



**Alijarah Holding Q.P.S.C.**  
**Consolidated Financial Statements**  
**For the Year Ended 31 December 2017**

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## 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 2017, 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 2017, 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)****Key audit matters (continued)*****Installments and due from customers (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 performed 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 of 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 17 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)

### **Key audit matters (continued)**

#### ***Investment property***

Investment property includes capital work in progress which represents warehouses, subsequently completed, and management considered to be let out these warehouses from 2018, therefore these warehouses under construction has been classified to investment properties whereas these investment properties evaluated by accredited independent evaluators at fair market value and recognized fair value gain in the consolidated statement of income for an amount of QR 36,551,086.

#### ***Investment in available for sale financial assets***

Available for sale financial assets significantly increased by QR 145,643,213 during the year and there are advance payments made for an amount of QR 97,861,049 for investment in available for sale financial assets.

#### **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 and those charged for Governance for the consolidated financial statements**

The Board of Directors and those charged with governance 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 and those charged for governance 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

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:

- 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.



## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

We also provide those charged with governance 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.

### **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 2017.

**Rödl & Partner - Qatar Branch**  
**Certified Public Accountants**

  
**Magdy Aboelkhier**  
**Membership of Egyptian Society**  
**Of Accountants & Auditors**  
**License No. 321**  
**QFMA Registration Auditor's No. 12015**



**Doha - Qatar**  
**February 8, 2018**

**ALJARAH HOLDING (Q.P.S.C.)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Notes	2017	2016
		QR	QR
<b>ASSETS</b>			
Cash and Bank Balances	3	598,444,228	906,323,038
Installments and Due from Customers	4	67,840,812	111,045,956
Available-for-Sale Financial Assets	5	154,759,408	9,116,195
Inventories	6	3,083,139	4,266,117
Prepayments and Other Receivables	7	113,240,708	34,555,478
Intangible Asset	8	8,349,243	9,149,978
Investment Property	9	106,277,617	-
Property and Equipment	10	160,510,020	177,415,922
<b>Total Assets</b>		<b>1,212,505,175</b>	<b>1,251,872,684</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable, Accruals and Other Payables	11	73,761,561	88,044,729
Islamic Financing Under Wakalah Arrangements	12	101,909,351	59,914,884
Deferred Revenue	13	41,798,731	86,427,724
<b>Total Liabilities</b>		<b>217,469,643</b>	<b>234,387,337</b>
<b>EQUITY</b>			
Share Capital	14	494,802,000	494,802,000
Legal Reserve	15	486,228,609	486,228,609
Fair Value Reserve		(694,560)	32,315
Retained Earnings		14,699,483	36,422,423
<b>Total Equity</b>		<b>995,035,532</b>	<b>1,017,485,347</b>
<b>Total Liabilities and Equity</b>		<b>1,212,505,175</b>	<b>1,251,872,684</b>

*These consolidated financial statements were approved by the Board of Directors on 08th February 2018 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 2017**

	Notes	2017	2016
		QR	QR
<b>Revenues</b>			
Revenues from Core Business	17	115,144,436	205,384,284
Income from Investments	18	923,655	442,608
Other Income		952,394	315,451
<b>TOTAL REVENUES &amp; INCOME</b>		<b>117,020,485</b>	<b>206,142,343</b>
<b>Expenses</b>			
Operating Expenses	19	(140,019,730)	(195,778,888)
General and Administration Expenses	20	(33,606,530)	(26,326,490)
Impairment Losses of Available for Sale Financial Assets	5	--	(2,151,420)
<b>TOTAL EXPENSES</b>		<b>(173,626,260)</b>	<b>(224,256,798)</b>
<b>NET OPERATING LOSS</b>		<b>(56,605,775)</b>	<b>(18,114,455)</b>
Finance Income		23,149,212	23,286,353
Fair Value Gain on Revaluation of Investment Properties	9	36,551,086	--
<b>PROFIT FOR THE YEAR</b>		<b>3,094,523</b>	<b>5,171,898</b>
<b>Basic and Diluted Earnings Per Share</b>	22	<b>0.06</b>	<b>0.10</b>

**ALIJARAH HOLDING (Q.P.S.C.)  
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	QR	QR
<b>Profit for the Year</b>	<b>3,094,523</b>	<b>5,171,898</b>
<b>Other Comprehensive Income (Loss) that will be Reclassified to Profits or Loss in Subsequent Periods:</b>		
Impairment loss reclassified to Profits or Loss during the year	--	2,151,420
Changes in Fair Value Reserve of Available-for-Sale Financial Assets	(726,875)	(2,193,418)
<b>Other Comprehensive Loss</b>	<b>(726,875)</b>	<b>(41,998)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,367,648</b>	<b>5,129,900</b>



ALIJARAH HOLDING (Q.P.S.C.)  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017



