GEARED TOWARDS THE FUTURE

ANNUAL REPORT 2016

السلام العالمية
SALAM INTERNATIONAL

ANNUAL REPORT 2016

His Highness
Sheikh Tamim bin Hamad Al Thani
Emir of the State of Qatar

His Highness
Sheikh Hamad bin Khalifa Al Thani
Father Emir

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CHAIRMAN'S INTRODUCTION

Dear Valued Shareholders,
(Assalam Alai'kom)

On behalf of the Board of Directors of Salam International Investment Limited - SIIL (Q.P.S.C), I am honored to present the twelfth Annual Report which includes the Board of Directors' Report covering the Company's activities and financial performance for the fiscal year 2016 as well as our future plans.

The incorporated seventh Corporate Governance Report for 2016, reflects procedures and mechanisms adopted by the Company in compliance with local laws and regulations.

We specifically shed light on the Company's risk mitigation strategies instigated by the regional political instability, security concerns, volatility of oil prices and weak liquidity that may possibly affect the Company and its subsidiaries' performance.

This report also proudly reflects the Company's practices in the field of social responsibility in addition to the independent auditors' report, the consolidated financial statements for 2016 and their relevant clarifications.

We hope this report gives a thorough account of the Company's financial performance and results during 2016, as well as a comprehensive overview of our future plans. In this regard, it pleases us to receive comments and suggestions, through our Investor Relations and/or corporate website.

Finally, I would like to express heartfelt thanks and appreciation to His Highness Sheikh Tamim Bin Hamad Al-Thani, Emir of Qatar, and to His Excellency Sheikh Abdullah Bin Nasser Bin Khalifa Al-Thani, Prime Minister and Minister of Interior, for their continued support in evolving the urban landscape and driving economic development in our beloved country Qatar.

I would also like to convey my gratitude to our Board of Directors and shareholders for their continued support, to the management and employees for their ceaseless efforts and determination to ensure the progress and prosperity of the Company.

Issa Abdulsalam Abu Issa
Chairman of the Board and CEO

BOARD OF DIRECTOR'S BACKGROUND

Mr. Issa AbdulSalam Abu Issa,
Chairman

- Chairman of the Board of Directors and CEO of Salam International Investment Limited-Qatar.
- Chairman of the Board of Directors of Salam Bounian for Development-Qatar.
- Vice-Chairman of Serene Real Estate Development Co-Lebanon.
- Secretary General of Qatari Businessmen Association.
- Member of the Board of Trustees for Al Shaqab Equestrian Academy-Qatar.
- Member of the World Economic Forum-Davos.
- Member of the Arab Business Council.
- Board Member in many other esteemed regional companies.
- He holds a degree in Business Administration from San Diego University – USA and has over 35 years of professional experience.

Mr. Hussam AbdulSalam Abu Issa,
Vice Chairman

- Vice-Chairman of the Board of Directors and COO of Salam International Investment Limited.
- Board Member at Doha Insurance Company.
- Member of the advisory council for College of Administration and Economy at Qatar University.
- Former member of the Al-Ballagh Cultural Society.
- Member of the International Dean Council of Harris School of Public Policy at Chicago University.
- Member of the GCC Chamber of Commerce.
- Member of the Islamic Chamber of Commerce and the Advisory Committee for the ICP Bosporus Conference-Turkey.
- He also serves on the Advisory Board of the Amideast Educational Establishment-Lebanon.
- Member of the international advisory council for PAC in San Francisco.
- Member of the Qatari-German Businessmen Council.
- He holds a Bachelor's Degree in Marketing from the United States, and has over 30 years of professional experience.

HE Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani

- Member of the Board of Directors of Salam International Investment Limited, representing Doha Insurance Company.
- H.E Sheikh Nawaf is a prominent figure in the Qatar business community. He is an active player in the country's real estate and economic growth.
- He is credited for a great deal of experience sharing and collaboration building. He is an active participant in many esteemed companies most notably as Chairman of Nasser Bin Khaled (NBK) Holding.
- Chairman of Al Waab City, Doha Insurance Company and also Chairman of Nasser Bin Nawaf Holding Co.
- Member of the Board of Directors at both Arabtec and Samina Capital Fund.
- Member of the Board of Directors of the Qatari Businessmen Association.
- President of the Qatari French Businessmen Club.
- Vice President of the German Arab Friendship Society.
- H.E Sheikh Nawaf has been awarded the French Presidential Medal and bestowed a rank of a Knight, in appreciation of his unique efforts in promoting commercial relationships between Qatar and France.

Mr. Nasser Suleiman Haidar Al Haidar

- Member of the Board of Directors of Salam International Investment Limited.
- Chairman of Al Sulaiman Holding.
- Member of Qatar's Advisory Council and member of the Qatari Businessmen Association.
- Member of the GCC Family Companies Council and member of the Registration and Membership Committee at the Qatari Chamber of Commerce and Industry.
- He holds a Bachelor's Degree in Political Science and International Relationships from Aquinas University, Michigan-USA.

Mr. Hani Abd-el-Kader Al Kadi

- Member of the Board of Directors of Salam International Investment Limited representing Arab Jordan Investment Bank, Qatar.
- General Manager, CEO and Board Member of the Arab Jordan Investment Bank in Amman-Jordan.
- Authorized Board Member of the Mediterranean Company (Four Seasons Hotel) in Amman-Jordan.
- Member of the Board of Directors of the International Bank of Jordan - London.
- Authorized Member of the Board of Directors of the Arab Jordan Investment Bank - Qatar.
- Member of The Coutts Middle East Advisory Board and member of the advisory council for the Middle East and North Africa at Harvard Business School.
- He has held several previous positions including Financial Analyst at Bankers Trust Bank in New York and London and Credit Officer of JP Morgan Bank in New York.
- He has a Master's degree in Business Management from Harvard University-Boston 1988, and a Bachelor's of Science Degree in Civil Engineering from Imperial College University London 1984.

Mr. Jassim Mohammed AbdulGhani Al Mansouri

- Member of the Board of Directors of Salam International Investment Limited.
- Chairman and one of the founders of iHorizons for media and information services.
- He started iHorizons with two other partners back in 1996, and since then they expanded the company via ambitious and arching projects to several activities in Qatar and the GCC region.
- He has experience with government and semi-government entities, and he held several positions such as Executive Director of HR at Qatar Telecom (now Ooredoo).
- Chairman of the following companies: People Dynamics, Tawater and Habiger Production.
- He studied in the USA where he earned his B.S. in Computer Science from Michigan University. His main strengths are relationships, communication and networking that he had built over the years, in addition to his market insight and business and management knowledge.

Mr. Ali Haider Suliman Al Haider

– Member of the Board of Directors of Salam International Investment Limited representing Suliman & Brothers Co..
– Vice Chairman at Salam Bounian-Qatar.
– Vice Chairman at Suliman Brothers Co. and partner at Suliman Al Hajj Haider & Sons.
– Board Member at Ashour for Cleaning and Marketing.
– Board Member at Al Haidar Foods Co.
– Board Member at International Investment Bank-Bahrain.

HE Sheikh Ali Ghanem Ali Abdullah Al Thani

– Member of the Board of Directors of Salam International Investment Limited, representing Ali Bin Ghanem Al Thani Group.
– Chairman of the Board of Directors at Ali Bin Ghanem Al Thani Holding.
– Vice Chairman at Ghanem Holding.
– Member of the Board of Directors at Qatar Islamic Bank and Doha Insurance Co.
– Former Vice Chairman at both the Gulf Investments Group and United Development Company-Qatar.
– He holds a Master's Degree in business administration from Cambridge University. He has published several articles and papers on economics. He is a supporting member at the Center for Arab Unity Studies.

Mr. Bassam Abdul Salam Abu Issa

– Member of the Board of Directors of Salam International Investment Limited.
– Executive Director – Corporate Business Development for Salam International Investment Limited.
– Member of the investment and auditing committees at SIIL.
– Shareholder and member of the Board of Directors of "Ithmar Invest", a regional financial investment company headquartered in Jordan, with branches in Palestine, Saudi Arabia and Qatar.
– Board member and shareholder of Dar Al-Tamweel Islamic Finance Company, affiliated with "Ithmar Invest".
– Board member and shareholder of the Audacia Capital Bank licensed by the Dubai Financial Authority.
– He graduated with a Bachelor of Arts in Industrial Relations from the University of Kent at Canterbury-England and has embarked on his career by joining Salam Studio & Stores as Director of Operations in Muscat, and then took over as General Manager then became Executive Director of Retail Operations of the Salam Group.
– He has more than 25 years of professional experience.

Mr. Badr Ali Hussein Al Sada

– Member of the Board of Directors of Salam International Investment Limited.
– Vice Chairman and Executive Director at Al Sada Establishment for Trading, Real Estate and Contracting.
– Vice Chairman at Spector Trading and Contracting.
– Board Member at Gulf Experience Electro-Mechanical.
– Vice Chairman at La Perla Travels.
– He is also involved in the banking sector and has studied at the College of the North Atlantic in the state of Qatar where he received his degree in Business Administration, majoring in Accounting.
– Chairman of Enzo for Trading & Contracting.

Mr. AbdulSalam Issa Abu Issa

– Member of the Board of Directors of Salam International Investment Limited-Qatar, and Deputy Chief Operating Officer.
– Member of the Board of Directors at Salam Bounian for Development-Qatar representing SIIL.
– Partner at Firefly Communications.
– He has worked in several sectors including oil and gas, banking and roads construction.
– Member of Qatar Entrepreneurs Society.
– He holds a master's degree in International Finance and Economics from the University of Newcastle Upon Tyne-UK.

Dr. Adnan Ali Steitieh,
Secretary to the Board

– Executive Director for both Corporate Legal Affairs and Investment at Salam International Investment Limited.
– Secretary to the Board of Directors and advisor and Secretary of the Board of Directors of Salam Bounian for Development.
– Dr. Steitieh represents Salam International in various Boards of Directors at several companies in Qatar, UAE, Saudi Arabia, Jordan, Palestine and Lebanon. He held several senior managerial positions in different companies and countries.
– Independent member of the Board of Directors of both: Arab Jordan Investment Bank, and Palestine Investment Bank.
– International arbitrator appointed by The Qatari International Center for Arbitration.
– Visiting professor at Qatar University.
– Member of the Commission for Social Responsibility Award.
– He holds a Ph.D. in Economics and Business Administration from Leipzig Graduate School of Management in Germany and a Bachelor's Degree in Law from the Arab University of Beirut, Lebanon, in addition to higher certificates in international relations, sustainable development, and public policy with more than 35 years of professional experience.

BOARD OF DIRECTOR'S REPORT

Board of Directors' Report
to the General Assembly
on the Company's Performance
in 2016 and Future Plans.

Dear Shareholders,
(AssalamAlai'kom)

On behalf of the Board of Directors of Salam International Investment Limited (SIIL), I am honored to present the 2016 Annual Report for the year ending December 31, 2016. This report covers the Company's activities and performance, while highlighting our achievements for the fiscal year 2016 as well as our future plans.

I would like to extend our warmest welcome to the honourable representatives of the Ministry of Economy and Commerce's Companies Control Department and to M/S KPMG, the Company's auditors.

FIRST – COMPANY ACTIVITIES

In spite of general uncertainty in the financial sector, which has been weighed down by regional political unrest, security issues, volatile oil prices, and weak liquidity, the Company continued in 2016 to implement investment policies advised to this esteemed General Assembly, targeting selective investments that complement the Company's activities and those of its subsidiaries.

As such, we have sought to growth opportunities into new activities and industries to diversify our activities' portfolios and geographic distribution.

Similarly, we remained faithful to our conservative fiscal and financial policies while applying the existing risk management practice. This has supported with lowering financing costs and benefitting from lower interest rates. We have also taken numerous measures to increase efficiency levels and rationalize costs.

Under these circumstances of economic instability, SIIL succeeded in mitigating the negative effects resulting from our subsidiaries' operations in the contracting sector and in maintaining profit levels, as in previous years.

SECOND – FUTURE PLANS

Although SIIL will carry on implementing ambitious future plans as previously announced, it will continue to closely monitor economic developments in order to avoid negative repercussions in light of the global financial uncertainty and its probable effects on the local economy.

Upcoming years could be difficult and hard to withstand; as a potential global economic recession is likely to affect all the region's economies albeit to varying degrees.

Hence, the performance of SIIL and subsidiaries could be affected by such adverse developments, including the possibility of an increase in the financing costs. In this instance, the Company is ready to authorise mitigation measures to shield its operations.

SIIL is however keen on retaining its technical and specialized staff being one of the Company's most important intangible assets. On the flip side, hiring practices will be rationed in order to achieve the highest levels of productivity, quality and competitiveness, without this practice affecting operational management, which will be provided with all staffing requirements necessary to achieve outstanding performance.

In planning its future milestones, SIIL will base its 2017 activities on the following principles:

- Expand within consumer services and retail operations, which have appreciable growth opportunities and swift cash flows.
- Seize investment opportunities that open up new business avenues for the Company, especially in projects and activities linked to modern technological applications.
- Continue to rationalize and integrate activities of our subsidiaries while downscaling some unworthy activities.
- Continue streamlining and merging of similar or complimenting activities between subsidiaries in order to reduce fixed and operational costs, hence increasing the profitability of said activities.
- Enter into alliances with leading establishments to maximize the Company's market share and tap into new geographical areas.
- Implement a resource planning program, which will enable senior management to obtain and manage required data and information and to verify the integrity and performance of business units. The system shall provide a comprehensive overview of the business units as far as financial aspects, suppliers and clients, internal operations, human resources and performance efficiency.

In consonance with SIIL's legacy of outstanding institutional discipline, the Company will continue fulfilling its corporate governance obligations and responsibilities.

SIIL has always been recognized for its social and economic contributions and will in 2017, invest in social responsibility programs including donations to charities and expenditure on social activities. This will be in addition to deducting 2.5% of 2016 profits to be spent on promoting sports, social, cultural and charitable events, in accordance with Law No. 13/2008.

THIRD – FINANCIAL RESULTS

The consolidated final accounts for the fiscal year ending on 31/12/2016 have shown net profits around QR 119.7 million. After deducting negative minority rights, the rights of Salam International Investment Limited shareholders stood at QR 114.2 million. Earnings per share recorded QR 1.00, after calculating value depreciation of some Company investments in 2016, and incentives and bonuses for Company Directors, in addition to losses incurred in some subsidiaries.

Based on these results and by adding some of the provisional profits, the Board of Directors proposes a cash dividend distribution of 8% from the Company's capital.

We see signs of long-term opportunities and we plan to grasp them in tandem with Qatar's National Vision of steady, sustainable growth, under the wise leadership of His Highness the Emir of the State of Qatar, Sheikh Tamim Bin Hamad Al-Thani.

Also, great thanks to H.E. Sheikh Abdullah Bin Nasser Bin Khalifa, the Prime Minister and Minister of Interior and H.E the Minister of Economy and Commerce, and to all staff at the Companies' Control Department for their unwavering support of the private sector, and their commitment to develop its institutions and to promote economic growth.

Finally, I would like to express my appreciation to our Board of Directors and shareholders for their continued support, to the management and employees for their ceaseless efforts and determination to ensure the progress and prosperity of the Company.

Issa Abdulsalam Abu Issa
Chairman of the Board

CORPORATE GOVERNANCE

7TH CORPORATE GOVERNANCE REPORT 2016

SIIL-Salam International Investment Limited
Issued by SIIL Board of Directors on
26/02/2017

PREAMBLE

Pursuant to the Listed Companies Governance Code, with regards to the companies subject to the control of Qatar Financial Markets Authority, issued by the Board of Directors of Qatar Financial Markets Authority, (referred to hereafter as “Authority”) released in 2009, and amended in 2014, notably Article 31 thereof Salam International Investment Limited (SIIL) (Q.P.S.C) (referred to hereafter as “the Company”) prepared the First Annual Report (2010), which included the measures taken by the Company to abide by the provisions of the Code and compose the Board of Directors (referred to hereafter as “the Board”) and abide by the rules and conditions governing the disclosure and listing in Qatar Exchange.

Salam International (SIIL) also prepared its Second Annual Report (2011), which includes the Board’s assessment of the compliance of Salam International with the provisions of the Code. Salam International (SIIL) has prepared the Third Annual Report (2012), which includes an update of the modular sections from the two previous reports, in addition to the achievements of the Company during 2012 in the implementation of the Code. SIIL prepared regular annual modular Reports for the following years and is hereafter pleased to present its Seventh Annual Report (2016) in compliance with the approved template.

