	-	(20,680,344)	(268,756)	-	(29,846,516)

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2016 and 31 December 2015:

As of 31 December 2016	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Current Asset	283,450,532	20,448,936	514,658,988	7,810	18,481,970	625,564,263	(448,052,105)	1,014,560,394
Non-Current Assets	41,523,527	11,677,331	119,084,185	8,000,000	47,447,410	9,579,837	-	237,312,290
Total Assets	324,974,059	32,126,267	633,743,173	8,007,810	65,929,380	635,144,100	(448,052,105)	1,251,872,684
Current Liabilities	(7,349,179)	(9,307,237)	(109,525,589)	(7,167,771)	(238,661,446)	(181,356,877)	401,852,105	(151,515,994)
Non-Current Liabilities	(456,807)	(863,054)	(31,162,978)	(9,611)	(705,821)	(49,673,072)	-	(82,871,343)
Total Liabilities	(7,805,986)	(10,170,291)	(140,688,567)	(7,177,382)	(239,367,267)	(231,029,949)	401,852,105	(234,387,337)

As of 31 December 2015	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Current Asset	265,992,909	35,234,781	593,621,632	6,567	15,799,744	419,347,417	(304,340,077)	1,025,662,973
Non-Current Assets	63,348,225	15,861,953	66,037,514	8,000,000	62,149,128	57,410,045	-	272,806,865
Total Assets	329,341,134	51,096,734	659,659,146	8,006,567	77,948,872	476,757,462	(304,340,077)	1,298,469,838
Current Liabilities	(13,535,744)	(34,082,892)	(187,418,581)	(7,009,000)	(201,045,985)	(49,913,563)	258,140,077	(234,865,688)
Non-Current Liabilities	(414,921)	(738,711)	(21,193,255)	-	(1,910,202)	(2,122,217)	-	(26,379,306)
Total Liabilities	(13,950,665)	(34,821,603)	(208,611,836)	(7,009,000)	(202,956,187)	(52,035,780)	258,140,077	(261,244,994)

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

25. CONTINGENT LIABILITY & COMMITMENTS

	2016	2015
	QR	QR
Letter of guarantees from Islamic banks	24,510,000	29,585,000
Capital commitments	129,709,585	109,752,687
Operating lease commitments	1,400,000	1,500,000

The table below shows the maturity profile of the Group's operating lease:

	31 Dec 2016	31 Dec 2015
	QR	QR
Less than 1 year	100,000	100,000
1 – 5 years	500,000	500,000
More than 5 years	800,000	900,000

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

26. CURRENT AND NON-CURRENT ANALYSIS OF ASSETS AND LIABILITIES

2016	Non-current	Current	Total
	QR	QR	QR
ASSETS			
Cash and cash equivalents	-	906,323,038	906,323,038
Installments and dues from customers	41,496,515	69,549,441	111,045,956
Available for sale financial assets	9,116,195	-	9,116,195
Inventories	-	4,266,117	4,266,117
Prepayments and other receivables	133,680	34,421,798	34,555,478
Intangible asset	9,149,978	-	9,149,978
Investment property	-	-	-
Property and equipment	177,415,922	-	177,415,922
Total Assets	237,312,290	1,014,560,394	1,251,872,684
LIABILITIES			
Accounts payables, accruals and other payables	35,610,759	52,433,970	88,044,729
Islamic financing under wakalah arrangements	47,260,584	12,654,300	59,914,884
Deferred Revenue	-	86,427,724	86,427,724
Total Liabilities	82,871,343	151,515,994	234,387,337

2015	Non-current	Current	Total
	QR	QR	QR
ASSETS			
Cash and cash equivalents	-	872,788,087	872,788,087
Installments and dues from customers	73,475,023	94,982,959	168,457,982
Available for sale financial assets	56,802,964	-	56,802,964
Inventories	-	3,718,918	3,718,918
Prepayments and other receivables	1,129,380	54,173,009	55,302,389
Intangible asset	10,677,099	-	10,677,099
Investment property	-	-	-
Property and equipment	130,722,399	-	130,722,399
Total Assets	272,806,865	1,025,662,973	1,298,469,838
LIABILITIES			
Accounts payables, accruals and other payables	26,379,306	53,956,729	80,336,035
Islamic financing under wakalah arrangements	-	-	-
Deferred Revenue	-	180,908,959	180,908,959
Total Liabilities	26,379,306	234,865,688	261,244,994