	Share Capital	Legal Reserve	Fair Value Reserve	Retained Earnings	Total
	QR	QR	QR	QR	QR
<b>Balance at 1 January 2016</b>	<b>494,802,000</b>	<b>486,228,609</b>	<b>74,313</b>	<b>56,119,922</b>	<b>1,037,224,844</b>
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)
<b>Total Other Comprehensive (Loss)/ Income for the Year</b>	--	--	<b>(41,998)</b>	<b>5,171,898</b>	<b>5,129,900</b>
Social and Sports Fund appropriation	--	--	--	(129,297)	(129,297)
Dividends Paid (Note 16)	--	--	--	(24,740,100)	(24,740,100)
<b>Balance at 31 December 2016</b>	<b>494,802,000</b>	<b>486,228,609</b>	<b>32,315</b>	<b>36,422,423</b>	<b>1,017,485,347</b>
<b>Balance at 1 January 2017</b>	<b>494,802,000</b>	<b>486,228,609</b>	<b>32,315</b>	<b>36,422,423</b>	<b>1,017,485,347</b>
Profit for the Year	--	--	--	3,094,523	3,094,523
Change in fair value of AFS financial assets	--	--	(726,875)	--	(726,875)
<b>Total Other Comprehensive (Loss)/ Income for the Year</b>	--	--	<b>(726,875)</b>	<b>3,094,523</b>	<b>2,367,648</b>
Social and Sports Fund appropriation	--	--	--	(77,363)	(77,363)
Dividends Paid (Note 16)	--	--	--	(24,740,100)	(24,740,100)
<b>Balance at 31 December 2017</b>	<b>494,802,000</b>	<b>486,228,609</b>	<b>(694,560)</b>	<b>14,699,483</b>	<b>995,035,532</b>

THE ACCOMPANYING NOTES FROM 1 TO 29 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 2017**

	Notes	2017	2016
		QR	QR
<b>Cash Flows From Operating Activities</b>			
Profit for the Year		3,094,523	5,171,898
Adjustments for:			
Depreciation and Amortization	21.a	29,488,594	30,769,043
Fair value gain on revaluation of investment properties	9	(36,551,086)	--
Losses of Available for Sale Financial Assets	21.a	--	2,151,420
Provision for Doubtful Receivables		1,800,000	-
Dividend Income	18	--	(521,250)
Gain on disposal of property and equipment		(645,760)	(23,961)
Provision for Slow Moving Stocks	6	524,737	--
(Gain) Loss on Sale of Available-for-Sale Financial Assets	18	(737,659)	128,693
Finance Income		(23,149,212)	(23,286,353)
Provision for employees' end of service benefits	11(a)	1,562,107	1,312,246
<b>Net Operating (Loss)/Profit for the Year Before Working Capital Changes</b>		<b>(24,613,756)</b>	<b>15,701,736</b>
<b>Working Capital Changes</b>			
Installments and Dues from Customers		41,405,144	57,412,026
Prepayments and Other Receivables		(79,085,154)	15,423,459
Inventories		658,241	(547,199)
Accounts Payable, Accruals and Other Payables		(13,086,358)	(5,667,861)
Deferred Revenue		(44,628,993)	(94,481,235)
Employees' End of Service Benefits Paid	11(a)	(2,785,181)	(2,196,949)
<b>Net Cash Flows Used In Operating Activities</b>		<b>(122,136,057)</b>	<b>(14,356,023)</b>
<b>Cash Flows From Investing Activities</b>			
Finance Income Received		23,549,136	21,464,949
Dividend Income Received		--	521,250
Intangible Asset		(342,000)	--
Purchase of Property and Equipment	10	(47,297,559)	(11,170,397)
Property construction		(44,157,594)	(43,516,974)
Net movement in Bank Term Deposit		(200,000,000)	(25,000,000)
Purchase of Available-for-Sale Financial Assets	5	(163,574,104)	--
Proceeds from disposal of Available-for-Sale Financial Assets		17,941,675	45,364,657
Proceeds from Sale of Property and Equipment		10,883,326	52,705
<b>Net Cash Flows Used In Investing Activities</b>		<b>(402,997,120)</b>	<b>(12,283,810)</b>

THE ACCOMPANYING NOTES FROM 1 TO 29 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 2017

Continued....

	Notes	2017	2016
		QR	QR
<b>Cash Flow From Financing Activities</b>			
Dividends Paid	16	(24,740,100)	(24,740,100)
Proceeds From Financing Under Wakalah Arrangements	12	60,000,000	65,000,000
Repayment of Financing Under Wakalah Arrangements	12	(18,005,533)	(5,085,116)
<b>Net Cash Flows From Financing Activities</b>		<b>17,254,367</b>	<b>35,174,784</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>(507,878,810)</b>	<b>8,534,951</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>		<b>756,323,038</b>	<b>747,788,087</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	3	<b>248,444,228</b>	<b>756,323,038</b>

**ALIJARAH HOLDING (Q.P.S.C.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AT 31 DECEMBER 2017**

**1. INCORPORATION AND ACTIVITIES**

Alijarah Holding Company Q.P.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, Taxi Services and Driving School 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 08 February 2018.