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 3 - Company’s Obligation to comply with Corporate Governance Principles	3.1 The Board shall ensure that the Company complies with the principles set out in the Code. The Board shall also review and update its corporate governance practices, and regularly review the same.	√			The Company has adopted a manual to guide polices and general regulations for human resources. The manual is being updated regularly.	
	3.2 The Board shall regularly review and update the adopted Governance implementations.	√				
	3.3 The Board shall regularly review and update professional conduct rules setting forth the Company’s corporate values and other internal policies and procedures all of which shall be binding upon the Members of the Board of Directors and the Company’s staff as well as the Company’s advisors (These professional conduct rules may include but are not limited to the Board Charter, audit committee’s charter, company regulations, related party transactions policy and insider trading rules). The Board should review these professional conduct principles regularly so as to ensure they reflect best practices and they meet the needs of the Company.	√				
Article 4 - Board Charter	The Board shall make sure that the Company adopts a Charter for the Board of Directors detailing the Board’s functions and responsibilities as well as the Board Members duties which shall be fulfilled by all Board Members. The said Board Charter shall be drafted to comply with the provisions of this Code, and shall be based on the Board Charter annexed to this Code and as may be amended from time to time by the Authority. The said Board Charter shall be published and made available to the public.	√			The Company prepared the Board Charter and it was posted on the Company website.	
Article 5- Board Mission and Responsibilities:	5.1 The Company shall be managed by an effective Board of Directors which shall be individually and collectively responsible for the proper management of the Company.	√			The adopted Board Charter and Governance Charter define the Board functions and responsibilities.	
	5.2 In addition to the Board functions and responsibilities as set out in the Board Charter, the Board shall be responsible for:	√				
	5.2.1 Approving the Company’s strategic objectives, appointing and replacing management, setting forth management compensation, reviewing management performance and ensuring succession planning concerning the Company’s management.	√				
	5.2.2 Ensuring the Company’s compliance with related laws and regulations as well as the Company’s articles of association and by-laws. The Board is also responsible for protecting the Company from illegal, abusive or inappropriate actions and practices.	√				
	5.3 The Board may delegate some of its functions and constitute special committees, for the purpose of undertaking specific operations on its behalf. In this case written and clear instructions shall be given concerning the delegated function or authority with the requirement to obtain the Board’s prior approval on specific matters. In any event, and even where the Board delegates one of its functions or authorities, the Board remains liable for all of its functions or authorities so delegated.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 6 - Board Members' Fiduciary Duties	6.1 Each Board Member owes the Company the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations including this Code and the Board Charter.	√			The adopted Board Charter and Governance Charter define the Board Members Fiduciary Duties.	
	6.2 Board Members must at all times act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Company and all shareholders.	√				
	6.3 Board Members shall act effectively to fulfill their responsibilities towards the Company.	√				
Article 7 - Separation of Positions of Chairman and CEO	7.1 The same person may not hold or exercise the positions of Chairman and Chief Executive Officer at the same time. The division of responsibilities between the two positions shall be clear.		√			Clarification No. 1- Justifications for not separating the positions of Chairman and CEO
	7.2 In all circumstances, no one person in the Company should have unfettered powers to take decisions.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 8 - Duties of the Chairman of the Board	8.1 The Chairman is responsible for ensuring the proper functioning of the Board; in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information.	√			The adopted Board Charter and Governance Charter define the duties of Board Chairman. The actual practices confirm that the Board Chairman compliance with all duties and responsibilities stated in this Article. The Company performs semiannual evaluation of board Members, see clarification no. 2	
	8.2 The Chairman may not be a member of any of the Board committees prescribed in this Code.	√				
	8.3 The duties and responsibilities of the Chairman of the Board of Directors shall, in addition to the provisions of the Board Charter, include but not be limited to the following:	√				
	8.3.1 to ensure that the Board discusses all the main issues in an efficient and timely manner;	√				
	8.3.2 to approve the agenda of every meeting of the Board of Directors taking into consideration any matter proposed by any other Board Member; this may be delegated by the Chairman to a Board Member but the Chairman remains responsible for the proper discharge of this duty by the said Board Member;	√				
	8.3.3 to encourage all Board Members to fully and effectively participate in dealing with the affairs of the Board of Directors for ensuring that the Board of Directors is working in the best interest of the Company;	√				
	8.3.4 to ensure effective communication with Shareholders and communication of their opinions to the Board of Directors;	√				
	8.3.5 To allow effective participation of the Non-Executive Board Members in particular and to promote constructive relations between Executive and Non- Executive Board Members;	√				
	8.3.6 to ensure the conducting of an annual evaluation to the Board's performance.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 9 - Board Composition	9.1 The Board composition shall be determined in the Company's by-laws. The Board shall include executive, nonexecutive and independent Board Members so as to ensure that the Board decisions are not dominated by one individual or a small group of individuals. 9.2 At least one third of the Board Members shall be Independent Board Members and a majority of the Board Members shall be Non-Executive Board Members. 9.3 Board Members shall have adequate expertise and knowledge to effectively perform their functions in the best interest of the Company and they shall give sufficient time and attention to their role as Board Members. 9.4 The percentage of Company Capital for the nominee for the position of independent Board Member shall not exceed the number of shares required to ensure his membership of the Board.	√ √ √ √			The basic rule of association was amended to comply with commercial companies law no. 11/2015 and the governance code. This was adopted at the extra ordinary general assembly held on 05/04/2016. The incumbent Board meets the regulations for Board Composition as required by this Charter.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 10 - Non- Executive Board Members	10.1 Duties of the Non-Executive Board Members include but are not limited to the following: 10.1.1 participation in the meetings of the Board of Directors and providing independent opinion on strategic matters, policy, performance, accountability, resources, key appointments and operation standards; 10.1.2 ensuring that priority shall be given to the Company's and Shareholders' interests in case of conflict of interests; 10.1.3 participation in the Company's Audit Committee; 10.1.4 monitoring the Company's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports; and 10.1.5 the development of the procedural rules for the Company's corporate governance for ensuring their implementation in a consistent manner; and 10.1.6 availing the Board of Directors and its different Committees of their skills, experiences, diversified specialties and qualifications through regular presence in the Board meetings and effective participation in the General Assemblies and the acquisition of a balanced understanding of Shareholders' opinions. 10.2 A majority of the Non-Executive Board Members may request the opinion of an independent consultant, in relation to any of the Company's affairs, at the Company's expense.	√ √ √ √ √ √ √ √			The actual practices show that nonexecutives board members performing all the duties as required by this Article.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 11 - Board Meetings	11.1 The Board of Directors shall hold meetings regularly, so as to ensure that the Board is effectively performing its duties. The Board shall meet at least seven times during a year with no less than one meeting every three months. 11.2 The Board shall meet when convened by its Chairman or upon the written request of two Board Members. The invitation for the Board meeting and agenda shall be communicated to each Board Member at least one week before the date of the meeting, noting that any Board Member may add any item to the agenda.	√ √			The Board held 7 meetings in 2016 thus satisfying the requirements of Article 104 of Commercial Companies Law, Article 11 of Governance Code and Article 27 of the Company basic Bylaws.	
Article 12 - Board Secretary	12.1 The Board shall appoint a Board Secretary whose functions shall include recording the minutes of all the Board meetings and safekeeping records, books and reports submitted by or to the Board. Under the direction of the Chairman, the Board Secretary shall also be in charge of ensuring timely access to information and coordination among the Board Members as well as between the Board and the other stakeholders in the company including shareholders, management, and employees. 12.2 The Board Secretary shall ensure that Board Members have full and timely access to the minutes of all Board meetings, information, documents, and records pertaining to the Company. 12.3 All Board Members shall have access to the services and advice of the Board Secretary. 12.4 The Board Secretary may only be appointed or removed by a Board resolution. 12.5 The Board Secretary should preferably be a member of a recognized body of professional accountants, or a member of a recognized or chartered body of corporate secretaries, or a lawyer or a graduate from a recognized university or equivalent. He should have at least three years experience of handling the affairs of a public company listed in the market.	√ √ √ √ √			The incumbent Board Secretary meets the required qualifications. He holds a high degree in economics and management, in addition to bachelor's degree in law and political sciences. He is an accredited arbitrator at Qatar International Center for Arbitration and Conciliation and an associate professor at Qatar University. He enjoys more than 35 years of experience including 16 years in handling the affairs of listed companies.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 13 - Conflict of Interests and Insider Trading	13.1 The Company shall adopt and make public general rules and procedures governing the Company's entering into any commercial transaction with a Related Party (the Company's "Related Party Policy"). In any event, it shall not be permitted to enter into any commercial transaction (or contract) with any a Related Party unless in strict compliance with the aforementioned Related Party Policy. The said policy shall include principles of transparency, fairness and disclosure in addition to the requirement that a related party transaction be approved by a majority vote of the shareholders, without the concerned Related Party participating in the voting. 13.2 Whenever an issue involving conflict of interests or any commercial transaction between the Company and any of its Board Members or any Party related to said Board Member, is discussed in a Board meeting, the said issue shall be discussed in the absence of the concerned Board Member who may not in any event participate in the voting on the matter. In any event, such transaction shall be made at market prices and on arm's length basis and shall not involve terms that are contrary to the interests of the Company. 13.3 In any event, such transactions shall be disclosed in the Company's annual report and specifically referred to in the General Assembly following such commercial transactions. 13.4 Trading by Board Members' in the Company's shares and other securities shall be disclosed and the Company shall adopt clear rules and procedures governing trading by Board Members and employees in the company securities.	√ √ √ √			The Company has adopted the policy to avoid conflict of interest, see Clarification No. 3 The Company issues periodic circular regarding typical handling Company shares, see Clarification No. 4, copy of Company circular regarding disclosure.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 14 - Other Board Practices and Duties	14.1 Board Members shall have full and immediate access to information, documents, and records pertaining to the Company. The Company's executive management shall provide the Board and its committees with all requested documents and information.	√			Actual experiences show that Board Members comply with this Article. Furthermore, the Board reviews the implementation of Governance Code and the Company's adherence to its requirements. Article 27.2.b of the Company Articles of Association states that Board membership is lost in the event of repeated absence from Board Meetings.	
	14.2 The Board Members shall ensure that the Nomination, Remuneration and the Audit Committee members, the Internal Audit and representatives of the External Auditors attend the General Assembly.	√				
	14.3 The Board shall put in place an induction program for newly appointed Board Members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities, and have proper understanding of the manner in which the Company operates.	√				
	14.4 The Board Members are responsible for having an appropriate understanding of their role and duties, and for educating themselves in financial, business, and industry practices as well as the Company's operations and functioning. In this respect, the Board shall adopt an appropriate formal training to enhance Board Members' skills and knowledge.	√				
	14.5 The Board of Directors shall at all times keep its Members updated about the latest developments in the area of corporate governance and best practices relating thereto. The Board may delegate the same to the audit committee or the governance committee or any other body as it deems appropriate.	√				
	14.6 The Company's articles of association shall include clear procedures for removing Board Members in the event of failing to attend Board meetings.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 15 - Board Committees	The Board evaluates the benefits to setting up Committees to supervise the important functions. The Board will when deciding on the selected committees take into account the Committees mentioned in this Code.	√			All Committees mentioned in this Article were formed and the bylaws for each approved, and published on the Company website, see Clarification No. 5	
Article 16- Appointing Board Members- Membership Committee- Nominations	16.1 Nominations and appointments of Board Members shall be made according to formal, rigorous and transparent procedures.	√			The Company formed the Nominations Committee, adopted its bylaws and posted them on Company website, see Clarification no. 5 Board Evaluation Code, Clarification no. 2	
	16.2 The Board shall constitute a Nomination Committee chaired by an Independent Board Member and comprised of Independent Board Members which shall recommend Board Members' appointments and re-nomination for election by the General Assembly (for the avoidance of doubt, nomination by the Committee does not deprive any shareholder of his rights to nominate or to be nominated);	√				
	16.3 Nominations shall take into account inter alia the candidates' sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge and experience as well as professional, technical, academic qualifications and personality and should be based on the „Fit and Proper Guidelines for Nomination of Board Members' annexed to the Code as amended by the Authority from time to time;	√				
	16.4 Upon its establishment, the Nomination Committee shall adopt and publish its terms of reference explaining its authority and role.	√				
	16.5 The Nomination Committee's role shall also include conducting an annual self-assessment of the Board's performance.					
	16.6 Banks and other companies shall comply with any conditions or requirements relating to the nomination, election or appointment of Board Members issued by Qatar Central Bank or any other relevant authority.		√			

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 17 - Board Members' Remuneration - Remuneration Committee	17.1 The Board of Directors shall establish a Remuneration Committee comprised of at least three Non-Executive Board Members the majority of whom must be Independent. 17.2 Upon its constitution, the Remuneration Committee shall adopt and make available its terms of reference explaining its role and main responsibilities. 17.3 The Remuneration Committee's main role shall include setting the remuneration policy of the Company including remuneration of the Chairman and all Board Members as well as Senior Executive Management. 17.4 The Remuneration Policy shall be presented to the shareholders in the General Assembly for approval and shall be made public. 17.5 Remuneration shall take into account the responsibilities and scope of the functions of the Board Members and members of Senior Executive Management as well as the performance of the Company Compensation may include fixed and performance-related components, noting that such performance related components should be based on the long-term performance of the Company.	√ √ √ √ √			The Company established the Remunerations Committee, approved its bylaws and posted them on Company website. no 5-Incentives and Remunerations Policy.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 18 - Audit Committee	18.1 The Board of Directors shall establish an Audit Committee that shall be comprised of at least three members the majority of whom should be Independent. The Audit Committee must include at least one member with financial and audit experience. If the number of available Independent Board Members was not sufficient to fill the Audit Committee membership, the Company may appoint members that are not Independent Board Members provided that the Chairman of the Committee is Independent. 18.2 In any event, any person who is or has been employed by the Company's external auditors within the last 2 years may not be a member of the Audit Committee. 18.3 The Audit Committee may consult at the Company's expense any independent expert or consultant. 18.4 The Audit Committee shall meet as needed and regularly at least once every three months and shall keep minutes of its meetings. 18.5 In the event of any disagreement between the Audit Committee's recommendations and the Board's decision including where the Board refuses to follow the Committee's recommendations concerning the external auditor, the Board shall include in the Company's Governance Report, a statement detailing such recommendations and the reason(s) behind the Board of Directors' decision not to follow the recommendations. 18.6 Upon its establishment, the Audit Committee shall adopt and make public its terms of reference explaining its main role and responsibilities in the form of an Audit Committee Charter including in particular the following: 18.6.1 to adopt a policy for appointing the External Auditors; and to report to the Board of Directors any matters that, in the opinion of the Committee, necessitate action and to provide recommendations on the necessary procedures or required action;	√ √ √ √ √ √ √ √			The Company set up the Audit Committee, adopted its bylaws and posted them on Company website, see Clarification No. 5 External Auditors appointment policy, see Clarification No. 7	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
	18.6.2 to oversee and follow up the independence and objectivity of the external auditor and to discuss with the external auditor the nature, scope and efficiency of the audit in accordance with International Standards on Auditing and International Financial Reporting Standards;	√				
	18.6.3 to oversee, the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports, and to review such statements and reports. In this regard particularly focus on: 1. Any changes to the accounting policies and practices; 2. Matters subject to the discretion of Senior Executive Management; 3. The major amendments resulting from the audit; 4. Continuation of the Company as a viable going concern; 5. Compliance with the accounting standards designated by the Authority; 6. Compliance with the applicable listing Rules in the Market; and 7. Compliance with disclosure rules and any other requirements relating to the preparation of financial reports;	√				
	18.6.4 to coordinate with the Board of Directors, Senior Executive Management and the Company's chief financial officer or the person undertaking the latter's tasks, and to meet with the external auditors at least once a year;	√				
	18.6.5 to consider any significant and unusual matters contained or to be contained in such financial reports and accounts. And to give due consideration to any issues raised by the Company's chief financial officer or the person undertaking the latter's tasks, or the Company's compliance officer or external auditors;	√				
	18.6.6 to review the financial and Internal Control and risk management systems;	√				
	18.6.7 to discuss the Internal Control systems with the management to ensure management's performance of its duties towards the development of efficient Internal Control systems;	√				
	18.6.8 to consider the findings of principal investigations in Internal Control matters requested by the Board of Directors or carried out by the Committee on its own initiative with the Boards' approval;	√				
	18.6.9 to ensure ;coordination between the Internal Auditors and the External Auditor, the availability of necessary resources, and the effectiveness of the Internal Controls;	√				
	18.6.10 to review the Company's financial and accounting policies and procedures;	√				
	18.6.11 to review the letter of appointment of the External Auditor, his business plan and any significant clarifications he requests from senior management as regards the accounting records, the financial accounts or control systems as well as the Senior Executive management's reply;	√				
	18.6.12 to ensure the timely reply by the Board of Directors to the queries and matters contained in the External Auditors' letters or reports;	√				
	18.6.13 to develop rules, through which employees of the Company can confidentially report any concerns about matters in the financial reports or Internal Controls or any other matters that raise suspicions. And to ensure that proper arrangements are available to allow independent and fair investigation of such matters whilst ensuring that the aforementioned employee is afforded confidentiality and protected from reprisal. Such rules should be submitted to the Board of Directors for adoption.	√				
	18.6.14 to oversee the Company's adherence to professional conduct rules;	√				
	18.6.15 to ensure that the rules of procedure related to the powers assigned to the Board of Directors are properly applied;	√				
	18.6.16 to submit a report to the Board of Directors on the matters contained in this Article ;	√				
	18.6.17 to consider other issues as determined by the Board of Directors;	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 19– Compliance, Internal Controls and the Internal Auditor	19.1 The Company shall adopt Internal Control Systems, approved by the Board, to evaluate the methods and procedures for risk management, implementation of the Company's corporate governance code and compliance with related laws and regulations. And the Internal Control Systems shall set clear lines of responsibility and accountability throughout the Company's departments.	√			Internal audit measures taken according to Clar. 8	The Company has commissioned a consultant to carry out internal audit and submit periodic reports to the Audit Committee and the Board
	19.2 Internal Control Systems shall include effective and independent risk assessment and management functions, as well as financial and operational internal audit functions in addition to the external audit. The Internal Control Systems shall also ensure that all related-party transactions are handled in accordance with the requirements related thereto.		√			
	19.3 The Company shall have an internal audit function with clearly defined functions and role. In particular, the internal audit function shall :	√				
	19.3.1 audit the Internal Control Systems and oversee their implementation;	√				
	19.3.2 be carried out by operationally independent, appropriately trained and competent staff; and	√				
	19.3.3 Submit its reports to the Board of Directors either directly or through the Board's Audit Committee; and is responsible to the Board; and	√				
	19.3.4 Has access to all Company's activities; and	√				
	19.3.5 Be independent including being independent from the day-to-day Company functioning. Its independence should be reinforced for example by having the Board determine compensation of its staff.	√				
	19.4 The internal audit function shall include at least one internal auditor appointed by the Board of Directors. This internal auditor shall report to the Board or the Chief Executive Officer of the Company, either directly or through the Audit Committee.	√				
	19.5 The internal auditor shall prepare and submit to the Audit Committee and the Board of Directors an "internal audit report" which shall include a review and assessment of the Internal Control system of the Company. The scope of the Internal Audit Report shall be agreed between the Board (based on the Audit Committee recommendation) and the internal auditor and shall include particularly the following:	√				
	– Control and oversight procedures of financial affairs, investments, and risk management.	√				
	– Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes.	√				
	– Assessment of the performance of the Board and senior management in implementing the Internal Control Systems, including the number of times the Board was notified of control issues (including risk management) and the manner in which such issues were handled by the Board.	√				
	– Internal Control failure, weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedure followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements).	√				
	– The Company's compliance with applicable market listing and disclosure rules and requirements.	√				
	– The Company's compliance with Internal Control systems in determining and managing risk.	√				
	– All relevant information describing the Company's risk management operations.	√				
	19.6 The Internal Audit Report shall be prepared every three months.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 20 – External Auditor	20.1 An External Auditor who is independent, and qualified, and appointed upon the recommendation of the Audit Committee to the Board and the decision of the Company's General Assembly, shall undertake an annual and semi-annual independent audit. The purpose of the said audit is to provide an objective assurance to the Board and shareholders that the financial statements are prepared in accordance with this Code, related laws and regulations and international financial reporting standards and accurately represent the financial position and performance of the Company in all material respects.	√			Clarification No. 7-External Auditors appointment policy	
	20.2 The External Auditor shall comply with the highest professional standards and he shall not be contracted by the Company to provide any advice or services other than carrying out the audit of the Company. The External Auditor must be completely independent from the Company and its Board Members and shall not have any conflict of interests in his relation to the Company.	√				
	20.3 The Company's External Auditor must attend the Company's annual ordinary General Assembly where he shall deliver his annual report and answer any queries in this respect.	√				
	20.4 The External Auditor is accountable to the shareholders and owes a duty to the Company to exercise due professional care in the conduct of the audit. The External Auditor is also responsible for notifying the Authority and any other regulatory authority should the Board fail to take proper action concerning suspicions raised or identified by the External Auditors.	√				
	20.5 A listed company shall change its External Auditor every five years at a maximum.	√				
Article 21-Disclosure	21.1 The Company must comply with all disclosure requirements including financial reporting as well as disclosing shareholdings of Board Members, senior executives and major or controlling shareholders. The Company must also disclose information about its Board Members including notably a resume of each member describing his/ her respective education, profession, other board seats that they may hold (if any). Names of the members of various Committees constituted by the Board as mentioned in Article 5.3, along with the composition of the committee, should also be disclosed.	√			Comply with disclosure, and disclosure regarding board members and their share ownerships, see Clarification No. 9	
	21.2 The Board shall ensure that all disclosure made by the Company provides accurate and true information which is not misleading.	√				
	21.3 The Company's financial reports must comply with IFRS/IAS and ISA standards and requirements. In addition to stating whether the external auditor obtained all information needed, the external auditor report shall also state whether the Company conforms to IFRS/IAS and that the audit has been conducted in accordance with IAS.	√				
	21.4 The Company audited financial reports shall be circulated to all shareholders.	√				
Article 22 - General Rights of Shareholders and Key Ownership Elements	Shareholders have all rights conferred upon them by related laws and regulations including this Code as well as the Company's by-laws; and the Board shall ensure that shareholders' rights are respected in a fair and equitable manner.	√			Clarification no. 10-Shareholders rights, capital structure and minority rights.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 23- Ownership Records	23.1 The Company shall keep valid and up to date records of share ownership. 23.2 Shareholders shall have the right to review and access for free the Company's shareholders' register at the Company's regular office hours or as otherwise determined in the Company's Access to Information Procedures. 23.3 The Shareholder shall be entitled to obtain a copy of the following: – Board Member register, – Articles of Association and by-laws of the Company, – Instruments creating a charge or right on the Company's assets, – Related party contracts and any other document as the Authority may decide upon payment of a fee determined by the Authority.	√ √ √			In accordance with system applied by Qatar Stock Exchange and as per Articles 159 & 160 Of Commercial Law, the Company deposited the shareholders records at Qatar Stock Exchange and authorized QSE to maintain and keep this record.	
Article 24- Access to Information	24.1 The Company shall include in its articles of association and by-laws Procedures of Access to Information to ensure that shareholders rights of access to Company documents and information in a timely manner and on a regular basis, are preserved. The Access to Information Procedures shall be clear and detailed and shall determine (i) the Accessible Company Information including the types of information that is made accessible on an on-going basis to individual shareholders or to shareholders representing a minimum percentage of the Company's share capital, and (ii) clear and express procedures to access such information. 24.2 The Company shall have a website where all relevant information and public information and disclosures must be posted. This includes all information that is required to be made public by this Code and any related laws and regulations.	√ √			The Articles of Association have been amended in accordance with Commercial Law 11/205 and Governance Code and were adopted at the General Assembly held on 05/04/2016. The proposed includes articles relevant to access to information and its procedures.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 25 - Shareholders Rights with Regard to Shareholders' Meetings	The Company's articles of association and by-laws shall include provisions ensuring effective shareholders' right to call for a General Assembly and be convened in a timely manner; the right to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers thereupon; and the right to make informed decisions.	√			The Articles of Association have been amended in accordance with Commercial Law 11/205 and Governance Code, and were adopted at General Assembly held on 05/04/2016. The proposed includes articles relevant to shareholders rights and other rights.	
Article 26- Equitable Treatment of Shareholders and Exercise of Voting Rights	26.1 All shares of the same class, shall have the same rights attached to them. 26.2 Proxy voting is permitted in compliance with related laws and regulations.	√ √				
Article 27- Shareholders' Rights Concerning Board Members' Election	27.1 The Company's articles of association and by-laws shall include provisions ensuring that shareholders are given information relating to Board Members' candidates including a description of candidates' professional and technical skills, experience and other qualifications. 27.2 Shareholders shall have the right to cast their votes for Board Member's election by Cumulative Voting.	√ √			The Articles of Association have been amended in accordance with Commercial Law 11/205 and Governance Code, and adopted at General Assembly held on 05/04/2016. The proposed includes articles relevant to shareholders rights regarding electing Board Members via proxy voting and to provide information to shareholders regarding nominees.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 28 - Shareholders' Rights Concerning Dividend Distribution	The Board of Directors shall submit to the General Assembly a clear policy on dividend distribution. This shall include the background and rationale of such policy in terms of the best interest of the Company and the shareholders.	√			Clarification No. 11-Dividend distribution policy	
Article 29 - Capital Structures, Shareholders' Rights, Major Transactions	29.1 Capital Structures should be disclosed and Companies should determine the type of shareholders agreements that should be disclosed. 29.2 Companies shall adopt in their articles of association and/or by-laws provisions for the protection of minority shareholders in the event of approval of Major Transactions where the said minority shareholders have voted against such Major Transactions. 29.3 Companies shall adopt in their articles of association and/or by-laws, a mechanism ensuring the trigger of a public offer or the exercise of Tag Along Rights in the case of a change in ownership exceeding a specific percentage (threshold). The thresholds should take into consideration shares held by third parties but under the control of the disclosing shareholder, including shares covered by shareholder agreements which should also be disclosed.	√ √ √			Capital Structure-Clarification No. 12	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 30 – Stakeholders' Rights	30.1 The rights of Stakeholders are to be respected. Where Stakeholders participate in the corporate governance arrangements; they shall have access to relevant, sufficient and reliable information on a timely and regular basis. 30.2 The Board of Directors shall ensure that the Company's employees are treated according to the principles of fairness and equity and without any discrimination whatsoever on the basis of race, gender, or religion. 30.3 The Board shall develop a remuneration policy and packages that provide incentive for the employees and management of the Company to always perform in the best interests of the Company. This policy should take into consideration the long term performance of the Company. 30.4 The Board shall adopt a mechanism enabling company employees to report to the Board suspicious behavior, where such behavior is unethical, illegal, or detrimental to the Company. The Board shall ensure that the employee addressing the Board shall be afforded confidentiality and protected from any harm or negative reaction by other employees or the employee's superiors. 30.5 Companies shall fully comply with the provisions of this Article, being exempted from the principle of compliance or justify not to comply.	√ √ √ √ √			The Company adopted Policies, General Provisions and HR, Policies manual that includes equality and nondiscrimination. Clarification No. 6 –Incentives and Remunerations Policy. The Company adopted Policies, General Provisions and HR, Policies manual that insures confidentiality mechanism and protection.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 31 - The Corporate Governance Report	31-1 The Board shall prepare an annual Corporate Governance Report signed by the Chairman.	√			Internal Control have not recorded during 2015 any defect or serious flaw in Company financial performance. Similarly, none was recorded regarding Company management. Clarification No. 13-Risk Management Policy	
	31-2 This Report shall be submitted to the Authority on an annual basis and whenever required by the Authority, and shall be accompanied by the Annual Report prepared by the Company in compliance with periodic disclosure.	√				
	31-3 The Agenda for the ordinary meeting of the General Assembly shall include an item for Corporate Governance Report, and a copy of the same distributed to shareholders during the meeting.	√				
	31-4 the Authority. The said Report shall be published and shall include all information related to the application of this Code, including notably:	√				
	1- Procedures followed by the Company in this respect;	√				
	2- Any violations committed during the financial year, their reasons and the remedial measures taken and measures to avoid the same in the future;	√				
	3- Members of the Board of Directors and its Committees and their responsibilities and activities during the year, according to the categories and terms of office of said members along with the method of determining the Directors and Senior Executive Managers remuneration;	√				
	4- Internal Control procedures including particularly the Company's oversight of financial affairs, investments, and risk management;	√				
	5- The procedure followed by the Company in determining, evaluating and managing significant risks, a comparative analysis of the Company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes;	√				
	6- Assessment of the performance of the Board and senior management in implementing the Internal Control systems, including identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board;	√				
	7- Internal control failures or weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedures followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements);	√				
	8- The Company's compliance with applicable market listing and disclosure rules and requirements;	√				
	9- The Company's compliance with Internal Control systems in determining and managing risks;	√				
	10- All relevant information describing the Company's risk management operations and Internal Control procedures.	√				

COMPLIANCE MANAGER

The Company has appointed a compliance manager in order to enhance and activate communication with the supervisory authorities, as mentioned in previous reports. The compliance manager's role is to coordinate between the Company and any supervisory authority in relevance to the Corporate Governance Code and its implementation.