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

27. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to routine financial risks, including the effects of defaults by customers, profit rates and liquidity. The Group seeks to minimize potential adverse effects on the financial performance of the Group by taking appropriate steps to address specific risk management areas, such as profit rate risk, credit risk and liquidity management. There is no foreign currency risk as all balances are in QR.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is limited to the carrying amount of its financial assets which consist primarily of bank balances and financing facilities to customers. Credit risk on bank balance is limited to as deposits are placed with banks with high credit ratings assigned by international credit-rating agencies. Credit risk due from customers is limited by obtaining collaterals and mortgage on leasing facilities.

	2016	2015
	QR	QR
Bank balances	906,214,583	872,461,223
Installments and dues from customers	111,045,956	168,457,982
Other receivables	917,998	2,838,077
	1,018,178,537	1,043,757,282

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of the developments in the local markets. The Group is subject to equity price risk in relation to its available for sale investments. The Group evaluates the current market and other factors including normal volatility in share price for quoted equities in order to manage its risk.

	Change in equity price	2016	2015
		QR	QR
Qatar Exchange	+/-10%	911,620	5,680,296

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity requirements are monitored on a periodic basis and the management ensures that sufficient funds are available to meet any future commitments. The Group also ensures liquidity by diversifying the Group's funding sources and entering into financial arrangements with reputable banks and financial institutions.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to pay or expect to receive.

Financial liabilities At 31 December 2016	Less than 1 year	1-5 years	Total
	QR	QR	QR
Accounts payable and accruals	52,433,970	35,610,759	88,044,729
Islamic financing under wakalah arrangements	12,654,300	47,260,584	59,914,884
	65,088,270	82,871,343	147,959,613

Financial liabilities At 31 December 2015	Less than 1 year	1-5 years	Total
	QR	QR	QR
Accounts payable and accruals	53,933,729	20,941,719	74,875,448
Islamic financing under wakalah arrangements	-	-	-
	53,933,729	20,941,719	74,875,448

Profit Rate Risk

The Group's financing arrangements are solely through Islamic arrangements. Management of the Group believes that these financing arrangements are not sensitive to a change in market profit rates as they are fixed based on the rate applicable at the date of lending.

Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year end 31 December 2016 and 31 December 2015. Capital comprises share capital and retained earnings of QR 494.8 Million and QR 36.42 Million, respectively (2015: QR 494.8 Million and QR 56.1 Million, respectively).

ALIJARAH HOLDING (Q.P.S.C.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2016

28. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents, installments and dues from customers and AFS and certain other receivables. Financial liabilities consist of Islamic financing under wakalah arrangements, accounts payable, amounts due on construction contracts and certain other accruals.

Management believes that the fair values of financial assets and liabilities are not materially different from their carrying values.

29. FINANCIAL INSTRUMENTS BY CATEGORY

Loans and Receivables

	2016	2015
	QR	QR
Trade and other receivables	111,830,724	170,166,679
Bank balances	906,214,582	872,461,223
	1,018,045,306	1,042,627,902

Other financial liabilities at amortized cost

	2016	2015
	QR	QR
Trade and other payables	58,379,691	56,040,951
Islamic financing under wakalah arrangements	59,914,884	-
Unclaimed dividend	7,054,828	7,056,027
	125,349,403	63,096,978

Available for sale financial assets

	2016	2015
	QR	QR
Available for sale financial assets	9,116,195	56,802,964

30. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management uses estimates based on historical loss experience for assets with similar credit risks and characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Impairment losses on installments and dues from customers

The Group reviews its financing portfolio to assess impairment at least on a semi-annual basis. In determining whether an impairment loss should be recorded in the consolidated statement of income, the Group makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of installments due from financing activities before the decrease can be identified with an individual financing in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Group, or national or local economic conditions that correlate with defaults on assets in the Group.

Impairment of AFS investments

The Group considers that AFS investments are impaired when there is objective evidence of impairment. Objective evidence for an investment includes information about significant changes with an adverse effect that have taken place in the economic market in which the Group operates and indicates that the investment may have suffered a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates amongst other factors, the volatility in share prices, the financial strength of related companies and the environment in which the Group operates and the industry.

Useful lives of property and equipment

The Group determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

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 the going concern basis.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for similar instruments.