**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 and investment property 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 25.

**2.3 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017. 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 2017**

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

**2.3 Basis of consolidation (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:

<b>Name of subsidiaries</b>	<b>Country of incorporation</b>	<b>Principal activity</b>
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
Alijarah Driving School	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 2017.

**1. Newly effective amendments and improvements to standards**

During the current year, the below amended International Financial Reporting Standards ("IFRS" or "standards") and improvements to standards became effective for the first time for financial year ending 31 December 2017:

- ***Amendments to IAS 7 "Disclosure Initiative"***
- ***Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses***
- ***Annual improvements to IFRSs 2014-2016 cycle- various standards***

The adoption of the above amended standards and improvements to standards had no significant impact on the Group's consolidated financial statements.

ALIJARAH HOLDING (Q.P.S.C.)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2017

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

2. *New and amended standards not yet effective, but available for early adoption*

The below new and amended International Financial Reporting Standards ("IFRS" or "standards") that are available for early adoption for financial year ended 31 December 2017 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

*Adoption expected to impact the Group's consolidated financial statements.*

- **IFRS 9 "Financial Instruments" (Effective for year ending 31 December 2018)**  
IFRS 9 published in July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.
- **IFRS 15 "Revenue from Contracts with Customers".**  
IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:
  - Identify the contract with the customer
  - Identify the performance obligations in the contract
  - Determine the transaction price
  - Allocate the transaction price to the performance obligations in the contracts
  - Recognize revenue when (or as) the entity satisfies a performance obligation.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements that are not expected to impact the Group's consolidated financial statements are disclosed below:

Standard/Interpretation	Content	Effective Date
IFRS 2	Classification and Measurement of Share-based payment Transactions	1 January 2018
IAS 40	Investment Properties	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Considerations	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 28	Investment in Associates and Joint ventures	1 January 2019
IFRS Standards 2015–2017 Cycle	Amendments resulting from annual Improvements to IFRS Standards 2015–2017 Cycle.	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective date to be determined

## 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 year. 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)

### **(b) Available-for-sale financial assets ("AFS") (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 property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or use in the production or supply of goods and services or for administrative purposes. Investment properties are measured by applying the fair value model.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing cost.

Any gain or loss on disposal of any investment property (calculated as a difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

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

### **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.



## 2.5 Summary of significant accounting policies (continued)

### 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.

### 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.

The fair value of an investment property is determined by independent real estate valuation experts with recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein parties had each acted knowledgeably.

Transfers are made to or from investment properties only when there is a change in use evidenced by the end of owner-occupation and commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

### 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

## 2.5 Summary of significant accounting policies (continued)

### (a) *Financial assets carried at amortized cost (continued)*

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.

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

## 2.5 Summary of significant accounting policies (continued)

### *(b) Financial assets classified as AFS (continued)*

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

The software carrying amount is written down immediately if its 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.

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**2.5 Summary of significant accounting policies (continued)**  
*Property and Equipment (continued)*

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

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.

**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.



## 2.5 Summary of significant accounting policies (continued)

### *Defined Benefit plan (continued)*

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 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.

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2.5 Summary of significant accounting policies (continued)

**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

	2017	2016
	QR	QR
Cash on Hand	216,773	108,455
Current Accounts with Islamic Banks	28,227,455	16,214,583
Term Deposits with Islamic Banks	570,000,000	890,000,000
<b>Cash and Bank Balances</b>	<b>598,444,228</b>	<b>906,323,038</b>

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:

	2017	2016
	QR	QR
Cash and Bank Balances	598,444,228	906,323,038
Term deposits maturing after 3 months	(350,000,000)	(150,000,000)
<b>Cash and cash equivalents</b>	<b>248,444,228</b>	<b>756,323,038</b>

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4. INSTALLMENTS AND DUES FROM CUSTOMERS