Name: Dr. Adnan Ali Steitieh
Capacity: Executive Manager-Board Secretary
Telephone: +974 4483 0439
Email: a.steitieh@salaminternational.com

COMPANY PLANS FOR 2017

Now that the Company has adopted the Board Charter, Corporate Governance Code and good governance policies, we will continue to meet the requirements of the Code and adhere to its rules and regulations to achieve full compliance.

The Company will hold workshops for the Board of Directors and Executive Directors on governance applications.
The Company will also review and update human resource policies and regulations, including professional standard of conduct that reflect the Company's values, and ensure behavioral integrity.

Finally, the Board of Directors at SIIL would like to stress its adherence and full compliance with the corporate governance code in the past, present and future. SIIL considers the CG Code as a system to sound management and a means to reconcile the varying interests of stakeholders of different and to evenly distribute the rights and responsibilities within a framework of transparency, integrity, disclosure and equal opportunity.

Furthermore, the CG Code enhances SIIL's legacy in corporate management which stimulates all Board members and all Company employees to act as business entrepreneurs and at the same time fully comply with the rules of transparency, integrity and solid conduct for the common goal to achieve sound and sustainable growth and achieve additional benefits to shareholders.

Issa AbdulSlam Abu Issa
Chairman of the Board of Directors

Clarification No. 1
JUSTIFICATIONS NOT TO SEPARATE THE POSITIONS OF CHAIRMAN AND CEO:

The SIIL administrative and organization structure is built on the decentralized model. The homogenous subsidiaries and the business units were grouped into four major sectors, each sector is managed by an executive director with wide ranging authorities in defining the work objectives, plan and budget and also in appointing staff. Therefore, although the Chairman retains the position of CEO, there is effective separation per sector regarding CEO due to decentralized decision-making mechanism as explained above. There is therefore no single individual at the Company with absolute power in decision making.

Clarification No. 2
BOARD PERFORMANCE EVALUATION POLICY

The Nomination Committee, as part of its multiple tasks, conducts annual objective self-evaluation of the Board Members. The Committee shall rely, in its assessment of the Board performance, on the fact that the Board is jointly responsible for effective management of the Company. In particular, the Board shall be responsible for developing strategic goals and policies and for the effective control of the performance of the Company and its subsidiaries, and ensure the management succession planning, in addition to protecting and developing the rights of the shareholders in the long term. The Nomination Committee has relied in the preparation of the annual performance assessment of the Board on the standards in the adopted Nomination Committee framework in particular, as shown below:

a) Number of annual meetings.
b) Compliance with the periodic frequency of the meetings.
c) Attendance percentage at the meetings.
d) Promptness and efficiency of handling the topics listed on the Board agenda.
e) Compliance with the transparency and disclosure requirements with regards to the decisions of the Board.
f) The extent of interaction with the various committees emanating from the Board and the implementation of their recommendations.
g) Achieving the objectives and plans and implementation of the adopted policies.
h) Any other standards required for the objective self-assessment.

Clarification No. 3
NON-CONFLICT OF INTERESTS POLICY

The Company prohibits the Chairman, members of its Board of Directors, its executive directors and all its employees from taking advantage of any information they may have come to know, as a result of dealing in shares of the Company, for their own interest or the interest of their immediate relatives. Members of the Board and Executive Directors owe their loyalty to the Company and its shareholders. This trust-based duty requires the members of the Board to give priority to the interests of the Company and its shareholders over their own personal interests and interests of the related parties. They must always work in good faith and total transparency.

A Board Member and Executive Manager shall refrain from:

1. Performing activities competing with the Company, or trade for his own account or for the accounts of others within a branch of activity that is practiced by the Company. Otherwise, the Company shall request compensation or considers that the transactions were conducted for its account. Such limitation shall not apply where competition is public, in accordance with the prevailing norms and with the provisions of the Law and the applicable regulations.

2. Taking over the opportunities offered to the Company. Such limitation shall not apply where the opportunity was offered to the Company which rejected the same.

3. Explicit, potential and actual conflicts of interests. In the case of conflicts of interests, the member of the Board shall totally disclose of this conflict.

4. In the case that an issue involving conflict of interests, or any business dealing between the Company and any Board Member, or party that is related to Member, then the subject Member is not permitted at all to vote regarding such transaction. And in any case, such transaction shall be performed according to market prices at business and purely business basis, and shall not include clauses that are detrimental to Company interests.

5. As an exception from contracting and public tenders, the Company Chairman, Board members or any

6. Company director may not have a direct interest in the contracts, projects and commitments made for the account of the Company, unless with an approval by the General Assembly thereon. Provided that such deals and contracts must meet the condition of being fair to the Company. In the event where such contracts and commitments are of a periodic and renewable nature, the approval of the General Assembly shall be annually renewed. In all cases, any of the aforementioned parties having an interest shall refrain from attending any General Assembly or Board sessions in which the subject relevant to him matter is discussed.

Clarification No. 4
TYPICAL COMPANY CIRCULAR REGARDING DISCLOSURE

Date: .. / .. / ...
Ref. XXXXXX

Mr. XXXXXXXXXX

Dear Sir,
Subject: Prohibition of Purchase and Sale of Shares

Due to proximity of publication of the financial results for the fiscal period ending on ../../ ...., kindly note that the prohibition period for purchase and sales of Company shares by the Members of Board and executive Directors as stated in Article No. 173 of the Qatar Stock Exchange Bylaws, is hereby effective starting from the day of .... on .../../... till the day of ...... on ../../.... Otherwise, purchase and sale of shares is permitted, provided that the QSE is advised.

Therefore, you are kindly requested to refrain from issuing purchase or sale orders regarding Company shares, whether in your names or the names of your relatives of the first degree starting from the day of .... on .../../... till the day of ...... on ../../....

Sincerely yours,

Clarification No. 5
MEMBERSHIP COMMITTEE (NOMINATIONS), CONSISTING OF THE FOLLOWING:
1. Mr. Nasser Suliman Haidar Mohammad Al Haidar
2. Mr. Ali Haidar Suliman Al Haider
3. H.E Sheikh Ali bin Ghanim Al Thani
4. Mr. Abdulsalam Issa Abu Issa
5. Dr. Adnan Ali Steitieh

Investment Committee, consisting of:
1. Mr. Issa Abdulsalam Abu Issa
2. H.E Sheikh Nawaf bin Nasser bin Khalid Al Thani
3. Mr. Hussam Abdulsalam Abu Issa
4. Mr. Nasser Suliman Haidar Mohammad Al Haidar
5. Mr. Jassim Mohammad Abdulghani Al Mansouri
6. Mr. Bassam Abdulsalam Abu Issa
7. Dr. Adnan Ali Steitieh

Audit Committee, comprising of:
1. Mr. Ali Haidar Suliman Al Haider
2. H.E Sheikh Ali bin Ghanim Al Thani
3. Mr. Badr Ali Al Sada
4. Mr. Hani Abdulkader Al Kadi
5. Mr. Hussam Abdulsalam Abu Issa
6. Mr. Bassam Abdulsalam Abu I ssa
7. Mr. Abdulsalam Issa Abu Issa
8. Dr. Adnan Ali Steitieh

Remuneration Committee, comprising of:
1. H.E Sheikh Nawaf bin Nasser bin Khalid Al Thani
2. Mr. Hani Abdulkader Al Kadi
3. Mr. Jassim Mohammad Abdulghani Al Mansouri
4. Mr. Badr Ali Al Sada
5. Dr. Adnan Ali Steitieh

Clarification No. 6
COMPANY STAFF, BOARD REMUNERATION AND HIGHER EXECUTIVE MANAGEMENT REWARDS AND INCENTIVES

FIRST: COMPANY STAFF REWARDS AND INCENTIVES
Pursuant to the Company's public strategy aimed at achieving sustainable growth and profits and long-term benefits for the Company shareholders, it adopts the rewards and incentives policy at the Company in general, based on the following general criteria:

1. Long-term company performance.
2. Beneficial targeted growth of the Company.
3. Achieve the minimum action plan indices, most important of which the net revenues, net profit and the Economic Added Value(EVA).
4. Company cash flow.
5. Shareholders dividends and revenue.

The Staff Rewards and Incentives policy is also based on the following specific criteria:
1. Responsibilities and duties.
2. Staff individual performance.
3. Collective performance of the Company and the business units.

As for the subsidiaries and the business units, the rewards and incentives policy shall primarily rely on the following criteria:
1. The long-term performance of the Company or concerned business unit.
2. Cash flow situation of the Company or the business unit.
3. The contribution of the subsidiary or business unit in the cumulative profits.
4. Responsibilities and duties.
5. Staff individual performance.

It is permitted that the rewards include a fixed part and a performance-related part. The performance related part must be based on the long-term Company performance as well as the useful targeted growth in general and the individual performance in particular.

The policy is based on the annual individual performance evaluation, taking into consideration the relative weights of each of the skills, behavior and quality objectives: It should be noted that the rewards and incentives shall not be earned if the assessment evaluation result is less than 80%.

The evaluation and assessment shall be done by the Human Resources Department at the Company based upon the adopted staff assessment system. This system in turn is based upon the balanced performance scorecard. Hence, the merit for incentives shall not only be dependent of profitability criteria. It will depend on the overall assessment of staff performance, which will vary in focus and targets from one individual to another.

SECOND: BOARD REMUNERATION:
1. The Ordinary General Assembly shall determine the remuneration of the Board members. The total of such remuneration must not exceed (5%) of the net profits, after deducting the depreciation, reserves and distributing dividends of no less than 5% of the capital to the shareholders. In all cases, the remuneration may not exceed the maximum limit allowed by law or specified in a Ministerial decree in this regards.
2. No Board member shall be entitled to a remuneration for attending the Board meetings. However, he shall be entitled to an annual remuneration related to his performance after obtaining the approval of the General Assembly.
3. The Board members may get a lump sum amount as remuneration in the years where the Company fails to realize profits. In such a case, the approval of the concerned authority in the Ministry of Business and Trade as well as that of the Company's General Assembly shall be required.

THIRD: HIGHER EXECUTIVE MANAGEMENT:
The remunerations for the CEO and Deputy CEO shall be based on the same public and private criteria imposed on the Company's staff, in addition to achieving 10% of the return on capital to earn the remuneration and annual performance incentive.

The assessment shall be carried by the Remuneration Committee of the Board based upon its adopted evaluation system for higher management which in turn is based on balanced performance card. Hence, the merit for remuneration shall not only be based upon profitability or dividends. It shall primarily be according to overall evaluation of staff performance which differs in focus and targets from time to another according to Company conditions and challenges.

FOURTH: COMMITTEES REMUNERATION
It is permitted that Committee members obtain a lump sum amount as remuneration as a reward for attending and participating in the Committee affairs, at the Board's discretion.

Clarification No. 7

SIIL POLICY REGARDING APPOINTING EXTERNAL AUDITORS

The Policy of SIIL to contract with external auditors (The Policy) is based upon Article 14 of the Corporate Law No. 5/2002, and upon Article 20-5 of the Governance Code regarding listed companies issued by the Qatar Financial Markets Authority (the Authority), and upon the bylaws governing the external auditors and financial estimators for listed parties as issued by the Authority.

The Policy comprises the following:

a- The Company shall have an accounts auditor (external auditor) appointed by the General Assembly for one year. The General Assembly shall approve its remunerations, based upon recommendation from the Board.

b- It is permitted that the General Assembly appoints the accounts auditor for consecutive years.

c- In the case of re-appointing an auditor, the maximum appointment shall not exceed five consecutive years.

d- It is required that the auditor be an international or regional accounting firm.

e- It is required that the auditor be duly registered at the Ministry of Economy and Commerce, listed in the tables of approved external auditors at the Authority or any relevant specialized party, in accordance with the laws and regulations in effect at the State of Qatar.

f- The auditor shall meet the obligations as stated in Article 9 of the regulations for external auditors and financial estimators as issued by the Authority.

g- To inform both the Ministry and the Authority with the name of the auditor nominated by the Board.

h- The auditor shall perform the following:

1. Monitor and audit Company accounts, in accordance with the approved auditing practices, Authority requirements and the technical and professional basis of the profession.
2. Check the budget and the profit/loss account.
3. Implement the Law and the company Statue.
4. Inspect the Company financial and administrative systems, its internal financial control systems and ascertain their suitability to the well going of Company business and preservation of its assets.
5. Verify the Company assets and their ownership, confirm the legality of the liabilities and their authenticity.
6. Review Board resolutions and instructions to the Company.
7. Any other duties that an auditor is required to perform in accordance with the law governing the auditors practice and other relevant regulations and norms of the auditing business.
8. Provide a written report to the General Assembly about its function, and assign or deputize to read the report to the General Assembly. A copy of the report shall be sent from Auditor to respective authority.

i- The aforementioned report by the auditor shall include the following:

1. He has obtained the information, data and clarifications that he considers to be important to perform his job.
2. That the Company keeps regular book, records and documents in accordance with the internationally recognized accounting principles which enable to show the financial position of the Company and the results of its operations in a fair manner, and that the balance and the profit/loss accounts are in accordance with books and records.
3. That the auditing procedures he conducted for the Company accounts are in his opinion sufficient to construct a reasonable basis to provide his opinion regarding the Company financial position, results of operations and Company cash flows, in accordance with internationally recognized auditing rules.
4. That the statements provided in the Board's report to the General Assembly are in accordance with Company records and books.
5. That the inventory was conducted in accordance with required procedures.
6. The violations to the Law or Company Statue that were committed during the subject audit year which have appreciable results on the Company operations and financial position, and whether said violations are still standing, within the limit of his information.

Clarification No. 8

INTERNAL CONTROL PROCEDURES:

In preparation for the aggregation of all internal control activities in one separate department, the Company appointed an independent consultant to handle the below tasks:

1. Prepare the internal audit charter to specify the powers and responsibilities.
2. Assess the risks of the Company activities and accounting processes.
3. Determine the main business risks in terms of importance and possibility of occurrence.
4. Internal Audit Plan to assess the risks and help achieve the strategic goals.
5. Internal audit policies and procedures to ensure the safety of the internal control.
6. Internal controls and/or workflow review to determine the accuracy and efficiency of the internal controls in treating the determined risks.
7. Comprehensive fiscal audit to ensure there are no material defects in the financial statements.
8. Check the processes and comply with the systems, procedures and legal requirements.
9. Review the organizational structure and governance of the Company.
10. Review the performance of the Company.
11. Review public IT standards and systems.

Clarification No. 9

ADHERENCE TO DISCLOSURE AND DECLARATION OF BOARD MEMBERS AND SHARES OWNERSHIP

FIRST-ADHERENCE TO THE RULES AND CONDITIONS GOVERNING THE DISCLOSURE AND LISTING IN QATAR EXCHANGE:

– The Company shall commit to the rules and conditions governing the disclosure and listing in Qatar Exchange, "QE" and shall comply with all disclosure requirements, including disclosure of the number of shares owned by the Board of Directors, executives and top or influencing shareholders.

– The Company shall also commit to disclose any key information related the company's current projects, projects that the Company intends to undertake or any projects or information influencing the share price.

– The Company released in 2016 a total of 7 press releases and disclosures that included the disclosure of important and relevant information such as the disclosure of financial results, new projects and strategic partnerships, the disclosure of a court case and the relevant court decision.

– Financial reports are prepared in accordance with the international accounting standards IFRS, IAS, ISA. The Company is publishing those reports in local newspapers, on QE website and on the Company website.

– The Company has disclosed the names of the members of the committees emanating from the Board as well as their frameworks and by-laws.

– The Company has designed and implemented a website that contains general information about the Company, its activities and investments, in addition to a dedicated window for shareholders affairs. The Company will continue to publicize all information, disclosures and data upon availability and/or periodically.

– The Company places at the shareholders' disposal an annual report that includes a detailed account of financial data related to members of the Board of Directors, including the following:

- All amounts received by the Chairman and members of the Board of Directors.
- Benefits in kind enjoyed by the Chairman and members of the Board of Directors.
- Remuneration of the Board members.
- Operations in which one of the Board members or directors might have an interest that is conflicting with the Company's interest.

– The Company publishes annually its budget, profit and loss account, the report of the Board of Directors and the full text of the auditors' report, including the, and clarifications, the Company's disclosures contained therein, at two local newspapers and at the Company website and GSE website.