			2017	2016
			QR	QR
Gross Installments Due from Leasing			115,539,755	130,345,073
	<b>2017</b>	<b>2016</b>		
<i>Morabaha</i>	104,715,057	116,339,444		
<i>Ijarah</i>	10,824,698	14,005,629		
<b>Less: Deferred Profits of Future Installments</b>			(4,584,246)	(4,918,260)
	<b>2017</b>	<b>2016</b>		
<i>Morabaha</i>	3,190,930	3,485,911		
<i>Ijarah</i>	1,393,316	1,432,349		
<b>Net Installments Due From Leasing</b>			<b>110,955,509</b>	<b>125,426,813</b>
Gross Installments Due From Property Sales			3,333,720	20,013,052
Less: Deferred Profits of Future Installments			-	(554,688)
<b>Net Installments Due From Property Sales</b>			<b>3,333,720</b>	<b>19,458,364</b>
Other Trade Related Receivables			5,174,052	15,983,248
Allowance for Impairment			(51,622,469)	(49,822,469)
<b>Total Installments and Dues From Customers</b>			<b>67,840,812</b>	<b>111,045,956</b>
<b>Maturity profile of installments and dues from customers</b>				
Not later than 1 year			29,737,230	69,549,441
Later than 1 year and not later than 5 years			37,147,208	40,769,131
Later than 5 years			956,374	727,384
			<b>67,840,812</b>	<b>111,045,956</b>
<b>Movement in Allowance for Impairment</b>			<b>2017</b>	<b>2016</b>
			<b>QR</b>	<b>QR</b>
Balance at 1 January			49,822,469	49,822,469
Provision during the year			1,800,000	-
<b>Balance at 31 December</b>			<b>51,622,469</b>	<b>49,822,469</b>

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5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	QR	QR
<b>Quoted Equity Investments</b>	<b>154,759,408</b>	<b>9,116,195</b>

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 2016, the Group reclassified available for sale financial assets losses of QR 2,151,420 from other comprehensive income into consolidated statement of income due to impairments.

	2017	2016
	QR	QR
At 1 January	9,116,195	56,802,964
Additions	163,574,104	-
Disposal	(17,204,016)	(45,493,351)
Change in fair value	(726,875)	(2,193,418)
<b>At 31 December</b>	<b>154,759,408</b>	<b>9,116,195</b>

6. INVENTORIES

	2017	2016
	QR	QR
Gross Spare parts and consumables	5,004,487	5,662,728
Allowance for Slow Moving Stocks	(1,921,348)	(1,396,611)
	<b>3,083,139</b>	<b>4,266,117</b>

<b>Movement in Allowance for Slow Moving Stocks</b>	2017	2016
	QR	QR
Balance at 1 January	1,396,611	1,396,611
Addition during the year	524,737	-
<b>Balance at 31 December</b>	<b>1,921,348</b>	<b>1,396,611</b>



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7. PREPAYMENTS AND OTHER RECEIVABLES

	2017	2016
	QR	QR
Security Deposit	199,680	133,680
Advances for Investment Portfolios	97,861,049	-
Advance Payments to Suppliers	7,019,612	25,541,374
Pre-payments	4,319,924	3,855,739
Other Receivables	-	784,318
Profits Accrued on Bank Deposits	3,840,443	4,240,367
	<b>113,240,708</b>	<b>34,555,478</b>

8. INTANGIBLE ASSET

	Driving School License	Software	Total
	QR	QR	QR
<b>Cost:</b>			
At 1 January 2017	8,000,000	4,602,335	12,602,335
Additions	-	342,000	342,000
<b>At 31 December 2017</b>	<b>8,000,000</b>	<b>4,944,335</b>	<b>12,944,335</b>
<b>At 31 December 2016</b>	<b>8,000,000</b>	<b>4,602,335</b>	<b>12,602,335</b>
<b>Amortization:</b>			
At 1 January 2016	-	1,925,236	1,925,236
Charge for the year	-	1,527,121	1,527,121
<b>At 31 December 2016</b>	<b>-</b>	<b>3,452,357</b>	<b>3,452,357</b>
Charge for the year	-	1,142,735	1,142,735
<b>At 31 December 2017</b>	<b>-</b>	<b>4,595,092</b>	<b>4,595,092</b>
<b>Net carrying amounts:</b>			
<b>31 December 2017</b>	<b>8,000,000</b>	<b>349,243</b>	<b>8,349,243</b>
31 December 2016	8,000,000	1,149,978	9,149,978

	2017	2016
	QR	QR
Amortization attributable to General and Administration (Note 20)	15,239	13,156
Direct costs forming part of Operating expenses – Transportation and Taxi division (Note 19)	1,127,496	1,513,965
	<b>1,142,735</b>	<b>1,527,121</b>

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**8. INTANGIBLE ASSET (continued)**

On 2 September 2013, the Group acquired 100% shares of Alijarah Driving School (formerly 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 2017 and 2016.

**9. INVESTMENT PROPERTY**

	2017	2016
	QR	QR
Balance at 1 Jan	-	-
Additions during the year	69,726,531	-
Fair value gain on valuation	36,551,086	-
<b>Balance at 31 December</b>	<b>106,277,617</b>	-

As at 31 December 2017, the fair values of the properties are based on valuations performed by accredited independent evaluators who are specialists in valuing these types of investment properties. The valuation models used are in accordance with recommended industry practice. The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements. The fair value of the investment properties were estimated based on fair valuation techniques and assumptions with reference to recent sales transactions of similar properties in an active market.

10. PROPERTY AND EQUIPMENT

	Office Equipment QR	Land QR	Building QR	Furniture and Fixtures QR	Heavy Equipment, Trucks and Motor Vehicles QR	Work in Progress QR	Total QR
<b>Cost:</b>							
At 1 January 2016	6,457,854	29,991,000	29,406,687	8,813,935	185,717,926	13,275,983	273,663,385
Additions	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)
<b>At 31 December 2016</b>	<b>6,733,894</b>	<b>29,991,000</b>	<b>29,613,387</b>	<b>8,927,001</b>	<b>196,274,797</b>	<b>78,001,405</b>	<b>349,541,484</b>
Additions	207,401	--	--	131,005	46,959,153	44,157,594	91,455,153
Disposal	(46,600)	--	(206,700)	(91,860)	(127,391,851)	--	(127,737,011)
Reclassification	--	--	--	--	--	(69,792,870)	(69,792,870)
<b>At 31 December 2017</b>	<b>6,894,695</b>	<b>29,991,000</b>	<b>29,406,687</b>	<b>8,966,146</b>	<b>115,842,099</b>	<b>52,366,129</b>	<b>243,466,756</b>
<b>Accumulated Depreciation:</b>							
At 1 January 2016	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
Related to Disposal	--	--	--	--	(57,347)	--	(57,347)
<b>At 31 December 2016</b>	<b>5,597,437</b>	<b>--</b>	<b>15,983,796</b>	<b>8,405,661</b>	<b>142,138,668</b>	<b>--</b>	<b>172,125,562</b>
Charge for the year	571,468	--	3,092,200	386,231	24,295,960	--	28,345,859
Related to Disposal	(23,140)	--	(17,225)	(57,637)	(117,416,683)	--	(117,514,685)
<b>At 31 December 2017</b>	<b>6,145,765</b>	<b>--</b>	<b>19,058,771</b>	<b>8,734,255</b>	<b>49,017,945</b>	<b>--</b>	<b>82,956,736</b>
<b>31 December 2017</b>	<b>748,930</b>	<b>29,991,000</b>	<b>10,347,916</b>	<b>231,891</b>	<b>66,824,154</b>	<b>52,366,129</b>	<b>160,510,020</b>
<b>31 December 2016</b>	<b>1,136,457</b>	<b>29,991,000</b>	<b>13,629,591</b>	<b>521,340</b>	<b>54,136,129</b>	<b>78,001,405</b>	<b>177,415,922</b>

**10. PROPERTY AND EQUIPMENT (Continued)**

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

	2017	2016
	QR	QR
Depreciation attributable to General and Administration (Note 20)	3,014,594	3,345,146
Direct costs forming part of Operating expenses – Transportation and Taxi division (Note 19)	25,331,265	25,896,777
	<b>28,345,859</b>	<b>29,241,923</b>

The Group also commenced the construction and development of taxi complex, driving school and warehouses in February 2015. This project is substantially completed in 2017. The Group capitalized QR 44,157,594 for the cost of this project as of 31 Dec 2017 (2016: QR 64,725,422). The finance cost capitalized during the year ended 31 Dec 2017 is QR 3,646,266 (2016: 1,093,342).

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11. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	2017	2016
	QR	QR
Accounts payable and advances from customers	57,631,956	58,379,691
Unclaimed dividends	7,054,828	7,054,828
Provision for employees' end of service benefits (a)	3,329,810	4,552,884
Provision for social contribution (b)	77,363	129,297
Accrued expenses	5,667,604	17,928,029
	<b>73,761,561</b>	<b>88,044,729</b>

Notes:

(a) Provision for employees' end of service benefits

	2017	2016
	QR	QR
At 1 January	4,552,884	5,437,587
Charge for the year	1,562,107	1,312,246
Payments during the year	(2,785,181)	(2,196,949)
	<b>3,329,810</b>	<b>4,552,884</b>

(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 77,363 for the year 2017 (QR 129,297 for the year 2016) to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the year ended 31 December 2017.

12. ISLAMIC FINANCING UNDER WAKALAH ARRANGEMENTS

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.