SECOND: MEMBERS AND EQUITY AS OF 29/12/2016:

Name	Brief Introduction	No. of Shares	Percentage
Mr. Issa AbdulSalam Abu Issa, Chairman	– Chairman of the Board of Directors and CEO of Salam International Investment Limited-Qatar. – Chairman of the Board of Directors of Salam Bounian for Development-Qatar. – Vice-Chairman of Serene Real Estate Development Co-Lebanon. – Secretary General of Qatari Businessmen Association. – Member of the Board of Trustees for Al Shaqab Equestrian Academy-Qatar. – Member of the World Economic Forum-Davos. – Member of the Arab Business Council. – Board Member in many other esteemed regional companies. – He holds a degree in Business Administration from San Diego University – USA and has over 35 years of professional experience.	15,656,223	13.70%
Mr. Hussam AbdulSalam Abu Issa, Vice Chairman	– Vice-Chairman of the Board of Directors and COO of Salam International Investment Limited. – Board Member at Doha Insurance Company. – Member of the advisory council for College of Administration and Economy at Qatar University. – Former member of the Al-Ballagh Cultural Society. – Member of the International Dean Council of Harris School of Public Policy at Chicago University – Member of the GCC Chamber of Commerce. – Member of the Islamic Chamber of Commerce and the Advisory Committee for the ICP Bosporus Conference-Turkey. – He also serves on the Advisory Board of the Amideast Educational Establishment-Lebanon. – Member of the international advisory council for PAC in San Francisco. – Member of the Qatari-German Businessmen Council. – He holds a Bachelor's Degree in Marketing from the United States, and has over 30 years of professional experience.	9,829,613	8.60%
HE Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani Representing Doha Insurance Company Board Member	– Member of the Board of Directors of Salam International Investment Limited, representing Doha Insurance Company. – H.E Sheikh Nawaf is a prominent figure in the Qatar business community. He is an active player in the country's real estate and economic growth. – He is credited for a great deal of experience sharing and collaboration building. He is an active participant in many esteemed companies most notably as Chairman of Nasser Bin Khaled (NBK) Holding. – Chairman of Al Waab City, Doha Insurance Company and also Chairman of Nasser Bin Nawaf Holding Co. – Member of the Board of Directors at both Arabtec and Samina Capital Fund. – Member of the Board of Directors of the Qatari Businessmen Association. – President of the Qatari French Businessmen Club. – Vice President of the German Arab Friendship Society. – H.E Sheikh Nawaf has been awarded the French Presidential Medal and bestowed a rank of a Knight, in appreciation of his unique efforts in promoting commercial relationships between Qatar and France.	337,384	0.30%
Mr. Nasser Suleiman Haidar Al Haidar Board Member	– Member of the Board of Directors of Salam International Investment Limited. – Chairman of Al Sulaiman Holding. – Member of Qatar's Advisory Council and member of the Qatari Businessmen Association. – Member of the GCC Family Companies Council and member of the Registration and Membership Committee at the Qatari Chamber of Commerce and Industry. – He holds a Bachelor's Degree in Political Science and International Relationships from Aquinas University, Michigan-USA.	255,768	0.22%
HE Sheikh Ali Bin Ghanem Al-Thani Ali bin Ali Ghanem Al-Thani Group Board Member	– Member of the Board of Directors of Salam International Investment Limited, representing Ali Bin Ghanem Al Thani Group. – Chairman of the Board of Directors at Ali Bin Ghanem Al Thani Holding. – Vice Chairman at Ghanem Holding. – Member of the Board of Directors at Qatar Islamic Bank and Doha Insurance Co. – Former Vice Chairman at both the Gulf Investments Group and United Development Company-Qatar. – He holds a Master's Degree in business administration from Cambridge University. He has published several articles and papers on economics. He is a supporting member at the Center for Arab Unity Studies.	100,000	0.09%
Mr. Hani Abd-el-Kader Al Kadi Representing the Arab Jordan Investment Bank Board Member	– Member of the Board of Directors of Salam International Investment Limited representing Arab Jordan Investment Bank, Qatar. – General Manager, CEO and Board Member of the Arab Jordan Investment Bank in Amman-Jordan. – Authorized Board Member of the Mediterranean Company (Four Seasons Hotel) in Amman-Jordan. – Member of the Board of Directors of the International Bank of Jordan-London. – Authorized Member of the Board of Directors of the Arab Jordan Investment Bank - Qatar. – Member of The Coutts Middle East Advisory Board and member of the advisory council for the Middle East and North Africa at Harvard Business School. – He has held several previous positions including Financial Analyst at Bankers Trust Bank in New York and London and Credit Officer of JP Morgan Bank in New York. – He has a Master's degree in Business Management from Harvard University-Boston 1988, and a Bachelor's of Science Degree in Civil Engineering from Imperial College University London 1984.	475,000	0.42%

Name	Brief Introduction	No. of Shares	Percentage
Mr. Ali Haider Suliman Al Haider Suliman Brothers Company representative Board Member	– Member of the Board of Directors of Salam International Investment Limited representing Suliman & Brothers Co.. – Vice Chairman at Salam Bounian-Qatar. – Vice Chairman at Suliman Brothers Co. and partner at Suliman Al Hajj Haider & Sons. – Board Member at Ashour for Cleaning and Marketing. – Board Member at Al Haidar Foods Co. – Board Member at International Investment Bank-Bahrain.	100,000	0.09%
Mr. Jassim Mohammed Abdul Ghani Al Mansouri Board Member	– Member of the Board of Directors of Salam International Investment Limited. – Chairman and one of the founders of iHorizons for media and information services. – He started iHorizons with two other partners back in 1996, and since then they expanded the company via ambitious and arching projects to several activities in Qatar and the GCC region. – He has experience with government and semi-government entities, and he held several positions such as Executive Director of HR at Qatar Telecom (now Ooredoo). – Chairman of the following companies: People Dynamics, Tawater and Habiger Production. – He studied in the USA where he earned his B.S. in Computer Science from Michigan University. His main strengths are relationships, communication and networking that he had built over the years, in addition to his market insight and business and management knowledge.	100,000	0.09%
Mr. Bassam AbdulSalam Abu Issa Board Member	– Member of the Board of Directors of Salam International Investment Limited. – Executive Director – Corporate Business Development for Salam International Investment Limited. – Member of the investment and auditing committees at SIIL. – Shareholder and member of the Board of Directors of “Ithmar Invest”, a regional financial investment company headquartered in Jordan, with branches in Palestine, Saudi Arabia and Qatar. – Board member and shareholder of Dar Al-Tamweel Islamic Finance Company, affiliated with “Ithmar Invest”. – Board member and shareholder of the Audacia Capital Bank licensed by the Dubai Financial Authority. – He graduated with a Bachelor of Arts in Industrial Relations from the University of Kent at Canterbury-England and has embarked on his career by joining Salam Studio & Stores as Director of Operations in Muscat, and then took over as General Manager then became Executive Director of Retail Operations of the Salam Group. – He has more than 25 years of professional experience.	1,139,500	1.00%

Name	Brief Introduction	No. of Shares	Percentage
Mr. Badr Ali Hussein Al Sada Board Member	– Member of the Board of Directors of Salam International Investment Limited. – Vice Chairman and Executive Director at Al Sada Establishment for Trading, Real Estate and Contracting. – Vice Chairman at Spector Trading and Contracting. – Board Member at Gulf Experience Electro-Mechanical. – Vice Chairman at La Perla Travels. – He is also involved in the banking sector and has studied at the College of the North Atlantic in the state of Qatar where he received his degree in Business Administration, majoring in Accounting. – Chairman of Enzo Trading & Contracting.	100,000	0.09%
Mr. Abdul Salam Issa Abu Issa Board Member	– Member of the Board of Directors of Salam International Investment Limited-Qatar, and Deputy Chief Operating Officer. – Member of the Board of Directors at Salam Bounian for Development-Qatar representing SIIL. – Partner at Firefly Communications. – He has worked in several sectors including oil and gas, banking and roads construction. – Member of Qatar Entrepreneurs Society. – He holds a master’s degree in International Finance and Economics from the University of Newcastle Upon Tyne-UK.	1,540,000	1.35%
Dr. Adnan Ali Steitieh Secretary to the Board	– Executive Director for both Corporate Legal Affairs and Investment at Salam International Investment Limited. – Secretary to the Board of Directors and advisor and Secretary of the Board of Directors of Salam Bounian for Development. – Dr. Steitieh represents Salam International in various Boards of Directors at several companies in Qatar, UAE, Saudi Arabia, Jordan, Palestine and Lebanon. He held several senior managerial positions in different companies and countries. – Independent member of the Board of Directors of both: Arab Jordan Investment Bank, and Palestine Investment Bank. – International arbitrator appointed by The Qatari International Center for Arbitration. – Visiting professor at Qatar University. – Member of the Commission for Social Responsibility Award. – He holds a Ph.D. in Economics and Business Administration from Leipzig Graduate School of Management in Germany and a Bachelor’s Degree in Law from the Arab University of Beirut, Lebanon, in addition to higher certificates in international relations, sustainable development, and public policy with more than 35 years of professional experience.	43.001	0.04%

Clarification No. 10
SHAREHOLDERS RIGHTS, CAPITAL STRUCTURE AND MINORITY RIGHTS

Shareholders Rights:
Shareholders shall have all the rights bestowed upon them upon the relevant laws and bylaws, including the Company Statute, mainly:

- Right to participate in the decision-making process by attending the General Assemblies, right to discuss the topics proposed to the Assembly, right to vote on the General Assembly decisions, vote and impeach members of the Board, right to reserve and object to the decisions of the General Assembly and right to approve or abstain from giving the approval for Board members' remunerations.

- Right to control the management of the Company, i.e. the right to debate the topics listed on the agenda, address questions to the Board members and auditor, discuss matters that are not listed on the agenda but relate to serious facts revealed during the meeting, right to list specific matters on the agenda by many shareholders, right to resort to the General Assembly if the shareholder deems the reply inadequate, right of the shareholder to be informed of all the amounts received by the Chairmanand every member Board, whether as remuneration, fees, salaries, in-kind benefits, and the amounts allocated to each member of the Board as pension or end of service compensation, as well as the operations which may cause a potential conflict of interests.

- Right to Complain and Litigate i.e. the right of the shareholders who have 20% of the capital to request inspection of the Company, or the right of the shareholder to sue, by himself, for the damage he incurred as a shareholder, or the right of the General Assembly to prosecute every party who may have caused damage to the interests of the Company or the equities of the shareholders, and claim compensation for any illegal act, as per the provisions of the law.

- The shareholder shall have the right to peruse the shareholders register at QE, as per the applicable Authority regulations.

- The Company shall publish on its website the Memorandum of Association and the Statute of the Company, the information related to the Board members, the quarterly, semi-annual and annual financial data, disclosures, annual report of the Board and annual governance report.

- Any shareholder(s) owning at least 10% of the capital of the company may call the Ordinary General Assembly to convene.

- Shareholders that represent at least 25% of the capital may call for the extraordinary General Assembly to convene.

- Any shareholder(s) representing at least 10% of the capital of the Company may request the inclusion of new topics on the agenda of the General Assembly.

- Every share shall have the same right as all other shares of the same category.

- The shareholders are permitted to vote by proxy, provided the proxy is purpose-specific and proven in writing. The number of shares with the procurator may not exceed 5% of the Company shares and no Board member may act as proxy.

- No Board member, as shareholder at the Company, may participate in the voting for the General Assembly decisions related to his release of liability.

Clarification No. 11

The adopted dividends policy aims at achieving the conformity between sustainable growth and the best revenues for shareholders, as set forth below:

Dividends Policy
The dividends policy depends on the financial results achieved in each financial year, the Company's plans for expansion and growth, the cash flow requirements of the Company and the availability of excess liquidity. The dividends are limited to a proportion of the net profit, after deduction of depreciations, provisions and legal reserves, in addition to the retained earnings from previous years. The Company shall decide the nature and percentage of dividends based on the aforementioned factors that change from year to year, according to the data or the circumstances prevailing at the time. In the years when the Company has surplus cash, it may adopt cash dividends. In the years in which the Company has opportunities to grow and expand, the Company may resort to either the recycling of profits, or capitalizing them, in part or in whole, distribute cash profits and free shares, distribute completely free shares and raise the capital by the issued shares.

Clarification No. 12
CAPITAL STRUCTURE

The total number of Company shareholders on 31/12/2016 has reached 5473.

The following shareholder persons/entities own 5% or more of Company paid up capital:

Name	Number of Shares	Ownership Percentage
Mr. Issa Abdul Salam Abu Issa	15,656,223	13.70%
Mr. Hussam Abdul Salam Abu Issa	9,829,613	8.60%
Al Hussam Holding Co.	10,972,500	9.60%

MINORITY RIGHTS AND MAJOR DEALS

The Company has amended its Articles of Association and Corporate Governance Code to be in conformity with Commercial Law 11/2015, and were adopted at the extraordinary General Assembly held on 05/04/2016.

The amendment has included the provisions regarding protecting minority shareholders, in case of approval to major deals whereby the minority shareholders have voted against such deals. These will include finding a mechanism to release sales of shares to the public or the right of synchronous sale in case of changes to the ownership of Company capital exceeding a predefined percentage.

Clarification No. 13
RISK MANAGEMENT POLICY

The Risk Management Policy aims at determining the weaknesses, potential risks, precautionary and remedial measures to prevent, limit and prevent those risks when they arise. The Risks Management Policy includes the following risks:

- Operational Risk: These include, among other things, defects in products and services, interruption of work, performance gap, efficiency and productivity, customer satisfaction, health and safety, unexpected changes in the market and also the business periodic nature.
- Financial risks: These include: pricing, liquidity, credit and debt risks.
- Honesty and integrity risks: These include: forgery, illegal practices, unauthorized practices and reputation.
- Information technology risks.
- Environmental risks.
- Crisis management.

The Measures Taken with Respect to Risk Management:
The Company periodically assesses the operational risks. Such risks shall include, among others: defects in products and services, interruption of work, performance gap, efficiency and productivity, customer satisfaction, health and safety, unexpected changes in the market and the periodic nature of business.

The Company adopted policies and general regulations regarding human resources deal with the honesty and integrity risks. These include the public behavior standards, prohibiting unauthorized use, maintaining the Company's assets, and banning illegal practices. The Company adopted many measures aimed at efficient crisis management.

This text has been translated from its original Arabic equivalent which remains the official version.

COMPANY OVERVIEW

Salam International Investment Limited (SIIL) is a leading conglomerate pursuing a highly focused strategy of establishing, incorporating, acquiring, and owning enterprises. As an inheritor to a rich, over 65-year heritage, SIIL has enjoyed a track record of consistent entrepreneurship, innovation, performance, reliability and total customer satisfaction. Underpinning SIIL's success is its many activities which are horizontally, vertically, and geographically diversified.

SIIL specializes in five business areas:

- Contracting (Construction, Metal, Interior Solutions)
- Oil and Gas
- Technology
- Retail Distribution and Hospitality
- Real Estate (Salam Bounian, subsidiary)

SIIL owns and manages a number of business units in five sectors operating across Qatar, the United Arab Emirates, Palestine, Saudi Arabia, Oman, Bahrain, Jordan and Lebanon. SIIL is currently focusing on expanding in the pan-Arab region. SIIL prides itself in being an organization that possesses a regional expertise enhanced by local knowledge. It does so by building on the region's strength and growth dynamics while aligning its business strategy and management disciplines with international best practice satndards.

SIIL completed a massive transformation program that moved it from being a family managed business to a listed public Qatari Shareholding Company. It was established by an Emiri Decree with a paid capital of QR 1,143,145,870 divided into 114,314,587 shares. These major long-standing transformations include a series of projects covering corporate strategy and portfolio assessment, policies and procedures, IT strategy, ERP corporate implementation and corporate branding.

The consolidated final accounts for the fiscal year ending on 31/12/2016 has shown net profits around QR 119.7 million. Deducting the negative minority rights, the rights of Salam International Investment Limited shareholders shall be QR 114.2 million. SIIL has made strategic and carefully planned investments in Qatar and the region, perfectly in line with the Company's philosophy of sustained profit growth.

One of the key profit generating streams for SIIL is the investment portfolio owned and managed by SIIL – based on a corporate investment strategy - where again multilevel protection is generated by the diversification of the type and geographical spread of shares, locally, regionally and internationally.

SIIL's investment portfolio is two-fold: direct and indirect. The direct portfolio represents the strategic investments that Salam regularly makes by way of equity stakes in some promising companies in the region, thereby enabling it to have an influential role in the management of such companies through participation of SIIL's top executives in their Board of Directors. The indirect portfolio consists of the broad-based equity shares held by Salam in local, regional, and international equity markets.

Investments in real estate provide a solid asset base where SIIL has adopted a conservative financial and investment policy in stating the Company's property investments and fixed assets at cost value without revaluation, which strengthens the Company in mitigating negative effects of the turmoil surrounding the real estate market.

The force that propels SIIL forward is its people. The achievement of SIIL's strategies can be directly attributed to the performance of the people who operate the Company. It is the hard work, commitment and dedication of Salam's people that has resulted in consistent growth and success over six decades. Attracting, maintaining, developing and harnessing talent is one of the key objectives of SIIL's corporate strategy. At SIIL, talent pool capabilities are defined through core competencies required to achieve the corporate strategy. SIIL's expertise and knowledge in the different pillars constituting its business, provides it with unique capabilities to participate in demanding and competitive projects and to deliver key solutions in the economies in which it operates.

SIIL continuously seeks and nurtures alliances with reputable companies and individual investors with a view to become "one of the most successful diversified public-shareholding companies in the Middle East and an inspiring example for regional family businesses."

CORPORATE SOCIAL RESPONSIBILITY

QATAR NATIONAL SPORTS DAY - SALAM INTERNATIONAL

On the 9th of February 2016, SIIL celebrated Qatar National Sports Day. The event is held across Qatar with the objective of promoting a healthy lifestyle among its population. Since the launch of the first National Sports Day, which was held in Qatar in 2012, SIIL has supported the initiative wholeheartedly. As the nation does, we, too believe that our people must practice a healthy and balanced lifestyle. We are proud that by declaring this national initiative, Qatar has become one of the few nations to dedicate a day to sports.

The Company organized several activities that drew together the extended Salam family. Among the exciting sporting events were Bowling, Cricket, Table Tennis and a Basketball Tournament. SIIL is delighted that year after year we see an increase in the enthusiasm of our Salam family to partake in these collective community events.

QATAR FENCING CHAMPIONSHIP - SALAM INTERNATIONAL

SIIL was proud to be one of the sponsors of The Qatar Fencing Championship 2016 and actively partner with Qatar Fencing Federation. The finals for Qatar Fencing were held between December 9 and 11, 2016. This sponsorship reflects Salam's commitment to supporting activities and events that serve to raise Qatar's profile, in the country's drive to be recognized as an international sporting hub.

BLOOD DONATION DRIVE - SALAM INTERNATIONAL

On the 1st of November 2016, Salam International made a meaningful contribution to Qatar's blood donation drive launched by Hamad Medical Corporation.

SIIL encouraged the group's employees and visitors alike to donate blood at its retail shopping destination, The Gate Mall. This campaign resulted in donations from amongst Salam's employees and visitors. SIIL is glad to have contributed in this manner to Hamad Medical Corporations' desire to save lives and support those who suffer from blood diseases or need blood during surgery.

QATAR SOCIETY FOR REHABILITATION OF SPECIAL NEEDS – SALAM INTERNATIONAL

Salam International made donations to Qatar Society for Rehabilitation of People with Special Needs. Resulting from our support, the organization was able to conduct workshops, training programs related to media and information for the members who were part of the rehabilitation process.

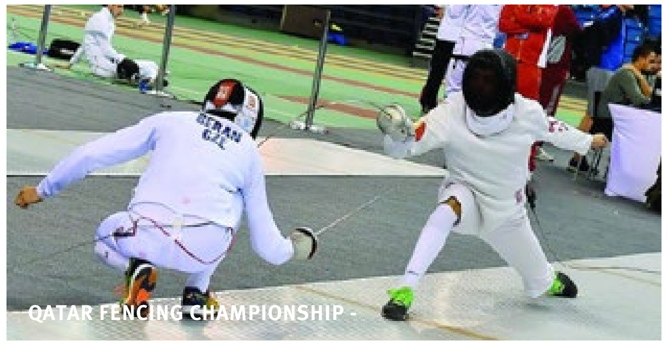
The Qatar Society for Rehabilitation and Special Needs is a non-government funded organization that primarily provides integrated care for children and young adults with special needs and disabilities. Its objectives are numerous and diverse, depending on the requirements of the individual, and the center welcomes all abilities.

QATAR MOTOR AND MOTORCYCLE FEDERATION – SALAM INTERNATIONAL

Salam International, as an active social contributor, was a proud sponsor of the QMMF's event Sealine Cross Country Rally.

The only motorsport in which cars, motorbikes and quads all compete on the same track at the same time. Cross-country rallies are designed to be staged over a variety of terrain and intended to prove the skills and endurance of competitors, and the reliability of their machines.

QATAR NATIONAL SPORTS DAY 2016
TABLE TENNIS WINNERS


QATAR FENCING CHAMPIONSHIP -


QATAR NATIONAL SPORTS DAY 2016
MR. SULEIMAN WITH CHAMPION AND RUNNER UP CRICKET


QATAR NATIONAL SPORTS DAY 2016
BASKETBALL CHAMPION

VCU QATAR FASHION SHOW

BLOOD DONATION DRIVE

BELGIAN KING'S DAY RECEPTION & BELGIAN CULINARY DAYS – SALAM INTERNATIONAL

Salam International came forward as a sponsor of the Belgian King's Day reception and Belgian Culinary Days.

The second edition of the Belgian Culinary Days was held in The Market Restaurant of W Hotel Doha. To highlight the Belgian gastronomy, they invited Belgian Chef Frank Fol, President of the Mastercooks of Belgium. SIIL was happy to partner with Embassy of Belgium in sponsoring this event and reflecting the Company's commitment to community outreach.

QATAR PARALYMPIC COMMITTEE, BEST BUDDIES QATAR – SALAM INTERNATIONAL

Salam International was pleased to sponsor and be of partner with Qatar Paralympic Committee and Best Buddies Qatar in one of their event.

Best Buddies Initiative - Qatar is a nonprofit organization dedicated to enhance lives of people with intellectual disabilities by providing opportunities for one-to-one friendships and integrated employment. Established in 2008 as a special project of Her Highness Sheikha Moza Bint Nasir and under the umbrella of Shafallah Center, Best Buddies Initiative - Qatar provides socialization opportunities for people with intellectual disabilities throughout Qatar.

UNITED STATES NATIONAL DAY – SALAM INTERNATIONAL

Salam International was delighted to be one of the sponsors of the US National Day event.

This event honored national traditions and highlighted the US-Qatari relationship. It provides an exceptional opportunity to celebrate the United States of America and its vibrant and growing relationship with Qatar, while engaging a wide range of distinguished Qatari guests including government offices, business representatives, culture figures, students, journalists and others.

TAKREEM ARAB ACHIEVEMENT AWARDS– SALAM INTERNATIONAL

Salam International was delighted to be a sponsor of Takreem 2016, the leading Arab Achievement Awards.

Takreem honored Arab achievers, and celebrated the strides made by Arab intellectuals through their contributions in various fields and categories such as science, youth, culture, philanthropy, advancement of peace, women, education, environment, corporate leadership and technology. The Takreem Awards are committed to becoming an annual landmark that will shape a brighter perception of Arabs worldwide, as envisioned by Takreem Chairman and Chief Executive Officer, Ricardo Karam. By honoring Arab excellence and leadership around the world, the Takreem Awards seek to contribute in creating role models and inspiring present and future generations.

Since the Takreem Arab Achievement Awards ceremony envisaged the revitalization of Arab consciousness and aims to help to rebuilt Arab pride in the region, SIIL found it a joy to come forward as one of the sponsors of the event.

INTERNATIONAL UNION FOR MUSLIM SCHOLARS (IUMS) – SALAM INTERNATIONAL

Salam International was pleased to sponsor and be part of the International Union for Muslim Scholars. IUMS is purely an Islamic Union composed of Muslim scholars who works to serve the Islamic issues derived from Islam. It represents all Muslims of all sects and denominations.

PALESTINIAN ASSOCIATION FOR CHILDREN'S ENCOURAGEMENT OF SPORTS (PACES) – SALAM INTERNATIONAL

Salam International was happy to continue its support and commitment PACES. The association was founded in 2006 with the central aim of providing healthy, structured after school sports programs for Palestinian girls and boys. For boys who would otherwise be on the streets and exposed to extremism and violence, and for girls as a means of getting them out of their homes and into programs that empower them. SIIL wholeheartedly supports these values.

QATAR FOUNDATION'S NATIONAL READING CAMPAIGN – SALAM STORES

Salam Stores joined hands with Qatar Foundation and helped launch a national reading campaign. The campaign aims to foster a book-loving culture in children from an early age. Joining with QF, Salam Stores was happy to support this goal by raising awareness of the importance of reading, making content more widely available, and encouraging parents and educators to share a passion for reading with the younger generations.

The campaign activities were part of the yearlong country wide effort. During the first stage of the campaign, organizers focused on school, children across Qatar promoting regular reading sessions at many local schools, in coordination with the Ministry of Education and Higher Education. Salam Stores is delighted to join this national campaign effort and support our community's youth.

VIRGINIA COMMONWEALTH UNIVERSITY QATAR FASHION SHOW – SALAM STORES

Continuing its long tradition of supporting youth and investing in the development of the fashion industry, Salam Stores stepped forward in hosting the 17th Annual Virginia Commonwealth University in Qatar (VCUQ) fashion show, at The Gate Mall's Maysaloun Hall.

The show took place from 12th to 14th April 2016 and featured unique and diverse collections of sophomore, junior and senior fashion students of VCUQ. The show attracted over 900 participants and confirmed the growing popularity of the annual fixture. Titled "Reach '16," the three-day event welcomed renowned couturier Rami al-Ali as one of VCU's guest designers and showcased some of his recent ready-to-wear collections. Salam Stores selects a winning designer and awards the student with an opportunity to display his or her collection at Salam. Mr. AbdulSalam Abu-Issa, Deputy COO of Salam International announced the 2016 Salam winner to be Mahnoor Ansari.

QF NATIONAL READING CAMPAIGN


VCU QATAR FASHION SHOW


QF NATIONAL READING CAMPAIGN

FUTURE DIRECTION

SIIL possesses a successful track record in overcoming challenges and adapting to change. It has never been our nature to rest on our laurels, and keep doing only what we did yesterday, in the hope that it will assure our success tomorrow. In order to serve our shareholders with the highest dedication, SIIL has always faced, with confidence, the new challenges that are upon us and predicted the circumstances we may encounter in the future. The key to our resilient growth has always come from our willingness to pause and courageously assess. Not just the opportunities that lie out there but also our own skills, talent and competencies, our structures and our technologies, that all form an environment of equipped readiness, to capture the success we are certainly capable of harnessing. Our approach as highlighted by our Chairman, can be summed up as “the upside of a downturn”. The following overview and directions are a reflection of the efforts we have made, in order to be prepared and capable from the inside out, to continue our growth and success journey.

CORPORATE OVERVIEW AND DIRECTION: 2017-2019

Overview

Driven by our innate entrepreneurial culture and the overarching corporate strategy of value creation and sustained profitable growth, Salam further reinforced its position as a major regional conglomerate in the year 2016. Tough times can also give us the impetus to work smarter in the present, to secure solid pipelines for the future. A downturn forces us to develop long-term views, streamlining and refining our performances, challenging us to discard approaches that no longer work and cultivate new mindsets that can help us succeed. These are just a few perspectives among many that point towards the upside of a downturn. We therefore recognize that the key to creating an upside in a downturn lies in our own hands. It is our own resolve to focus on our present performance and our commitment to ensure sustainability of the business, coupled with the courage to take tough decisions that will open new doors to stability and success. In the future, we will pursue both organic growth in terms of adjacencies, and enter into new business frontiers that would complement our existing business activities; with new businesses that suit our culture and value system, while offering long term growth potential.

The year also saw some strategic capital investments being made in some of our business units to strengthen their technological capabilities so that they can compete for more challenging customer engagements and deliver them successfully.

We pursue strategic growth in such a prudent manner that inherently balances between the seizing of attractive market opportunities, and mitigation of associated business risks so as to optimize value for our shareholders and sustain return on their investment. Our diversification and investment strategy is designed to provide maximum protection against economic downturns in specific industries through a perceptive spread. We monitor the success of our strategies with the help of a broad set of key performance indicators such as turnover, net profit, return on equity (ROE) and shareholder value.

Strategic Business Planning Process

Over the years, we have developed a structured and orchestrated strategic planning process, which ensures that despite our diversified portfolio, all our business units remain strategically aligned to the corporate vision and mission and uphold the Salam values.

All operating business units provide Salam Head Office with three-year strategic plans on standard templates, which form part of the Corporate Strategic Plan.

The basic guiding principles of our strategic planning process are as follows:

- Corporate Vision & Strategic Alignment
- Shareholder Value
- Sustainable Profitable Growth
- Maximized Market Opportunities
- Human Capital Development
- Identification of most likely business scenarios and preparedness to exploit them
- Short Term vs. Long Term Balance
- Regional vs. Local Business Revenue

*In unfavorable economic periods, business units are asked to submit a plan to mitigate risks and what can be done to evade them.

With Qatar's successful bid to host World Cup 2022, business optimism in the country has touched newer heights. Even as the country's visionary administration gears itself to prepare for the mega event, we have identified specific areas where Salam companies could make a significant contribution and benefit from the same. Business unit General Managers in Qatar, are constantly being motivated and empowered to seize profitable business opportunities that are likely to emerge in the coming years.

In the same breadth, preparing for EXPO 2020 in the UAE, business units located in that region are expected to streamline their business operations to remain competitive and well-equipped to win bigger projects.

SIIL generates profits through three main revenue streams, outlined as follows:

- Operational Profits: Generated from investments in SIIL business units that possess excellent competence and distinct competitive advantage.
- Investment Portfolio Profits: Generated from management of a balanced portfolio of investments in both local shares and direct investments, and of indirect investments in selected companies.
- Real Estate Profits: Generated from the value appreciation of existing assets and development of new assets.

Corporate Restructuring Initiatives

Salam management has identified certain pre-requisites for sustaining and building on its profitable growth. These are:

- There should be adequate strategic focus in all the sectors and territories of operation.
- We must derive synergistic advantage through collaboration and interaction among business units in related or complementary businesses.
- Each of the business units must have sufficient autonomy to function as a stand-alone organization, while maintaining the Salam identity and upholding the corporate values the group is renowned for.

In order to achieve these, we have been carefully restructuring our organization, while ensuring that such changes are managed and implemented successfully. Key aspects of this restructuring include:

- Logical grouping of the operational business units into five broad sectors: Salam Oil and Gas, Salam Contracting, Salam Technology, Salam Retail Distribution and Hospitality, and Salam Bounian - Real Estate.
- Appointment of Managing Directors for each of the sectors of operation, who will provide strategic direction to the business units under their mandate.
- Decentralization of Accounting and Personnel activities at business unit/divisions level, with the central Finance and HR departments continuing to provide strategic and policy directions.
- The Centre will directly look after acquisition and management of profit generating assets, investment portfolio management and management of mega projects and joint ventures, besides the corporate support functions like Corporate Finance, Corporate Business Development, Corporate Legal Affairs, Corporate Development (Human Resources, Personnel, Marketing & Communications and Strategic Planning).

Our Diversified Investment Types

Investment in Operation

The main operational activity of SIIL is represented in five business sectors as outlined in the preceding paragraph.

SIIL has secured itself from the effects of the global economic crisis so far, thanks to the diversity of its operations both geographically and across several sectors, which helps Salam balance the investment risk and also increase return in areas of competence and clear value added services.

The Company aims to tide over any further effects of the crisis by exploiting available resources, enhancing performance, optimizing expansion in the region, and carefully seizing strategic investment opportunities resulting from this crisis.

SIIL intends to keep its technical and specialized workforce intact, as they represent one of the Company's most important intangible assets. SIIL will also continue enhancing and empowering its human capital to ensure optimal performance standards and enhanced competitive advantage.

The Company has adopted a very sound cash management policy that ensures a healthy cash flow so that all its operations are safe from the financial crunch. The long experience of the Company has endowed it with all the resilience needed to survive and grow in turbulent times.

Investment Portfolio

One of the key profit generating streams is the investment portfolio owned and managed by Salam – based on a corporate investment strategy – where again multi-level protection is generated by the diversification of the type and geographical spread of shares: locally, regionally and internationally.

Salam's investment portfolio is two-fold: direct and indirect. The direct portfolio represents the strategic investments that Salam regularly makes by way of equity stakes in some promising companies in the region, thereby enabling it to have an influential role in the management of such companies through participation of Salam's top executives in their Board of Directors.

The indirect portfolio consists of the broad-based equity shares held by Salam in the local, regional, and international stock markets. As a result of the global economic crisis, the market value of local shares' portfolio decreased. In this regard, appropriate provisions have been taken into the financial statements for the period ending on 31/12/2016 based on International Accounting Standards (IAS).

Real Estate Sector

Investments in real estate provide a solid asset base where SIIL has adopted a conservative financial and investment policy in stating the Company's property investments and fixed assets at cost value without revaluation. This strengthens the Company in mitigating the negative effects of the real estate sector turmoil.

HEAD OFFICE & SUBSIDIARIES

CORPORATE CENTRAL FUNCTIONS

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E-mail: h.abuissa@salaminternational.com

OFFICE OF THE DEPUTY COO
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CORPORATE DEVELOPMENT

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CORPORATE LEGAL AFFAIRS

(Corporate Legal Litigation, Corporate Commercial & Contracting)
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INVESTMENT
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Activity: Investments & Real Estate
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CONTRACTING SECTOR

SIIL Contracting emerged as the expansion of the oil industry breathed new life into the economies in Qatar and across the Gulf Region. Over the years SIIL's Contracting Sector has positioned itself strongly within the market, utilising the competencies of its diversified portfolio of business units to target different segments within the contracting industry.

SIIL's Contracting Sector business units operate in diverse areas. The portfolio covers engineering and design, project management, and basic construction, aluminium, steel and glass works, MEP, specialized flooring, construction materials, interior design and fit out, branded furniture, landscaping etc.

With this wide variety of services under one umbrella, Salam's Contracting sector delivers turnkey solutions to both existing and new clients and operates to maximize shareholder value. SIIL also has a significant regional presence in this sector, with business units in UAE and Bahrain that have excellent market standing.

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GENERAL CONTRACTING
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FAX: +974 4469 3833
P.O. BOX: 23924, DOHA-QATAR
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LANDSCAPING
QATAR GARDENS
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INTERIOR SOLUTIONS

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SALAM ENTERPRISES ABU DHABI
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SALAM INDUSTRIES
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Activity: Interior Decorators
E-mail: info@salamindustries.com

SALAM OIL & GAS SECTOR

Salam International's foray into Oil and Gas coincided with Qatar's dramatic expansion in the oil and gas industries that took place in the late 1980s. With huge Oil & Gas reserves, related hydrocarbon resources and with around 60% of Qatar's Gross Domestic Product coming from this field, SIIL's Oil & Gas Sector saw huge opportunity and potential in the market and developed its business units to meet market needs. The SIIL business units in this sector have a wide range of products, equipment and services for the Oil & Gas industry covering both upstream and downstream services. Power generation and transmission is another field of activities SIIL business units are involved in.

The SIIL portfolio includes a business unit that provides highly specialized services such as Non Destructive Testing and Precision Engineering for Oil & Gas companies.

SIIL's Oil & GAs Sector competencies include industrial engineering, trading, procurement and construction while specializing in downstream projects and services in petrochemicals, metals and steel, cement and utilities. The sector also offers products and engineering services to the upstream oil & gas industry. This includes consumables in chemicals, safety and environment, instrumentation and automation supplies, as well as engineering services that cover all aspects from feed stages to comprehensive EPC contracts, consultancy, project management and maintenance.

SIIL's Oil & Gas Sector has a further business unit engaged in the manufacture, assembly, import and distribution of switchgear panels.

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TECHNOLOGY SECTOR

Salam's Technology Sector provides products and services for the office automation, audiovisual, homeland security, telecom and information technology infrastructure industries in Qatar. With the capacity to offer Digital Infrastructure, ICT infrastructure and Tetra based solutions, as well as Physical & Homeland security; Salam Technology is set to emerge as a premier technology integrator, regionally recognized, and focused on professionalism and profitable growth.

Salam Technology has achieved a successful track record of sustained profitable growth over the past 6 years. Endorsing its position in the market, Salam Technology has been awarded the statuses of Gold Partner of Cisco and Microsoft, an Executive Partner of Oracle, and an Autodesk Appointed Local Partner, as well as sustaining long standing partnerships with Canon, Barco, Motorola, Evans, and Saifor.

SALAM TECHNOLOGY
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RETAIL DISTRIBUTION & HOSPITALITY SECTOR

Fully active and competitive in the market since its founding days in 1952, today Salam Luxury Retail Group is comprised of a Luxury and consumer Products Division, Salam Hospitality and a Communications Business Unit.

SIIL's Luxury and Consumer Products Division is the sole agent and distributor of a host of leading international brands that cover business lines from photography, fashion and fragrances to FMCG and homeware. The distribution arm of the company boasts a modern fleet and ample warehousing, a team of logistics experts and an unrivalled network of retailers and wholesalers throughout Qatar.

Salam Hospitality is focused on gaining regional recognition for the successful development and management of unique hospitality concepts & brands. The business ensures this by creating niche and new to the market hotel brands, and by developing fresh hospitality concepts for the market. Salam Hospitality is capable of competing in the marketplace through differentiators such as astute service delivery and profitability.

On the branding and communication front, SIIL Group owns a communication group that combines global vision with local insight and a bold spirit that delivers outstanding creative work to an established list of high profile clients.

The business units comprise a traditional and agency, an online/interactive business unit, a fully equipped photographic studio and, a successful independent film company with comprehensive A/V production facilities, a lare scale events arm, a public relations agency and environmental space design.

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FAX: +9714 3279595
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Email: info@salamhospitality.com

REAL ESTATE

Qatar has transformed itself into an economic and commercial powerhouse with influence both regionally and globally.
As a result, the Qatar property market is a dynamic and robust one. Salam Bounian endeavors to develop, manage and service unique real estate properties that enhance communities and preserve the environment. The company strives to introduce international best practices while upholding its values to deliver solid financial results.

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JOINT VENTURES

PRETECT
TEL: +974 4418 2572
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P.O. BOX 22084 DOHA QATAR
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NEW IMAGE
TEL: +974 4407 7201
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CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To
The Shareholders
Salam International Investment Limited Q.P.S.C.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Salam International Investment Limited Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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(IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International standard on Auditing (ISA). 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 Company's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER - LITIGATION

We draw attention to Note 40 of the consolidated financial statements with regard to a court verdict issued by the Court of Cassation on 4 June 2013 overturning the Court of Appeal's verdict issued on 23 January 2013 which invalidated the executive merger procedures involving the Company in 2002 and 2005, without compromising the authenticity and legality of these decisions in terms of subject or form. Furthermore, the Court of Cassation requested the Court of Appeal for a retrial with a new committee of different judges. The Court of Appeal appointed a committee of experts to study and report about the mergers referred to above. On 23 January 2017, the Court of Appeal issued a ruling, which upheld the Court of Appeal's verdict issued on 23 January 2013. However, the Company decided to appeal before Court of Cassation against the Court of Appeal ruling on 23 January 2017. Currently, the accompanying consolidated financial statements are prepared on a similar basis, as in prior periods, including its subsidiaries acquired in the mergers referred to above.

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 of the current year. These matters were addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Depreciation and impairment of investment properties – refer to Note 9 and 39 in the consolidated financial statements.	**How the matter was addressed in our audit**
We focused on this area because: • Investment properties of QR: 1,568,859,469 represent 30% of the Group's total assets as at 31 December 2016, and form a material portion of the consolidated statement of financial position. • The Group makes complex and subjective judgements over estimation of the useful life of investment properties and assessment of indicators of impairment	Our audit procedures in this area included, among others: – Evaluating the key controls related to investment properties including the controls over the base data used in the estimation of useful life; – Evaluating the recognition criteria applied to the costs incurred and capitalised during the financial year against the requirements of the relevant accounting standards; – Assessing the depreciation method used and the appropriateness of the key assumptions based on our knowledge; – Recalculation of the depreciation charges and comparison with the actual depreciation charges for the year; – Critically challenging the Group's assessment of possible internal (physical damages) and external (decline in value) indications of impairment in relation to the investment properties including the comparison with fair value determined by independent valuers; – We assessed the adequacy of the Group's disclosure in relation to the depreciation, impairment and fair valuation of investment properties by reference to the requirements of the relevant accounting standards.

Valuation of inventories and provision for slow moving inventories – refer to Note 16 and 39 in the consolidated financial statements.	How the matter was addressed in our audit
We focused on this area because: • The inventories of QR: 535,417,086 representing 10% of the Group's total assets as at 31 December 2016, hence a material portion of the consolidated statement of financial position. • The Group makes significant judgement in estimating the net realizable value of inventories along with the assessment of the level of inventory provision required in respect of slow moving inventories.	Our audit procedures in this area included, among others: – Evaluating the key controls in the identification of slow moving inventories and valuations of inventories; – Testing the ageing of inventories in the Group's main trading subsidiaries on a sample basis; – Assessing the appropriateness of the provisioning policies in the Group's main trading subsidiaries by reference to industry practices and comparing the consistency with the historical data on provisioning; – Testing sales subsequent to the year-end for sample of inventory items to check whether sale price were higher than the reported carrying values of such inventory items; – We assessed the adequacy of the Group's disclosure in relation to the valuation of inventories by reference to the requirements of the relevant accounting standards

Revenue recognition on contracts and excess of revenue over billings from contract works - refer to Note 6, 28 and 39 in the consolidated financial statements.	How the matter was addressed in our audit
We focused on this area because: • The contract revenue of QR: 1,629,337,903 representing 56% of the Group's total operating revenue for the year ended 31 December 2016, hence a material portion of the consolidated statement of profit or loss and excess of revenue over billings from contract works of QR 699,227,470 representing 13% of the Groups total assets as at 31 December 2016, hence a material portion of the consolidated statement of financial position. • The Group makes significant judgement in estimating the percentage of completion of each contract in arriving at the contract revenue and consequently contract related excess of revenue over billings.	Our audit procedures in this area included, among others: – Evaluating the key controls in revenue recognition process including the quarterly preparation of project cost estimation and progress claim certification and the approval process; – We read all key contracts and discussed each with the Group to obtain full understanding of the specific terms and risk; – Assessing the recoverability of excess of revenue over billing from contract works by reference to the contract terms and the progress status of the contracts; – We challenged the Group in respect of the reasonableness of estimates made regarding the cost of completion, profit margins for each contract and consideration of effect of contract variations and likely cost overruns, if any; – Assessing whether the Group's policies and processes for making these estimates continue to be appropriate and are applied consistently to all contracts of a similar nature; – Assessing the adequacy of the Group's disclosure in relation to revenue recognition on contracts and related excess of revenue over billings by reference to the requirements of the relevant accounting standards.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's 2016 Annual Report (the 'Annual Report') but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we have obtained prior to the date of this auditor's report, 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 IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

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

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

- Identify and assess the risk of material misstatements 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 the Board of Directors.

- Conclude on the appropriateness of the 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 audit'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 presentations.

- 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 the 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 disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material adverse effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2016.

6 February 2017	Yacoub Hobeika
Doha	KPMG
State of Qatar	Audit Registration Number 289

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

In Qatari Riyals

Assets	Note	2016	2015
Property, plant and equipment	8	492,919,714	486,752,896
Investment properties	9	1,568,859,469	1,521,804,380
Intangible assets	10	101,020,302	112,843,221
Investment in associates	11	77,762,174	94,957,541
Investments in joint ventures	12	52,858,373	53,951,142
Available-for-sale investments	13	166,917,235	169,935,422
Retention receivables	14(a)	108,416,590	89,934,832
Loans to associate companies		24,696,029	5,753,603
Other assets	15	11,993,327	11,948,638
Non-current assets		**2,605,443,213**	2,547,881,675
Inventories	16	535,417,086	581,145,226
Other assets	15	173,545,196	129,594,696
Due from related parties	17(a)	227,567,954	227,958,837
Retention receivables	14(a)	106,316,103	72,298,380
Excess of revenue over billings from contract works		699,227,470	455,518,019
Investments at fair value through profit or loss	18	1,754,712	1,897,980
Trade and other receivables	19	628,626,746	496,849,928
Cash and bank balances	20	267,771,222	351,746,562
Current assets		**2,640,226,489**	2,317,009,628
Total assets		**5,245,669,702**	4,864,891,303

The notes from 1 to 41 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

In Qatari Riyals

Equity	Note	2016	2015
Share capital	21	1,143,145,870	1,143,145,870
Legal reserve	22	431,181,937	419,761,184
Fair value reserve		(5,380,236)	(2,993,007)
Proposed cash dividend	35	91,451,670	114,314,587
Retained earnings		17,808,273	9,623,759
Total equity attributable to owners of the Company		**1,678,207,514**	1,683,852,393
Non-controlling interests	23	156,965,999	165,710,252
Total equity		**1,835,173,513**	1,849,562,645
Liabilities			
Borrowings	24	1,284,811,669	1,324,255,539
Employees' end of service benefits	25	72,727,533	68,390,288
Retention payables	14(b)	15,978,358	13,603,158
Other liabilities		15,078,453	8,459,490
Notes payable		1,415,316	175,634
Non-current liabilities		**1,390,011,329**	1,414,884,109
Due to related parties	17(b)	2,299,720	3,036,189
Bank overdrafts	20	82,032,035	79,411,457
Borrowings	24	1,006,244,714	769,473,784
Notes payable		7,449,343	3,802,124
Retention payables	14(b)	24,699,589	19,657,028
Advances from customers		234,354,891	142,521,227
Excess of billings over revenues from contract works		57,738,981	77,690,115
Other liabilities	26	283,007,873	214,857,004
Trade and other payables		322,657,714	289,995,621
Current liabilities		**2,020,484,860**	1,600,444,549
Total liabilities		**3,410,496,189**	3,015,328,658
Total equity and liabilities		**5,245,669,702**	4,864,891,303

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 6 February 2017.