	2017	2016
	QR	QR
At 1 January	59,914,884	--
Additions	60,000,000	65,000,000
Paid	(18,005,533)	(5,085,116)
	<b>101,909,351</b>	<b>59,914,884</b>



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**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**

	2017	2016
	QR	QR
<b>Authorized, Issued and Fully paid-up</b>		
<b>49,480,200 Ordinary Shares of QR 10 each</b>	<b>494,802,000</b>	<b>494,802,000</b>

**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 2017, the Group paid a dividend of QR 0.50 per share amounting to QR 24,740,100 in respect of 2016 results. (2016: QR 0.50 per share amounting to QR 24,740,100)

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. REVENUES FROM CORE BUSINESS**

			2017	2016
			QR	QR
Revenue from leasing operations				
	<b>2017</b>	<b>2016</b>		
<i>Morabaha</i>	2,184,164	3,339,271	3,023,853	4,497,735
<i>Ijarah</i>	839,689	1,158,464		
Revenue from transportation			16,307,571	72,556,658
Revenue from taxi operations			49,278,168	31,240,853
Revenue from plots resale			1,351,163	1,005,027
Profit on property installments			554,688	1,602,776
Revenue from real estate property development			44,628,993	94,481,235
			<b>115,144,436</b>	<b>205,384,284</b>

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18. INCOME FROM INVESTMENTS

	2017	2016
	QR	QR
Gain (Loss) on sale of AFS financial assets	737,659	(128,693)
Dividends received	-	521,250
Other income from AFS financial assets	185,996	50,051
	<b>923,655</b>	<b>442,608</b>

19. OPERATING EXPENSES

	2017	2016
	QR	QR
Property development cost	38,844,614	54,001,465
Cost of transportation operations	18,002,808	61,364,429
Cost of taxi operations	56,713,547	53,002,252
Directly attributable depreciation and amortization (Note 8 and 10)	26,458,761	27,410,742
	<b>140,019,730</b>	<b>195,778,888</b>

20. GENERAL AND ADMINISTRATION EXPENSES

	2017	2016
	QR	QR
Staff costs	13,326,455	10,910,426
Professional and Legal Fees	4,576,988	2,359,197
Depreciation and amortization (Note 8 and 10)	3,029,833	3,358,302
Receivables Written Off	2,896,084	1,757,559
Provision for Doubtful Debts	1,800,000	-
Business promotion	1,070,900	1,229,200
Repairs & Maintenance Expenses	985,374	1,190,789
Consumable Expenses	896,835	788,579
Licensing and Listing	553,004	493,268
Software & Licenses	567,974	383,748
General Meeting, telephone, recruitment Expenses	564,969	606,465
Travel Expenses	502,105	282,258
Advertising Expenses	432,018	1,040,490
Bank charges & Commissions	314,054	178,071
Postage Printing and Stationery	242,887	247,496
Insurance	115,541	140,141
Donation and Charity	40,000	203,000
Miscellaneous and site expenses	1,691,509	1,157,501
	<b>33,606,530</b>	<b>26,326,490</b>

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20.a EXPENSES BY NATURE

	2017	2016
	QR	QR
Property Development Cost	38,844,614	54,001,465
Staff Costs	38,004,509	33,387,271
Depreciation and amortization (Note 8 and 10)	29,488,594	30,769,044
Fuel Expenses	12,472,051	12,454,859
Franchising Fees	12,320,000	12,118,000
Transportation Expenses	7,390,740	41,356,349
Rent & Accommodation Expenses	7,277,403	8,528,994
Repairs & Maintenance Expenses	6,516,574	13,180,183
Professional and Legal Fees	4,576,988	2,359,197
Impairment losses on AFS financial assets	-	2,151,420
Receivables Written Off	2,896,084	1,757,559
Insurance Expenses	2,350,789	2,818,774
Provision for Doubtful Debts	1,800,000	-
Business promotion	1,070,900	1,229,200
Consumable Expenses	896,835	788,579
Call Center Booking Fees	836,518	104,638
Licensing and Listing	553,004	493,268
Taxi Management Fees	664,605	124,173
Vehicle Licenses	610,404	566,445
Software & Licenses	567,974	383,748
General Meeting, telephone, recruitment Expenses	564,969	606,465
Travel Expenses	502,105	282,258
Karwa Meter Related Expenses	433,125	112,560
Advertising Expenses	432,018	1,040,490
Bank charges & Commissions	314,054	178,071
Postage Printing and Stationery	242,887	247,496
Hire Charges	136,200	194,564
Penalties & Fines	87,305	1,584,212
UBER Commission	43,502	77,016
Donation and Charity	40,000	203,000
Miscellaneous and site Expenses	1,691,509	1,157,500
	<b>173,626,260</b>	<b>224,256,798</b>

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**21. 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.