Issa Abdul Salam Abu Issa
Chairman and Chief Executive Officer

Hekmat Abdel Fattah Younis
Chief Financial Officer

The notes from 1 to 41 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

In Qatari Riyals

	Note	2016	2015
Operating revenue	28	2,912,822,805	2,591,637,496
Operating cost	29	(2,176,074,127)	(1,922,434,779)
Gross profit		736,748,678	669,202,717
Investment income	30	23,418,544	76,119,801
Other operating income		6,768,585	3,520,217
Service and consultancy income		5,701,436	5,171,414
Other income	31	26,077,292	27,758,942
Share of result from joint ventures, net	12	2,877,154	5,562,031
Share of result from associates, net	11	(10,296,065)	2,093,297
Salaries and staff benefits		(291,242,897)	(307,866,358)
General and administrative expenses	32	(215,295,877)	(195,588,789)
Amortisation of intangible assets	10	(3,577,417)	(4,885,151)
Depreciation of property, plant and equipment	8(iii)	(72,937,670)	(76,478,431)
Impairment of available-for-sale investments	13(b)	(934,586)	
Finance costs		(76,028,296)	(70,916,001)
Profit before executive managers' bonus		131,278,881	133,693,689
Executive managers' bonus	17(c)	(9,359,571)	(7,610,386)
Proposed Directors' remuneration	17(c)	(2,200,000)	(2,200,000)
Profit		**119,719,310**	123,883,303
Attributable to:			
Owners of the Company		114,207,525	113,199,212
Non-controlling interests	23	5,511,785	10,684,091
Profit		**119,719,310**	123,883,303
Basic and diluted earnings per share	34	**1.00**	0.99

The notes from 1 to 41 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

In Qatari Riyals

	Note	2016	2015
Profit		**119,719,310**	123,883,303
Other comprehensive income:			
Net movement in cumulative changes in fair value of available-for-sale investments	13(c)	(2,387,229)	(8,200,533)
Other comprehensive income		**(2,387,229)**	(8,200,533)
Total comprehensive income		**117,332,081**	115,682,770
Attributable to:			
Owners of the Company		111,820,296	104,998,679
Non-controlling interests		5,511,785	10,684,091
Total comprehensive income		**117,332,081**	115,682,770

The notes from 1 to 41 form an integral part of these consolidated financial statements.

.SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

In Qatari Riyals

	Attributable to owners of the Company							
31 December 2016	**Share capital**	**Legal reserve**	**Fair value reserve**	**Proposed cash dividend**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2016	1,143,145,870	419,761,184	(2,993,007)	114,314,587	9,623,759	1,683,852,393	165,710,252	1,849,562,645
Profit	-	-	-	-	114,207,525	114,207,525	5,511,785	119,719,310
Other comprehensive income								
Net movement in cumulative changes in fair value of available-for-sale investments	-	-	(2,387,229)	-	-	(2,387,229)	-	(2,387,229)
Total comprehensive income	-	-	(2,387,229)	-	114,207,525	111,820,296	5,511,785	117,332,081
Cash dividend paid	-	-	-	(114,314,587)	-	(114,314,587)	-	(114,314,587)
Proposed cash dividend (Note 35)	-	-	-	91,451,670	(91,451,670)	-	-	-
Transfer to legal reserve	-	11,420,753	-	-	(11,420,753)	-	-	-
Contribution to social and sports fund (Note 33)	-	-	-	-	(2,855,188)	(2,855,188)	-	(2,855,188)
Disposal of a subsidiary (Note 27)	-	-	-	-		-	(9,749,303)	(9,749,303)
Acquisition – Additional purchase of subsidiary shares (Note 27)	-	-	-	-	(295,400)	(295,400)	(3,984,740)	(4,280,140)
Net movement in non-controlling interests	-	-	-	-		-	(521,995)	(521,995)
Balance at 31 December 2016	**1,143,145,870**	**431,181,937**	**(5,380,236)**	**91,451,670**	**17,808,273**	**1,678,207,514**	**156,965,999**	**1,835,173,513**

.The notes from 1 to 41 form an integral part of these consolidated financial statements

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

In Qatari Riyals

	Attributable to owners of the Company							
31 December 2015	Share capital	Legal reserve	Fair value reserve	Proposed cash dividend	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015	1,143,145,870	408,441,263	5,207,526	68,588,752	25,583,412	1,650,966,823	179,055,269	1,830,022,092
Profit	-	-	-	-	113,199,212	113,199,212	10,684,091	123,883,303
Other comprehensive income								
Net movement in cumulative changes in fair value of available-for-sale investments	-	-	(8,200,533)	-	-	(8,200,533)	-	(8,200,533)
Total comprehensive income	-	-	(8,200,533)	-	113,199,212	104,998,679	10,684,091	115,682,770
Cash dividend paid	-	-	-	(68,588,752)	-	(68,588,752)	-	(68,588,752)
Proposed cash dividend (Note 35)	-	-	-	114,314,587	(114,314,587)	-	-	-
Transfer to legal reserve	-	11,319,921	-	-	(11,319,921)	-	-	-
Contribution to social and sports fund (Note 33)	-	-	-	-	(2,829,980)	(2,829,980)	-	(2,829,980)
Acquisition – Additional purchase of subsidiary shares (Note 27)	-	-	-	-	(694,377)	(694,377)	(24,189,115)	(24,883,492)
Net movement in non-controlling interests	-	-	-	-	-	-	160,007	160,007
Balance at 31 December 2015	1,143,145,870	419,761,184	(2,993,007)	114,314,587	9,623,759	1,683,852,393	165,710,252	1,849,562,645

The notes from 1 to 41 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

In Qatari Riyals

	Note	2016	2015
Cash flows from operating activities			
Profit		119,719,310	123,883,303
Adjustments for :			
– Provision for doubtful trade receivables	19	5,322,849	6,415,671
– Provision for slow moving inventories	16	5,148,313	2,922,073
– Gain on sale of available-for-sale investments	30	(27,865)	(564,702)
– Impairment of available-for-sale investments	13	934,586	-
– Unrealised loss on investments at fair value through profit or loss	30	310,915	723,040
– Amortisation of intangible assets	10	3,577,417	4,885,151
– Depreciation of investment properties	9	29,618,759	26,937,819
– Depreciation of property, plant and equipment	8	89,248,081	87,965,650
– Profit on disposal of a subsidiary	30	(16,576,045)	-
– Gain on sale of property, plant and equipment	31	(224,955)	(231,023)
– Property, plant and equipment written off	32	3,333,012	1,876,487
– Gain on sale of investment in an associate	30	-	(62,079,993)
– Provision for employees' end of service benefits	25	17,769,344	15,525,021
– Finance costs		76,028,296	70,916,001
– Interest income	30	(5,388,559)	(12,567,398)
– Dividend income	30	(1,736,990)	(1,630,748)
– Share of results from investments in associates	11	10,296,065	(2,093,297)
– Share of result from investment in joint ventures	12	(2,877,154)	(5,562,031)
Operating profit before working capital changes		**334,475,379**	257,321,024
Changes in:			
– Inventories		40,579,827	(111,530,536)
– Other assets		(43,995,189)	(6,010,475)
– Due from related parties		(4,240,206)	(49,947,616)
– Retentions receivables		(52,499,481)	(33,835,004)
– Excess of revenue over billings from contract works		(247,082,985)	28,289,918
– Trade and other receivables		(151,423,297)	(62,188,189)
– Due to related parties		24,056,972	1,546,221
– Net movement in notes payable		4,886,901	(3,872,271)
– Retention payables		7,417,761	(2,064,011)
– Advances from customers		91,833,664	11,956,086
– Excess of billings over revenue from contract works		(19,951,134)	28,567,421
– Trade and other payables and other liabilities		113,546,375	(5,782,289)
Cash generated from operating activities		97,604,587	52,450,279
Employees' end of service benefits paid	25	(11,352,413)	(11,143,607)
Net cash from operating activities		**86,252,174**	41,306,672

The notes from 1 to 41 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

In Qatari Riyals

	Note	2016	2015
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	8	(113,205,557)	(82,975,687)
Proceeds from sale of property, plant and equipment		10,905,226	6,077,738
Payments for purchase of investment properties	9	(76,673,848)	(62,569,008)
Payments for purchase of available - for - sale investments	13	(1,398,165)	(14,638,122)
Proceeds from sale of available- for- sale investments		1,122,402	1,633,553
Net movement in intangible assets	10	(15,980,223)	(12,220,160)
Purchase of investments at fair value through profit or loss		(167,647)	-
Proceeds from sale of investment in an associate		-	65,390,464
Purchase of investments in associates	11	(1,504,170)	(2,530,439)
Proceeds on sale of a subsidiary – net of cash	27	21,442,653	-
Purchase of investments in joint ventures	12	-	(10,930,693)
Payment for acquisition of additional shares of a subsidiary	27	(4,280,140)	(24,883,492)
Dividends received from an associate	11	5,017,616	10,018,874
Dividends received from joint venture	12	3,969,923	-
Dividends received	30	1,736,990	1,630,748
Interest received	30	5,388,559	12,567,398
Net cash used in investing activities		**(163,626,381)**	(113,428,826)
Cash flows from financing activities			
Net movement in borrowings		200,585,593	154,597,985
Net movement in non-controlling interests	23	(521,995)	160,007
Finance costs paid		(76,028,296)	(70,916,001)
Loan to associate companies		(18,942,426)	13,585,315
Dividends paid		(114,314,587)	(68,588,752)
Net cash (used in) / from financing activities		**(9,221,711)**	28,838,554
Net decrease in cash and cash equivalents		**(86,595,918)**	(43,283,600)
Cash and cash equivalents at 1 January		272,335,105	315,618,705
Cash and cash equivalents at 31 December	20	**185,739,187**	272,335,105

The notes from 1 to 41 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. REPORTING ENTITY

Salam International Investment Limited Q.P.S.C. (the "Company or SIIL") is a public shareholding company incorporated in the State of Qatar under Amiri Decree No. (1) on 14 January 1998. The registered address of the Company is PO Box 15244, Doha, State of Qatar. The commercial registration number of the Company is 20363.

These consolidated financial statements as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as "the Group" and individually "Group entities") and the Group's investment in associates and jointly controlled entities.

The main activities of the Company are to establish, incorporate, acquire, and own enterprises in the contracting, energy and industry, consumer and luxury products, technology, realestate and development sectors, and to invest in securities in local and overseas market.

In line with the Qatar Commercial Companies Law No. 11 of 2015, the management of the Company is in the process of changing the legal status of the Company in the Commercial Registeration from Qatari Shareholding Company (Q.S.C.) to Qatari Public Shareholding Company (Q.P.S.C.). The Company has already amended the Articles of Association to incorporate the change in the leagl status to Qatari Public Shareholding Company (Q.P.S.C.).

2. BASIS OF ACCOUNTING

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised for issue by the Company's board of directors on 6 February 2017. The details of the Group accounting policies are included in note 6.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Qatari Riyals, which is the Company's functional currency. All amounts have been rounded to the nearest Qatari Riyal, unless otherwise indicated.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments and investments at fair value through profit or loss which are carried at fair value.

5. USE OF ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in note 39 to these consolidated financial statements.

6. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements:

(a) Basis of consolidation

i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Details of changes in Group's subsidiaries during the year ended 31 December 2016 are disclosed in note 27.

iii) Non- controlling interests

Non - controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

vi) Transactions eliminated on consolidation

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

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Revenue

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Rendering of services

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, then contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to cost incurred to estimated costs. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognised as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

Dividend and interest

Dividends from investments are recognised when the shareholder's right to receive payment has been established.

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

(d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Building	10-20 years
Leasehold improvement	3-4 years
Furniture and fixtures	4-7 years
Motor vehicles	5 years
Equipment and tools	3-5 years

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

Capital work in progress

Capital work in progress represents projects in the course of construction for the purposes of use in future. Capital work in progress is carried at cost, less any recognized impairment loss. Upon completion these projects will be transferred to property, plant and equipment.

(e) Intangible assets

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets
Other intangible assets, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

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

Development cost	3-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Investment property
Recognition and measurement
Land and building is considered as investment properties only when they are held to earn rentals or for long term capital appreciation or both.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes all directly attributable costs including the borrowing costs that are directly attributable to the construction of the assets and excludes the cost of day to day servicing of an investment property.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use. Profits and losses on disposal of investment properties are determined by comparing the proceeds from their disposal with their respective carrying amounts, and recognised net within profit or loss.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation
Land is not depreciated. Depreciation on buildings classified as investment properties is calculated to write off the cost of buildings less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

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

Buildings	10-23 years
Salam Tower and The Gate	50 years
Salam Plaza	10-20 years

Depreciation methods, useful lives and residual values reviewed at each reporting date and adjusted if appropriate.

Capital work in progress
Property that is being constructed for future use as investment property is accounted for as investment property. Property under construction is designated as investment property only if there are unambiguous plans by management to subsequently utilize the property for rental activities upon completion of development.

(g) Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits as defined above, net of any outstanding bank overdrafts.

(h) Construction contracts in progress
Construction contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognised to date less progress billings and recognised losses.

In the statement of financial position, construction contracts in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as due from customers for contract work. Contracts for which progress billings and recognised losses exceed costs incurred plus recognised profits are presented as due to customers for contract works. Advances received from customers are presented as deferred income/revenue.

(i) Financial instruments
The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for- sale financial assets.

The Group classifies non-derivative financial liabilities into other financial liabilities category.

Non-derivative financial assets and financial liabilities – recognition and derecognition
The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

Non-derivative financial assets – measurement
Financial assets at fair value through profit or loss
A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets
These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables
These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets
These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities – measurement
A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(j) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity- accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Provision

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(m) Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

(n) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation techniques incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value had bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or a liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(o) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(p) Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Qatar labour law.

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

With respect to its national employees, the Group makes contributions to the General Pension Fund Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

(q) New standards, amendments and interpretations effective from 1 January 2016

The following standards, amendments and interpretations, which became effective as of 1 January 2016, and are relevant to the Group.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

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. The amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The adoption of these amendments had no significant impact on the consolidated financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

The amendments to IAS 16 prohibits 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. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The adoption of these amendments had no significant impact on the consolidated financial statements.

Annual Improvements to IFRSs 2012–2014 Cycle – various standards.

The annual improvements to IFRSs to 2012-2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The adoption of these amendments had no significant impact on the consolidated financial statements. The following are the key amendments in brief:

- IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition
- IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34
- IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise
- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

Disclosure Initiative (Amendments to IAS 1).

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

The adoption of these amendments had no significant impact on the consolidated financial statements.

(r) New standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

Adoption expected to impact the consolidated financial statements

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is currently performing an initial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements.

Transition
The Group plans to adopt IFRS 15 in its consolidated financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 to each comparative period presented and adjust its consolidated financial statements.

IFRS 9 Financial Instruments
In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on 1 January 2018.

The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Group holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete.

IFRS 16 Leases
IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group has started an initial assessment of the potential impact on its consolidated financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture.

The effective date for these changes has now been postponed until the completion of a broader review – which the IASB hopes will result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendment.

Adoption not expected to impact the consolidated financial statements

Disclosure Initiative (Amendments to IAS 7)
The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

The Group has not early adopted Disclosure Initiative (Amendments to IAS 7) in its consolidated financial statements for the year ended 31 December 2016.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The amendments are effective for annual periods beginning on or after 1January 2017, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments. So far, the Group does not expect any significant impact.

Classification and Measurement of Shared-based Payment Transactions (Amendments to IFRS 2)
Currently, there is ambiguity over how a company should account for certain types of share-based payment arrangements. The IASB has responded by publishing amendments to IFRS 2 Share-based Payment.

The amendments cover three accounting areas:
- measurement of cash-settled share-based payments;
- classification of share-based payments settled net of tax withholdings; and
- accounting for a modification of a share-based payment from cash-settled to equity-settled.

The new requirements could affect the classification and/ or measurement of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards.

The amendments can be applied prospectively so that prior periods do not have to be restated. Retrospective, or early, application is permitted if companies have the required information. The amendments are effective for annual periods commencing on or after 1 January 2018.

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendment.

7. FINANCIAL RISK MANAGEMENT

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

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i) Credit risk

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, credit worthy and reputable banks in Qatar and GCC region with high credit ratings.

Further information about the Group's exposure to credit risk are provided in Note 38.

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Further information about the Group's exposure to liquidity risk are provided in Note 38.

iii) Market risk

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

Further information about the Group's exposure to market risk are provided in Note 38.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

The Group's exposure to currency risk on transactions with related parties and borrowings that are denominated in a currency other than the respective functional currency are limited to those currencies which are pegged against USD such as AED, RO, JD etc. The Group's exposure to other currency risk is minimal.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level.

Interest rate risk

The Group adopts a policy of ensuring that majority of its interest rate risk exposure is at a fixed rate.

Equity price risk

Equity price risk is the risk that the fair values of equity decreases as a result of changes in price indices of investments in other entities' equity instruments as part of the Group's investment portfolio.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

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8. PROPERTY, PLANT AND EQUIPMENT

	Land and building	Leasehold improvement	Furniture and fixtures	Motor vehicles	Equipment and tools	Capital work in progress	Total
Cost							
Balance at 1 January 2015	270,933,123	93,116,926	365,181,728	42,530,126	211,947,333	14,530,676	998,239,912
Additions	12,426,455	5,122,886	6,885,073	5,301,962	33,730,610	19,508,701	82,975,687
Disposals / write off	(76,250)	(3,082,757)	(5,340,201)	(2,932,010)	(11,611,293)	(115,815)	(23,158,326)
Transfers	3,531,951	3,989,292	4,724,502	80,001	474,570	(12,800,316)	-
Balance at 31 December 2015	286,815,279	99,146,347	371,451,102	44,980,079	234,541,220	21,123,246	1,058,057,273
Balance at 1 January 2016	286,815,279	99,146,347	371,451,102	44,980,079	234,541,220	21,123,246	1,058,057,273
Additions	649,798	6,850,702	7,373,781	10,615,500	13,771,132	73,944,644	113,205,557
Disposals / write off	(205,140)	(2,943,965)	(15,669,677)	(3,571,434)	(12,799,090)	(2,228,695)	(37,418,001)
Transfers	1,614,501	1,392,287	4,398,143	-	614,423	(8,019,354)	-
Disposal on sale of a subsidiary (Note 27)	-	(2,727,964)	(1,614,910)	(355,800)	(8,509,532)	-	(13,208,206)
Balance at 31 December 2016	**288,874,438**	**101,717,407**	**365,938,439**	**51,668,345**	**227,618,153**	**84,819,841**	**1,120,636,623**
Accumulated depreciation							
Balance at 1 January 2015	63,891,575	41,176,031	230,128,660	33,207,987	130,369,598	-	498,773,851
Depreciation (iii)	11,415,535	10,271,798	37,685,888	3,752,899	24,839,530	-	87,965,650
Disposals / write off	(76,220)	(1,969,285)	(3,756,828)	(2,831,557)	(6,801,234)	-	(15,435,124)
Balance at 31 December 2015	75,230,890	49,478,544	264,057,720	34,129,329	148,407,894	-	571,304,377
Balance at 1 January 2016	75,230,890	49,478,544	264,057,720	34,129,329	148,407,894	-	571,304,377
Depreciation (iii)	11,405,444	11,050,028	34,238,561	6,476,764	26,077,284	-	89,248,081
Disposals / write off	-	(1,747,919)	(13,388,650)	(3,084,281)	(5,183,868)	-	(23,404,718)
Disposal on sale of a subsidiary (Note 27)	-	(1,239,376)	(1,035,954)	(291,635)	(6,863,866)	-	(9,430,831)
Balance at 31 December 2016	**86,636,334**	**57,541,277**	**283,871,677**	**37,230,177**	**162,437,444**	**-**	**627,716,909**
Carrying amounts							
At 31 December 2016 (iv)	**202,238,104**	**44,176,130**	**82,066,762**	**14,438,168**	**65,180,709**	**84,819,841**	**492,919,714**
At 31 December 2015	211,584,389	49,667,803	107,393,382	10,850,750	86,133,326	21,123,246	486,752,896
	(i) &(ii)						

i. This includes buildings costing QR 148,261,295 (2015: 148,261,295) that have been constructed on lands leased from the Governments of Qatar and Dubai, UAE.

ii. This also includes part of Salam Plaza Building and Land that is being utilized by the Group entities. This property along with Salam Plaza Land under investment properties (Note 9) are mortgaged in favor of one of the local banks as security for term loans.

iii. Depreciation charge has been allocated as follows:

	2016	2015
Operating cost (Note 29)	16,310,411	11,487,219
Depreciation expenses	72,937,670	76,478,431
	89,248,081	87,965,650

iv. Management is of the opinion that the recoverable amounts of the property, plant and equipment are higher than their carrying amounts.