**Related party transactions**

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

Nature of Transaction	Relationship	2017	2016
		QR	QR
Transportation Revenue	Company chaired by Board Member	5,124,221	53,716,225
Profit on property installments	Chairman	483,863	821,772
		<b>5,608,084</b>	<b>54,537,997</b>

**Related party balances**

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

Nature of Transaction	Relationship	2017	2016
		QR	QR
Due from QNCC	Company chaired by Board Member	-	1,768,423
Due from property sale	Chairman	-	12,948,855
		-	<b>14,717,278</b>

**Key management personnel remuneration**

	2017	2016
	QR	QR
<b>Key management personnel remuneration</b>	<b>5,745,141</b>	<b>4,027,252</b>

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22. BASIC AND DILUTED EARNINGS PER SHARE

	2017	2016
	QR	QR
Net profit for the year (QR)	3,094,523	5,171,898
Weighted average number of shares	49,480,200	49,480,200
<b>Basic and Diluted Earnings per share (QR)</b>	<b>0.06</b>	<b>0.10</b>

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:

	2017	2016
Qualifying shares at the beginning of the year	49,480,200	49,480,200
<b>Balance at end of the year</b>	<b>49,480,200</b>	<b>49,480,200</b>

23. 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.



### 23. SEGMENT REPORTING (Continued)

The following table presents segment revenues and profits of the Group's operating segments as at 31 December 2017 and 31 December 2016:

2017	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
<b>Revenues and Gains:</b>								
External Parties	3,142,648	20,716,929	46,541,485	--	49,337,438	929,655	(3,647,670)	117,020,485
Internal Parties	--	93,272	--	--	--	--	(93,272)	--
<b>Total Revenues and Gains</b>	<b>3,142,648</b>	<b>20,810,201</b>	<b>46,541,485</b>		<b>49,337,438</b>	<b>929,655</b>	<b>(3,740,942)</b>	<b>117,020,485</b>
<b>Profit (Loss) for the year</b>	<b>(3,639,018)</b>	<b>(2,758,161)</b>	<b>42,881,390</b>	<b>(335,891)</b>	<b>(36,309,870)</b>	<b>3,256,073</b>	<b>--</b>	<b>3,094,523</b>
<b>Finance Income</b>	<b>3,062,464</b>	<b>48,015</b>	<b>6,130,863</b>	<b>--</b>	<b>1,935,639</b>	<b>11,972,231</b>	<b>--</b>	<b>23,149,212</b>
<b>Fair value gain on revaluation of investment properties</b>	<b>--</b>	<b>--</b>	<b>36,551,086</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>36,551,086</b>
<b>Depreciation and amortization</b>	<b>(9,163)</b>	<b>(3,715,746)</b>	<b>(2,771,992)</b>	<b>--</b>	<b>(22,758,253)</b>	<b>(233,440)</b>	<b>--</b>	<b>(29,488,594)</b>
<b>2016</b>	<b>Financial Leasing</b>	<b>Transportation</b>	<b>Property Development</b>	<b>Driving School</b>	<b>Taxi Services</b>	<b>Holding</b>	<b>Elimination</b>	<b>Total</b>
	QR	QR	QR	QR	QR	QR	QR	QR
<b>Revenues and Gains:</b>								
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)	--
<b>Total Revenues and Gains</b>	<b>4,533,480</b>	<b>72,754,518</b>	<b>97,135,484</b>	<b>2,000</b>	<b>31,315,613</b>	<b>599,107</b>	<b>(197,859)</b>	<b>206,142,343</b>
<b>Profit (Loss) for the year</b>	<b>1,777,606</b>	<b>5,680,844</b>	<b>42,007,296</b>	<b>(167,139)</b>	<b>(48,430,572)</b>	<b>4,303,863</b>	<b>--</b>	<b>5,171,898</b>
<b>Finance Income</b>	<b>4,149,985</b>	<b>104,334</b>	<b>6,404,673</b>	<b>--</b>	<b>41,156</b>	<b>12,586,205</b>	<b>--</b>	<b>23,286,353</b>
<b>Depreciation and amortization</b>	<b>(10,850)</b>	<b>(4,824,122)</b>	<b>(3,107,887)</b>	<b>--</b>	<b>(22,586,620)</b>	<b>(239,565)</b>	<b>--</b>	<b>(30,769,044)</b>

### 23. SEGMENT REPORTING (Continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2017 and 31 December 2016:

As of 31 December 2017	Financial Leasing	Transportation	Property Development	Driving School	Taxi Services	Holding	Elimination	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Current Asset	277,898,666	14,748,536	418,850,584	1,880	10,363,036	519,145,820	(496,702,899)	744,305,623
Non-Current Assets	41,503,701	4,956,090	200,408,992	8,342,000	69,005,349	143,983,420	--	468,199,552
<b>Total Assets</b>	<b>319,402,367</b>	<b>19,704,626</b>	<b>619,259,576</b>	<b>8,343,880</b>	<b>79,368,385</b>	<b>663,129,240</b>	<b>(496,702,899)</b>	<b>1,212,505,175</b>
Current Liabilities	(6,331,529)	(359,573)	(44,095,717)	(7,831,796)	(288,616,767)	(278,029,454)	450,502,899	(174,761,937)
Non-Current Liabilities	(37,059)	(159,081)	(39,441,203)	(17,548)	(712,716)	(2,340,099)	--	(42,707,706)
<b>Total Liabilities</b>	<b>(6,368,588)</b>	<b>(518,654)</b>	<b>(83,536,920)</b>	<b>(7,849,344)</b>	<b>(289,329,483)</b>	<b>(280,369,553)</b>	<b>450,502,899</b>	<b>(217,469,643)</b>