In Qatari Riyals

9. INVESTMENT PROPERTIES

			Land and buildings in Qatar					
	Land in Palestine	Land and building in United Arab Emirates	Salam Tower	Salam Plaza	Villas	The Gate Towers and Mall	Property under development	Total
Cost								
Balance at 1 January 2015	4,795,529	187,413,622	87,088,451	258,140,587	-	1,042,560,951	3,332,965	1,583,332,105
Additions	21,887	26,763,315	-	-	-	-	35,783,806	62,569,008
Transfers	-	-	-	-	-	5,365,371	(5,365,371)	-
Balance at 31 December 2015	4,817,416	214,176,937	87,088,451	258,140,587	-	1,047,926,322	33,751,400	1,645,901,113
Balance at 1 January 2016	4,817,416	214,176,937	87,088,451	258,140,587	-	1,047,926,322	33,751,400	1,645,901,113
Additions	-	50,223,564	-	-	-	-	26,450,284	76,673,848
Transfers	-	-	-	-	33,751,400	-	(33,751,400)	-
Balance at 31 December 2016	**4,817,416**	**264,400,501**	**87,088,451**	**258,140,587**	**33,751,400**	**1,047,926,322**	**26,450,284**	**1,722,574,961**
Accumulated depreciation								
Balance at 1 January 2015	-	15,184,712	19,583,174	-	-	62,391,028	-	97,158,914
Depreciation	-	3,893,967	1,663,038	-	-	21,380,814	-	26,937,819
Balance at 31 December 2015	-	19,078,679	21,246,212	-	-	83,771,842	-	124,096,733
Balance at 1 January 2016	-	19,078,679	21,246,212	-	-	83,771,842	-	124,096,733
Depreciation	-	5,826,350	1,663,042	-	634,956	21,494,411	-	29,618,759
Balance at 31 December 2016	**-**	**24,905,029**	**22,909,254**	**-**	**634,956**	**105,266,253**	**-**	**153,715,492**
Carrying amounts								
At 31 December 2016	**4,817,416**	**239,495,472**	**64,179,197**	**258,140,587**	**33,116,444**	**942,660,069**	**26,450,284**	**1,568,859,469**
At 31 December 2015	4,817,416	195,098,258	65,842,239	258,140,587	-	964,154,480	33,751,400	1,521,804,380
	(i)	(ii)	(iii)	(iv)	(v)	(iv)	(vi)	

i. This land was acquired in Ramallah, Palestine for the purpose of constructing an international trade centre. Until the date of these consolidated financial statements, this project has not commenced. The fair value of the land was QR 19,292,180 (2015: QR 19,477,128) based on a valuation carried out on 3 January 2017 by an independent external valuer based in Palestine.

ii. These properties comprise the following:

(a) Four plots of land in Dubai, UAE. The fair value of the first plot of land was QR. 5,473,206 (2015: QR. 5,608,681) based on a valuation carried out on 2 January 2017 by an external independent valuer based in Dubai, UAE. The original cost of this plot of land was QR. 3,775,693 (2015: QR. 3,775,693).

The remaining represents the three plots of lands purchased during 2008 from Salam Bounian Development Company(Salam Bounian), an associate at the time of purchase and currently a subsidiary for QR. 85,922,962 as per the three "sale and development" agreements entered between the Company and Salam Bounian. According to these agreements, the Company purchased three plots of land in Jumeirah Village-Dubai, UAE, which were originally purchased by Salam Bounian from a developer in Dubai. The Company reimbursed Salam Bounian for the installments already made by them in addition to interest. The Company has paid the remaining installments directly to the developer in Dubai.

According to the agreements, if the Company decides to develop and sell these three plots, Salam Bounian will share 30% of the resulting net profit with the Company. If the Company decides to sell the three plots of land without development, Salam Bounian will share 60% of the resulting net profit.

The original sale agreement with the developer is still in the name of Salam Bounian. Title of these plots is still with the developer and expected to be transferred to Salam Bounian once the development in that area is completed. Pre-registration document were received in 2016 and the registration is under process.

The fair value of these three plots of land was QR. 86,855,145 (2015: QR 86,675,998) based on a valuation carried out on 2 January 2017 by an external independent valuer based in Dubai, UAE. The original cost of this plot of land was QR. 85,922,962 (2015: QR 85,922,962).

b) Building at Dubai Investment Park – This building is being leased as business office and warehouse. The fair value of this property was QR. 74,257,426 (2015: QR 74,504,950) based on a valuation carried out on 2 January 2017 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 57,775,041 (2015: QR 61,294,969).

c) Grosvenor Business Bay Tower 1 – This represents one floor of office leased to third parties. The fair value of this property was QR 25,633,406 (2015: QR 25,828,584) based on a valuation carried out on 2 January 2017 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 24,174,143 (2015: QR 24,693,115).

d) Al-Quoz labour camp in Dubai – This labour camp is purchased in 2015 and leased to a third party. The fair value of this property was QR 21,881,188 (2015: QR 20,049,505) based on a valuation carried out on 2 January 2017 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 18,440,543 (2015: QR 19,411,519).

e) Al-Quoz labour camp in Dubai – This labour camp is purchased in 2016 and leased to a third party. The fair value of this property was QR 58,217,822 (2015: Nil) based on a valuation carried out on 2 January 2017 by an external independent valuer based in Dubai, U.A.E. The net book value of this building is QR 49,407,090 (2015: Nil).

iii. Salam Tower is located at West Bay, Doha – State of Qatar and is leased as office property. The fair value of Salam Tower was QR. 424,401,000 (2015: QR. 441,177,000) based on a valuation carried out on 31 December 2016 by an external independent valuer.

iv. This represents "Salam Plaza" and "The Gate Towers and Mall". The fair value of these properties was QR 2,023,206,000 (2015: QR. 2,025,118,000) based on valuations carried out on 31 December 2016 by an independent external valuer based in Doha – Qatar.

The carrying amount of these properties as at 31 December 2016 was QR. 1,312,584,754 (2015: QR. 1,335,270,853), out of which QR 111,784,098 (2015: QR 112,975,786) are owner occupied and classified under property, plant and equipment. The title deeds of the lands are registered in the name of the Company.

This property is held as security by one of the local banks against a loan facility advanced to the Group (Note 24 (i))

v. This represents 10 new villas with a carrying value of QR 33,116,444, which were purchased in 2015 was classified as work in progress and capitalized in 2016. The fair value of these villas was QR 33,515,000, based on a valuation carried out on 2 January 2017 by an external independent valuer.

vi. Capital work-in-progress represents furnishing and fit out work carried out for West Bay Medical Centre with a total contract value of QR 55,000,000.

10. INTANGIBLE ASSETS

	2016	2015
Goodwill (i)	76,321,443	76,321,443
Development cost (ii)	24,698,859	36,521,778
	101,020,302	112,843,221

(i) Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The allocations of the carrying amounts of goodwill to the Company's CGU's (the subsidiary companies and branches) are as follows:

	2016	2015
International Trading and Contracting Company W.L.L., Qatar	4,845,447	4,845,447
Qatar Gardens Company (a branch of I.T.C.) Qatar	4,646,571	4,646,571
Salam Technology W.L.L., Qatar	9,596,160	9,596,160
Salam Industries W.L.L., Qatar	7,531,543	7,531,543
Salam Petroleum Services W.L.L., Qatar	12,937,048	12,937,048
Stream Industries and Engineering Company W.L.L., Qatar	15,178,083	15,178,083
Salam Enterprises W.L.L., Qatar	1,615,149	1,615,149
Atelier 21 L.L.C., UAE	10,711	10,711
Modern Decoration Company L.L.C., UAE	6,193,199	6,193,199
Salam Enterprises Company L.L.C., UAE	11,062,279	11,062,279
Qatari German Switchgear Company W.L.L.	2,705,253	2,705,253
	76,321,443	76,321,443

(ii) Development cost

Development costs include costs incurred for computer software and branding and developing of policies and procedures. The costs incurred for computer software is amortised over a period of three years while the costs related to branding and developing of policies and procedures manual are amortised over a period of five years, being their expected useful lives.

	2016	2015
Cost		
Balance at 1 January	67,972,425	55,752,265
Additions	12,380,223	12,239,442
Transfers	3,600,000	-
Disposals	-	(19,282)
Disposal on sale of a subsidiary (Note 27)	(27,141,289)	-
Balance at 31 December	**56,811,359**	67,972,425
Accumulated amortisation		
Balance at 1 January	31,450,647	26,565,496
Amortisation	3,577,417	4,885,151
Disposal on sale of a subsidiary (Note 27)	(2,915,564)	-
Balance at 31 December	**32,112,500**	31,450,647
Carrying amount at 31 December	**24,698,859**	36,521,778

11. INVESTMENT IN ASSOCIATES

(a) The outstanding balance of the investment in associates is represented as follows:

	Ownership		2016	2015
	2016	2015		
Serene Real Estate S.A.L. (Lebanon) (i)	48.99%	48.99%	50,006,161	59,756,160
PC Deal Net W.L.L. (Qatar) (i)	51%	51%	102,000	102,000
Qatar Aluminum Extrusion Company P.S.C(Qatar) (i)	20%	20%	9,021,472	7,252,573
Canon Office Image Solutions W.L.L. (Qatar) (i)	51%	51%	3,712,800	3,712,800
Salam Sice Tech Solutions W.L.L. (Qatar)(i)	51%	51%	-	-
Salam Media Cast W.L.L. (Qatar) (i)	20%	20%	4,902,605	5,715,789
Salam Media Cast L.L.C. (UAE) (i)	20%	20%	-	-
Meta Coat W.L.L. (Qatar) (i)	51%	51%	4,000,000	4,000,000
Robert Abi Nader International Limited(UAE) (ii)	-	25%	-	4,824,092
Technical Field Services Limited (UAE)(i)	50%	50%	2,744,949	7,051,127
Technical Office for Studies and Monitoring Works W.L.L. (Qatar) (i)	51%	51%	102,000	102,000
Wikaya Contracting W.L.L(Qatar) (i)	50%	50%	100,000	100,000
Harris Salam W.L.L(Qatar) (i)	51%	51%	357,000	357,000
Dutchkid FZCO and Just Kidding General Trading Company (UAE) (i)	50%	50%	1,209,017	1,984,000
Mideco Trading and Contracting L.L.C. (i)	70%	-	140,000	-
Soula Systems (i)	20%	-	1,000,000	-
My List FZ LLC (i)	5%	-	364,170	-
			77,762,174	94,957,541

The carrying values of the investment in associates have been adjusted for the results of associates for the year ended 31 December 2016, which are based on the audited / management financial statements.

i. As per the shareholders' agreements and subsequent amendments thereto, the Group does not have either control or joint control over the investee and accordingly treated as an associate.
ii. This investment is disposed at the carrying value as at 1 January 2016 and classified as receivable.

(b) The movement in investment in associates during the year is presented as follows:

	2016	2015
Balance at 1 January	94,957,541	104,426,891
Additions (i)	1,504,170	2,530,439
Disposals	-	(3,310,471)
Dividends received	(5,017,616)	(10,018,874)
Transfer to receivables	(4,706,978)	-
Share of results from associates, net (ii)	(8,974,943)	1,329,556
Balance at 31 December	**77,762,174**	94,957,541

i. Details of addition to Group's associates during the year are as follows:

a. Mideco Trading and Contracting L.L.C. (Qatar)
The Group entered into an "Agreement" with Michel Hanna Dib (Lebanese national) to acquire 70% shares of Mideco Trading and Contracting L.L.C. (a company incorporated in Qatar). As at the reporting date, the Group has made an investment of QR 140,000.

b. Soula Systems L.L.C. (Qatar)
The Group entered into an "Agreement" with Soula Systems L.L.C. (a company incorporated in Qatar) to acquire 20% shares of the Company. As at the reporting date, the Group has made an investment of QR 1,000,000 against the 20% share of Soula Systems L.L.C.

c. My List FZ L.L.C. (BVI)
The Group entered into an "Agreement" with Julie Maelle Barbier Leblan (a company incorporated in BVI) to acquire 5% shares of My List FZ L.L.C. As at the reporting date, the Group has made an investment of QR 364,170.

d. Wikaya Contracting W.L.L.(Qatar)
The Group entered into an "Agreement" with Salem Agencies Company – SAS (a company incorporated in Saudi Arabia) to acquire 50% shares of Wikaya Contracting W.L.L. As at the reporting date, the Group has made an investment of QR 100,000 against the 50% shares of Wikaya Contracting W.L.L.

e. Harris Salam W.L.L(Qatar)
The Group entered into an "Agreement" with Harris System Limited (a company incorporated in U.K) to establish a new company Haris Salam W.L.L. with a total paid up capital of QR. 700,000. The Group's share in the capital is 51%.

f. Dutchkid FZCO and Just Kidding General Trading Company (U.A.E)
The Group entered into an "Agreement" with Bernard Frans Harmen Boenk and Johanna Maria Wilhelmaina Retera (Dutch nationals) to acquire 50% shares of Dutchkid FZCO U.A.E (a company incorporated in United Arab Emirates).

ii. Share of result from associates during the year:

In case where the share of losses from the result of operations of associates exceed the investments, IFRS do not allow the recognition of future losses except when the Group has legal or constructive obligations from investments or has made payments on behalf of investees.

The following table shows the movement on cumulative share of loss from associates exceeding its investment amounts which were applied to amounts due from related parties:

	Share of losses applied to due from related parties - 2016		
Associate	**1 January 2016**	**(gain)/loss during the year (a)**	**31 December 2016**
Salam Media Cast LLC (UAE)	1,080,309	623,136	1,703,445
Salam Sice Tech Solutions	53,974	697,986	751,960
	1,134,283	**1,321,122**	**2,455,405**

	Share of losses applied to due from related parties - 2015		
Associate	1 January 2015	(gain)/loss during the year (a)	31 December 2015
Salam Media Cast LLC (UAE)	1,157,340	(77,031)	1,080,309
Salam Sice Tech Solutions	740,684	(686,710)	53,974
	1,898,024	(763,741)	1,134,283

(a) The share of result from associates' operations is reported in the consolidated statement of profit or loss as follows:

	2016	2015
Total share of loss / (gain) applied to investment in associates	8,974,943	(1,329,556)
Total share of loss / (gain) applied to amount due from related parties	1,321,122	(763,741)
	10,296,065	(2,093,297)

12. INVESTMENT IN JOINT VENTURES

(a) The outstanding balance of the investment in joint ventures is represented as follows:

	Ownership			
	2016	2015	**2016**	2015
4 Homes FZCO L.L.C. (UAE)	70%	70%	52,490,136	53,913,620
Shift Point L.L.C. (Qatar)	51%	51%	368,237	37,522
			52,858,373	53,951,142

The carrying values of the investment in joint ventures have been adjusted for the results of joint ventures for the year ended 31 December 2016, which are based on the audited / management financial statements.

(b) The movement in investment in joint ventures during the year is presented as follows:

	2016	2015
Balance at 1 January	53,951,142	37,458,418
Additions during the year	-	10,930,693
Share of results from joint venture, net	2,877,154	5,562,031
Dividends received during the year	(3,969,923)	-
Balance at 31 December	**52,858,373**	53,951,142

(c) The above joint ventures are accounted for using the equity method in these consolidated financial statements. Summarised financial information in respect of the Group's joint ventures are set out below:

	2016	2015
Total assets	79,081,760	81,238,114
Total liabilities	(10,943,294)	(17,411,912)
Net assets	**68,138,466**	63,826,202

	2016	2015
Total revenue	126,948,287	126,796,103
Total net profit for the year	4,286,230	7,359,386
Proportion of Group's interest in joint venture's profit	**2,877,154**	5,562,031

13. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
Quoted equity instruments (i)		
i. Equity Securities - Qatar	19,084,890	20,302,614
ii. Equity Securities – UAE	385,692	555,869
iii. Equity Securities – Jordan	31,330,904	31,997,519
iv. Equity Securities – Bahrain	525,207	1,324,278
v. Equity Securities – Cayman Islands	34,402,753	34,402,753
	85,729,446	88,583,033
Unquoted equity instruments (ii)	81,187,789	81,352,389
	166,917,235	169,935,422

i. Quoted equity instruments have been valued using Level 1 measurement techniques as per IFRS 7. Level 1 refers to valuation of investments based on quoted (unadjusted) prices in active markets for identical assets.

ii. The unquoted investments equity are stated at cost less impairment loss, if any as the fair value of these investments could not be reliably measured. Information for such investments is usually restricted to periodic investment performance reports from the investment managers. Management has performed a review on the financial position and performance of its unquoted investments and assessed that no additional impairment loss is required as of 31 December 2016. Management believes that the fair value is not materially different from the carrying value.

(a) Available-for-sale investments are denominated in the following currencies:

Currencies	**2016**	2015
i. Qatari Riyals.	19,084,890	20,302,614
ii. US Dollars	99,188,524	99,755,479
iii. Jordanian Dinars	31,589,904	32,653,235
iv. Emirati Dirham	385,692	555,869
v. Saudi Riyals	16,668,225	16,668,225
	166,917,235	169,935,422

(b) The movement in available-for-sale investments during the year is presented as follows;

	2016	2015
Balance at 1 January	169,935,422	164,566,684
Additions during the year	1,398,165	14,638,122
Disposals during the year	(1,094,537)	(1,068,851)
Movement in fair value during the year	(2,387,229)	(8,200,533)
Impairment during the year	(934,586)	-
Balance at 31 December	**166,917,235**	169,935,422

(c) The movement in available-for-sale investments fair value reserve during the year is as follows;

	2016	2015
Balance at 1 January	(2,993,007)	5,207,526
Effect of change in fair value during the year	(2,387,229)	(8,200,533)
Balance at 31 December	**(5,380,236)**	(2,993,007)

14. RETENTIONS

(a) Retention receivables

Retention receivable represents amounts withheld from the Group's issued invoices as maintenance guarantees by the clients. A portion of the retention is released at the completion date of the contract and the remaining portion is released 365 to 490 days afterwards unless otherwise stated in the respective contracts. The amounts withheld are usually 5 to 10% of each invoice.

	2016	2015
Current	106,316,103	72,298,380
Non-current	108,416,590	89,934,832
	214,732,693	162,233,212

(b) Retention payables

Retention payable represents amounts withheld from subcontractors' invoices as maintenance guarantees. A portion of the retention is paid at the completion date of the contract and the remaining portion is paid after 365 to 490 days unless otherwise stated in the respective contracts. The amounts withheld are usually 5 to 10% of each invoice.

	2016	2015
Current	24,699,589	19,657,028
Non-current	15,978,358	13,603,158
	40,677,947	33,260,186

15. OTHER ASSETS

	Current		Non-current	
	2016	2015	**2016**	2015
Prepayments	28,243,697	25,315,374	-	-
Advance payments	106,571,844	51,415,339	-	-
Accrued income	9,673,031	12,804,860	-	-
Others	29,056,624	40,059,123	11,993,327	11,948,638
	173,545,196	129,594,696	**11,993,327**	11,948,638

16. INVENTORIES

	2016	2015
Finished goods and goods for resale	581,894,147	612,777,175
Goods in transit	10,828,687	22,495,484
	592,722,834	635,272,659
Less: provision for slow moving inventories	(57,305,748)	(54,127,433)
	535,417,086	581,145,226

Provision for slow moving inventories are determined based on the age, saleability and management's historical experience with respect to various items of inventories.

Movement of provision for slow moving inventories:

	2016	2015
Balance at 1 January	54,127,433	58,337,559
Provisions during the year (i) Note 32	5,148,313	2,922,073
Write-offs/reversals during the year	(1,969,998)	(7,132,199)
Balance at 31 December	**57,305,748**	54,127,433

i. An amount of QR 312,850 has been allocated to operating cost.

17. RELATED PARTIES

Transactions with related parties

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard No. 24, Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control, key management personnel, entities in which the shareholders have controlling interest, affiliates, and other related parties.

During the year, the Group entered into the following trading transactions with related parties:

	2016	2015
Revenue	**10,617,855**	23,563,798
Cost of sales	**7,623,929**	13,047,546
Rent income from investment properties	**3,747,901**	2,140,880
Other income	**693,693**	757,634
Other expenses	**1,137,296**	1,749,165
Intangible assets	**3,543,232**	2,376,478
Financing advance to a related party	**23,367,652**	5,474,638

(a) **Due from related parties**

	2016	2015
Serene Real Estate S.A.L.	144,074,217	142,582,083
Bassam Abu Issa	1,123,887	234,397
Salam Holdings W.L.L.	5,200,334	1,666,918
Salam Interconsult W.L.L.	130,284	130,284
Burhan International Construction Company W.L.L.	11,603,229	23,986,409
PC Dealnet Qatar W.L.L.	142,840	666,532
Holmesglen Australia	31,013,148	30,999,530
Al Hussam Holding Company	1,352,112	7,603,270
Salam Sice Tec Solutions W.L.L.	7,160,106	5,692,587
John Steven Ezzo	127,143	338,682
Meta Coat	9,772,834	5,407,216
Real Jubail Investment W.L.L.	450,100	479,341
Technical Field Services	5,352,067	6,077,924
Joseph Makdessi	162,087	196,204
Mideco Trading & Contracting W.L.L.	4,089,409	459,652
Soula Systems	5,400,050	1,000,050
Salam Media Cast – Dubai	8,854	6,793
Salam Media Cast - Doha	70,186	24,413
Shift Point L.L.C.	296,504	406,552
Jamal Abu Issa	13,658	-
New Image USA	24,905	-
	227,567,954	227,958,837

(b) **Due to related parties**

	2016	2015
Robert Abi Nader	94,166	94,166
Al Nooh Wood Industries	491,706	330,908
Luay Mahmoud Darwish	-	415,028
Riyadh George Maqiss	-	287,667
I Telligent Technologies L.L.C.	66,985	-
Just Kidding General Trading Company L.L.C.	677,985	-
Offiteco W.L.L.	41,163	53,086
New Image USA	-	33,570
Canon office Imaging	927,715	1,821,764
	2,299,720	3,036,189

(c) **Compensation of key management personnel**

Short-term and long term benefits	2016	2015
Executive managers' bonus	9,359,571	7,610,386
Proposed Directors' remuneration	2,200,000	2,200,000
Salaries and other short-term benefits	36,849,173	39,148,858
Long-term benefits	1,803,085	1,710,500
	50,211,829	50,669,744

18. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2016	2015
Listed securities		
Equity securities – Qatar	**1,754,712**	1,897,980

19. TRADE AND OTHER RECEIVABLES

	2016	2015
Trade receivables	650,919,972	540,535,135
Provision for doubtful trade receivables	(50,179,762)	(49,073,879)
	600,740,210	491,461,256
Notes receivables	27,886,536	5,388,672
	628,626,746	496,849,928

Ageing of trade receivables

	2016	2015
Trade receivables not past due (0 to 60 days)	384,939,147	338,608,380
Trade receivables past due and not impaired		
61 to 90 days	12,211,982	36,583,225
91 to 120 days	23,180,892	18,462,933
121 to 365 days	104,654,161	36,154,180
Beyond 1 year	75,754,028	61,652,538
	600,740,210	491,461,256
Trade receivables past due and impaired		
Beyond 121 days	50,179,762	49,073,879
	650,919,972	540,535,135

Movement of provision for doubtful trade receivables

	2016	2015
Balance at 1 January	49,073,879	45,393,611
Provisions during the year	5,322,849	6,415,671
Write-offs/reversal during the year	(1,966,966)	(2,735,403)
Movement on disposal of a subsidiary	(2,250,000)	-
Balance at 31 December	**50,179,762**	49,073,879

The average credit period for sale of goods and rendering of services is 60 days for private sectors and 90 to 120 days for governmental sectors. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

20. CASH AND BANK BALANCES

For the purpose of the consolidated cash flow statement, cash and cash equivalents include cash and bank balances, net of bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2016	2015
Cash balances	3,210,587	2,640,020
Bank balances	264,560,635	349,106,542
Cash and bank balances	267,771,222	351,746,562
Less: bank overdraft (i)	(82,032,035)	(79,411,457)
Cash and cash equivalents	**185,739,187**	272,335,105

(i) Bank overdrafts carried an average interest rates ranging from 3.25% to 5.5% (2015: 3.25% to 5.50% p.a.)