  

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
<b>Total Assets</b>	<b>324,974,059</b>	<b>32,126,267</b>	<b>633,743,173</b>	<b>8,007,810</b>	<b>65,929,380</b>	<b>635,144,100</b>	<b>(448,052,105)</b>	<b>1,251,872,684</b>
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)
<b>Total Liabilities</b>	<b>(7,805,986)</b>	<b>(10,170,291)</b>	<b>(140,688,567)</b>	<b>(7,177,382)</b>	<b>(239,367,267)</b>	<b>(231,029,949)</b>	<b>401,852,105</b>	<b>(234,387,337)</b>

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24. CONTINGENT LIABILITY & COMMITMENTS

	2017	2016
	QR	QR
Letter of guarantees from Islamic banks	16,930,600	24,510,000
Capital commitments	43,144,027	129,709,585
Operating lease commitments	1,300,000	1,400,000

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

	2017	2016
	QR	QR
Less than 1 year	100,000	100,000
1 – 5 years	500,000	500,000
More than 5 years	700,000	800,000

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

2017	Non-current	Current	Total
	QR	QR	QR
<b>ASSETS</b>			
Cash and cash equivalents	--	598,444,228	598,444,228
Installments and dues from customers	38,103,583	29,737,229	67,840,812
Available for sale financial assets	154,759,408	--	154,759,408
Inventories	--	3,083,139	3,083,139
Prepayments and other receivables	199,681	113,041,027	113,240,708
Intangible asset	8,349,243	--	8,349,243
Property and equipment	160,510,020	--	160,510,020
Investment property	106,277,617	--	106,277,617
<b>Total Assets</b>	<b>468,199,552</b>	<b>744,305,623</b>	<b>1,212,505,175</b>
<b>LIABILITIES</b>			
Accounts payables, accruals and other payables	(42,707,706)	(31,053,855)	(73,761,561)
Islamic financing under wakalah arrangements	--	(101,909,351)	(101,909,351)
Deferred Revenue	--	(41,798,731)	(41,798,731)
<b>Total Liabilities</b>	<b>(42,707,706)</b>	<b>(174,761,937)</b>	<b>(217,469,643)</b>
<b>2016</b>			
	Non-current	Current	Total
	QR	QR	QR
<b>ASSETS</b>			
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
Property and equipment	177,415,922	--	177,415,922
<b>Total Assets</b>	<b>237,312,290</b>	<b>1,014,560,394</b>	<b>1,251,872,684</b>
<b>LIABILITIES</b>			
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)
<b>Total Liabilities</b>	<b>(82,871,343)</b>	<b>(151,515,994)</b>	<b>(234,387,337)</b>

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26. 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.

	2017	2016
	QR	QR
Bank balances	598,227,455	906,214,583
Installments and dues from customers	67,840,812	111,045,956
Other receivables	199,680	917,998
	<b>666,267,947</b>	<b>1,018,178,537</b>

**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	2017	2016
		QR	QR
Qatar Exchange	+/-10%	15,475,941	911,620



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26. FINANCIAL RISK MANAGEMENT (Continued)

*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 2017	Less than 1 year	1-5 years	Total
	QR	QR	QR
Accounts payable and accruals	31,053,855	42,707,706	73,761,561
Islamic financing under wakalah arrangements	101,909,351	--	101,909,351
	<b>132,963,206</b>	<b>42,707,706</b>	<b>175,670,912</b>

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
	<b>65,088,270</b>	<b>82,871,343</b>	<b>147,959,613</b>

*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 2017 and 31 December 2016. Capital comprises share capital and retained earnings of QR 494.8 Million and QR 14.69 Million, respectively (2016: QR 494.8 Million and QR 36.42 Million, respectively).

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**27. 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.

**28. FINANCIAL INSTRUMENTS BY CATEGORY**

**Receivables**

	2017	2016
	QR	QR
Trade and other receivables	67,840,812	111,045,956
Bank balances	598,227,455	906,214,582
	<b>666,068,267</b>	<b>1,017,260,538</b>

**Other financial liabilities at amortized cost**

	2017	2016
	QR	QR
Trade and other payables	57,631,956	58,379,691
Islamic financing under wakalah arrangements	101,909,351	59,914,884
Unclaimed dividend	7,054,828	7,054,828
	<b>166,596,135</b>	<b>125,349,403</b>

**Available for sale financial assets**

	2017	2016
	QR	QR
Available for sale financial assets	<b>154,759,408</b>	<b>9,116,195</b>

## 29. 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.