21. SHARE CAPITAL

	2016	2015
Authorised, issued and fully paid up capital @ QR 10 each		
114,314,587 shares @ QR 10 each	**1,143,145,870**	1,143,145,870

22. LEGAL RESERVE

In accordance with Qatar Commercial Companies Law No.11 of 2015 and the Company's Articles of Association, 10% of the net profit for each year and premium on share issuance by the Company is to be transferred to legal reserve until the reserve equals 50% of the paid up share capital and is not available for distribution except in circumstances specified in the above Law.

23. NON-CONTROLLING INTERESTS

	2016	2015
Balance at 1 January	165,710,252	179,055,269
Acquisition – Additional purchase of subsidiary shares	(3,984,740)	(24,189,115)
Share of profit for the year	5,511,785	10,684,091
Net movement in non-controlling interests	(521,995)	160,007
Disposal of a subsidiary (Note 27)	(9,749,303)	-
Balance at 31 December	**156,965,999**	165,710,252

24. BORROWINGS

	Current		Non-current	
	2016	2015	**2016**	2015
Term loan (a)	521,093,325	311,857,691	1,284,811,669	1,324,255,539
Loan against trust receipt (b)	382,085,918	364,525,087	-	-
Project finance (c)	103,065,471	93,091,006	-	-
	1,006,244,714	769,473,784	**1,284,811,669**	1,324,255,539

(a) Term loan represent the following :

	Final instalment/Maturity	2016	2015
Loan -1 (i)	30 June 2024	963,698,866	869,150,593
Loan -2 (ii)	30 April 2025	150,000,000	-
Loan -3 (iii)	1 April 2021	91,135,703	100,000,000
Loan -4 (iv)	5 October 2017	72,830,000	-
Loan -5 (v)	2 December 2018	63,726,250	95,589,375
Loan -6 (vi)	31 March 2019	51,208,594	73,967,969
Loan -7 (vii)	Revolving	50,000,000	-
Loan -8 (viii)	20 January 2018	36,415,000	60,691,667
Loan -9 (ix)	14 December 2018	36,415,000	54,622,500
Loan -10 (x)	14 March 2017	36,415,000	18,207,500
Loan -11 (xi)	30 September 2020	33,736,146	40,000,000
Loan -12 (xii)	12 January 2019	32,773,500	47,339,500
Loan -13 (xiii)	17 July 2017	28,748,684	67,080,263
Loan -14 (xxii)	Various dates	27,948,667	-
Loan -15 (xiv)	Revolving	18,207,500	9,467,900
Loan -16 (xv)	Revolving	18,207,500	-
Loan -17 (xvi)	17 October 2024	17,264,959	-
Loan -18 (xvii)	1 October 2018	15,049,882	22,134,553
Loan -19 (xviii)	29 June 2019	14,705,882	20,588,235

	Final instalment/Maturity	2016	2015
Loan -20 (xxii)	Various dates	11,000,000	-
Loan -21 (xix)	1 January 2019	7,170,570	10,203,720
Loan -22 (xxii)	Various dates	6,000,000	-
Loan -23 (xxii)	Various dates	5,000,000	-
Loan -24 (xxii)	Various dates	5,000,000	-
Loan -25 (xx)	31 March 2018	4,161,831	7,390,401
Loan -26 (xxi)	1 July 2019	4,104,688	5,549,638
Loan -27 (xxii)	Various dates	3,482,154	-
Loan -28 (xxii)	Various dates	1,498,618	2,830,814
Loan -29		-	94,180,799
Loan -30		-	24,803,333
Loan -31		-	5,000,000
Loan -32		-	3,779,103
Loan -33		-	3,258,533
Loan -34			276,834
		1,805,904,994	1,636,113,230

(i) A term loan of QR 963,698,866 was availed as part of the Groups debt management. The loan is re- payable in quarterly instalments of QR 32,500,000 each with a bullet payment for the residual value due in June 2024.

(ii) A term loan of QR 150,000,000 was availed as part of the Group debt management and expansion of business. The loan is re-payable in 23 quarterly instalments of QR 6,500,000 each with a final instalment due in April 2025.

(iii) A term loan of QR 100 Million was availed to refurbish and modernize boutiques and outlets of SIIL subsidiaries. The loan is repayable in 19 quarterly instalment of QR 5,400,000 each with a final instalment in April 2021.

(iv) A term loan of USD 20 Million (Equivalent QR 72,830,000) was availed for working capital and investments. The loan principal is re-payable in single instalment due in October 2017.

(v) A term loan of USD 35 Million (Equivalent QR 127,452,500) was availed to finance capital expenditure of various new businesses. The loan principal is re-payable in 16 equal quarterly instalments of USD 2,187,500 each plus interest with a final instalment due in December 2018.

(vi) A term loan of USD 25 Million (Equivalent QR 91,037,500) was availed for Long Term Working Capital requirements. The loan principal is re-payable in 16 quarterly instalments of USD 1,562,500 each plus interest with a final instalment due in March 2019.

(vii) A revolving term loan of QR 50 Million was availed to meet short term working capital requirement. The loan principal along with interest is to be settled in full every six months.

(viii) A term loan of USD 20 Million (Equivalent QR 72,830,000) was availed for General Corporate Purposes. The loan principal is re-payable in 6 semi-annual instalments of USD 3,333,333 plus profit with a final instalment due in January 2018.

(ix) A term loan of USD 15 Million (Equivalent QR 54,622,500) was availed to finance capital expenditure of the Group. The loan principal is re-payable in 12 quarterly instalments of USD 1,250,000 each plus interest with a final instalment due in December 2018.

(x) A term loan of USD 10 Million (Equivalent QR 36,415,000) was availed to finance working capital requirements of the Group. The loan principal along with interest is re-payable in single instalment due in March 2017.

(xi) A term loan of QR 45 Million was availed for General Business Operations. The loan has a grace period of one year and is repayable in 18 quarterly instalments of QR 2,450,000 each with a final instalment due in September 2020.

(xii) A term loan of USD 15 Million (Equivalent QR 54,622,500) was availed to support acquisition of new business. The loan is repayable in 15 quarterly instalments of USD 1,000,000 each plus interest with a final instalment due in January 2019.

(xiii) A term loan of USD 50 Million (Equivalent QR 182,075,000) was availed to finance the re-payment of some existing loans. The loan principal is re-payable in 19 quarterly instalments of USD 2,631,579 each plus interest with a final instalment due in July 2017.

(xiv) A revolving term loan of USD 5 Million was availed to meet short term working capital requirements. The loan principal along with interest is re-payable in every six months.

(xv) A revolving term loan of USD 5 Million (Equivalent QR 18,207,500) was availed to meet short term working capital requirement. The loan principal along with interest is repayable in every six months.

(xvi) A term loan of QR 67 Million was sanctioned to finance refurbishing at The Gate Mall for a tenant to set up a Medical Centre. The loan principal has a grace period of one year and is re-payable in seven years after the grace period, with a final instalment due in October 2024.

(xvii) A term loan of QR 35 Million was given for the expansion of business of one of SIIL's subsidiaries. The loan is repayable in 18 quarterly instalments of QR 1,954,749 each plus interest with a final instalment due in October 2018.

(xviii) A term loan of QR 25 Million was availed to finance one of the Group entities. The loan is repayable in 17 quarterly instalments of QR 1,470,588 plus interest with a final instalment in June 2019.

(xix) A Murabaha Facility of QR 15 Million was availed to support acquisition of new business. The loan is repayable in 20 quarterly instalments of QR 837,680 each inclusive of profit with final instalment due in January 2019.

(xx) A term loan of QR 14.20 Million was availed to finance fit-out and mechanical, electrical and procurement works at The Gate Towers and Mall. The loan principal is re-payable in 18 quarterly instalments of QR 870,000 each inclusive of interest with a final instalment due in March 2018.

(xxi) A financing facility of QR 12 Million was sanctioned to finance acquisition of assets by one of the Group entities. The loan is repayable in 48 monthly instalments of QR 138,000 each plus interest with a final instalment in July 2019.

(xxii) The Group availed these loans for different operational purposes with various maturity dates.

The above term loans are secured by the following:
Cross corporate guarantees of the Group for the following amounts:

- USD 135 million; and
- QR. 1.3 billion.

Corporate guarantees of the Group for the following amounts:

- USD 45 million; and
- QR. 356 million

First rank mortgage over the following properties (Note 8&9):

- Land and building of Salam Tower;
- Land and building of Salam Plaza; and
- The Gate Towers and Mall.

Assignment of rental proceeds from the following properties:

- Salam Tower; and
- The Gate Towers and Mall.

The above term loans carry interest rate ranging from 2.75% to 4.5% per annum (2015: 2.75% to 5.22% per annum).

(b) Loans against trust receipts
These represent import credit facilities obtained from local and foreign banks, secured by full corporate guarantee of the Company and carry interest rates ranging from 3.20% to 3.5% per annum (2015: 2.65% to 3.50% per annum). Those facilities are short term in nature and, mostly, are repayable within one fiscal year from the date of the facility.

(c) Project finances
These represent facilities obtained from local and foreign banks and secured by full corporate guarantee of the Company These facilities carry interest rates ranging from 3.25% to 4.5% per annum (2015: 3.25% to 4.50% per annum), and obtained to finance construction projects and operations of subsidiaries under the contracting, energy and power sectors. Those facilities are short term in nature with original repayment schedule of one to three years in accordance with the project duration.

25. EMPLOYEES' END OF SERVICE BENEFITS

	2016	2015
Balance at 1 January	68,390,288	64,008,874
Provision during the year	17,769,344	15,525,021
Payments during the year	(11,352,413)	(11,143,607)
Movement on disposal of a subsidiary (Note 27)	(2,079,686)	-
Balance at 31 December	**72,727,533**	68,390,288

26. OTHER LIABILITIES-CURRENT

	2016	2015
Provision for supplier dues	70,973,888	47,764,178
Provision for completed jobs	19,011,267	14,739,809
Provision for social contribution	2,855,188	2,829,980
Dividend payable	10,250,830	9,489,103
Accrued expenses	55,818,832	42,685,248
Staff dues and incentives	60,180,128	51,912,486
Other payables	63,917,740	45,436,200
	283,007,873	214,857,004

27. SUBSIDIARIES

(a) Details of the Group's subsidiaries at 31 December 2016 are as follows:

Name of subsidiary	**Principal activities**	**Ownership interest (%)**	
		2016	2015
Salam Technology W.L.L.	Information technology	100	100
Stream Industrial and Engineering Company W.L.L.	Mechanical services	100	100
Qatar German Switchgear Company W.L.L.	Switchgear manufacturing	100	100
Salam Petroleum Services W.L.L.	Trading in chemical materials and maintenance of oil equipment	100	100
Gulf steel and Engineering W.L.L.	Steel works	100	100
International Trading and Contracting Company W.L.L.	Civil contracting	100	100
Salam Enterprises CompanyO.P.C. *	Furniture trading and contracting	100	100
Salam Industries W.L.L.	Furniture and Interior works	100	100
Alu Nasa Company W.L.L.	Aluminum works	100	100
Gulf Industries for Refrigeration and Catering Company W.L.L.	Trading and maintenance of refrigerators, water coolers and air conditioners	100	100
Holmsglen Qatar W.L.L.	Consulting and managerial studies	98	98
Qatar Transformers Company W.L.L.	Manufacture of transformers	100	100
Salam Hospitality W.L.L.	Restaurants and bakeries management	100	100
Salam Bounian Development Company P.S.C.	Real estate	70.41	69.63
Gulf Facility Management W.L.L.	Facility management	70.41	69.63

Name of subsidiary	Principal activities	Ownership interest (%)	
		2016	2015
Salam Enterprises L.L.C. (i)	Trading in water equipment	100	100
Atelier 21 L.L.C. (i)	Interior design	100	100
Modern Decoration Company L.L.C.(i)	Furniture and interiors manufacturing	100	100
Alu Nasa Aluminium IndustryL.L.C. (i)	Aluminium works	100	100
Salam Group W.L.L.	Luxury Retail trading - intermediary holding company	100	100
Salam Studio & Stores W.L.L. – Doha	Retail and wholesale of luxury consumer products	100	100
Salam Studio & Stores L.L.C. – Dubai (i)	Retail and wholesale of luxury consumer products	100	100
Salam Studio & Stores W.L.L. – Muscat (iii)	Retail of luxury consumer products	100	100
Salam Arabia Trading Establishment – Kuwait (ii)	General trading	100	100
Future Qatar for Business Development W.L.L.	Computer programming and software and database development	-	60
Salam Trading Enterprises – Jordan (iv)	Luxury Fashion retail	100	100
Salam Enterprise Company – Bahrain	Furniture trading	80	80
Salam Amwal Holding S.A.L.	Investments	100	100
Salam Capital Holding S.A.L.	Investments	100	100
Salam Globex W.L.L.	Marketing and offices facilities	100	100
Prevent and Protect W.L.L. – Qatar	Oil and gas services	90	90
Prevent and Protect S.P.C. – Bahrain	Oil and gas services	90	90
Prevent and Protect L.L.C. – Oman	Oil and gas services	90	90
Prevent and Protect L.L.C. – UAE	Oil and gas services	90	90
New Image Building Services Gulf States L.L.C.	Building and facilities management	52.8	52
Blink Company W.L.L.	Photography trading and related services	60	60
Qatar Garden – Branch of International Trading and Contracting Company W.L.L.	Construction of soft and hard landscaping and supply of related materials	100	100

* In line with Qatar Commercial Companies law No. 11 of 2015, the management of the Group entity is in the process of changing the legal status of the Company to a limited liability company.

(i) 99 % of the share capital of these companies are commercially registered under the name of the Company and 1% is registered in the name of Salam Group W.L.L., a Group entity. .

(ii) The operations and activities of Salam Arabia Trading Establishment Kuwait, Gulf Facility Management W.L.L. and Gulf Industries for Refrigeration and Catering Company W.L.L. are currently on hold.

(iii) 30% of the share capital of Salam Studio and Stores W.L.L. – Muscat was commercially registered under the name of an Omani national. The ownership structure of this entity changed during 2015 to become 99% owned by the Company and 1% owned by Salam Studio and Stores W.L.L., a Group entity.

(iv) 50% of the share capital of Salam Trading Enterprises Jordan was commercially registered in the name of a Jordanian national. The ownership structure of this entity changed during the year 2014 to become 50% each owned by Salam Group W.L.L. and Salam Studio and Stores W.L.L. – Jordan, both subsidiaries wholly owned by the Company.

(b) Details of changes in Group's subsidiaries during the year are as follows:

Future Qatar for Business Development W.L.L.
During the year, the Group has disposed off its shareholding in Future Qatar for Business Development W.L.L. with effect from 1 January 2016. The following represents the value of identifiable assets and liabilities of subsidiary disposed as at the date of disposal.

	Notes	2016
Assets		
Property and equipment	8	3,777,375
Intangible assets	10	24,225,725
Due from related parties		4,631,089
Trade and other receivables		19,030,608
Due from customers for contract work		3,373,534
Cash and cash equivalents		9,757,347
Total assets		64,795,678
Liabilities		
Borrowings		3,258,533
Employees' end of service benefits	25	2,079,686
Due to related parties		26,114,563
Trade and other payables		8,969,638
Total liabilities		40,422,420
Identifiable net assets		**24,373,258**
Less non-controlling interests	23	(9,749,303)
Identifiable net assets disposed		14,623,955
Total consideration for disposal		31,200,000
Profit on disposal of subsidiary	30	**16,576,045**
Proceed from sale of subsidiary, net of cash		**21,442,653**

Salam Bounian Development Company P.S.C.

(b) During the year, SIIL purchased additional 428,014 shares in Salam Bounian Development Company P.S.C. to become the owner of 38,725,369 shares representing 70.41% of Salam Bounian's capital.

(c) During 2015, the Group purchased additional 19.22% shares of New Image Building Services Gulf States L.L.C. to become the 52.22% owner of New Image Building Services Gulf States L.L.C. The effective date of the acquisition was 1 April 2015.

The details of the additional purchase with respective gain from purchase recognised in equity are as follows:

	2016	2015
Acquisition – Additional purchase of subsidiary shares	3,984,740	24,189,115
Fair value of the consideration paid	(4,280,140)	(24,883,492)
Loss from additional purchase	**(295,400)**	(694,377)

28. OPERATING INCOME

	2016	2015
Contract revenue	1,629,337,903	1,226,718,702
Revenue from sale of goods	1,081,054,454	1,160,504,299
Service revenue	57,291,085	63,925,322
Real estate revenue	145,139,363	140,489,173
	2,912,822,805	2,591,637,496

29. OPERATING COST

	2016	2015
Contract costs	1,340,619,000	1,061,163,922
Cost of goods sold	733,543,294	762,339,704
Cost of service and other revenue	39,717,291	46,222,873
Real estate costs	8,418,716	7,847,620
Interest charged to projects	7,846,656	6,435,622
Depreciation of investment properties (Note 9)	29,618,759	26,937,819
Depreciation charges (Note 8(iii))	16,310,411	11,487,219
	2,176,074,127	1,922,434,779

30. INVESTMENT INCOME

	2016	2015
Gain on sale of investment in an associate (i)	-	62,079,993
Profit on sale of available-for-sale investments	27,865	564,702
Unrealised loss on investments at fair value through profit or loss	(310,915)	(723,040)
Interest income	5,388,559	12,567,398
Dividend income	1,736,990	1,630,748
Profit on disposal of a subsidiary (Note 27)	16,576,045	-
	23,418,544	76,119,801

i. In 2015, one of the Company's associates (SAJ Emitates Trading L.L.C.) were sold and generated a gain of QR 62,079,993.

Investment income earned on financial assets and non-financial assets, analyzed by category of asset, is as follows:

	2016	2015
Available-for-sale financial assets	1,764,855	2,195,450
Investments at fair value through profit and loss	(310,915)	(723,040)
Loans and receivables (including cash and bank balances)	5,388,559	12,567,398
Investment income earned on financial assets	6,842,499	14,039,808
Investment income earned on non-financial assets	16,576,045	62,079,993
	23,418,544	76,119,801

31. OTHER INCOME

	2016	2015
Gain on sale of property, plant and equipment	224,955	231,023
Gain on foreign currency exchange rate fluctuation	2,749,733	1,990,390
Rent income from sub-lease arrangements	6,395,666	6,097,369
Others	16,706,938	19,440,160
	26,077,292	27,758,942

32. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Office, showroom and warehouse rent	85,060,464	81,544,815
Advertising	5,288,088	6,035,157
Marketing*	32,133,723	23,341,942
Repairs and maintenance	18,686,918	16,742,760
Travel	4,634,538	5,597,524
Communication	5,982,746	6,137,944
Electricity and water	11,164,106	11,391,017
Business development	1,102,009	1,648,251
Entertainment	1,801,226	2,366,049
Tender fees	951,277	1,911,057
Insurance	3,774,122	3,807,925
Legal and registration charges	7,080,565	6,230,267
Printing and stationery	3,867,046	4,618,339
Professional fees	2,856,225	2,100,322
Meeting and conference	430,569	500,165
Fuel	3,181,050	3,142,547
Subscription and catalogues	1,136,139	1,001,437
Transportation	2,305,318	1,245,201
Donations	2,160,234	1,210,226
Provision for doubtful receivables	5,322,849	6,415,671
Provision for slow moving inventories	4,835,463	2,922,073
Property, plant and equipment written off	3,333,012	1,876,487
Others	8,208,190	3,801,613
	215,295,877	195,588,789

* The details of net marketing expenses are as follows:

	2016	2015
Marketing expenses incurred during the year	47,606,610	50,584,151
Contribution granted from suppliers	(15,472,887)	(27,242,209)
	32,133,723	23,341,942

33. CONTRIBUTION TO SOCIAL AND SPORTS FUND

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2010, which is applicable to all Qatari listed shareholding companies with publicly traded equity, the Group has made an appropriation of 2.5% of its net profit attributable to the owners of the Company to social and sports fund.

34. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding at the reporting date.

The basic and diluted earnings per share are the same as there were no dilutive effects on earnings.

	2016	2015
Profit for the year attributable to Owners of the Company	**114,207,525**	113,199,212
Adjusted weighted average number of outstanding shares	**114,314,587**	114,314,587
Basic and diluted earnings per share	**1.00**	0.99

35. PROPOSED CASH DIVIDEND

In their meeting held on 6 February 2017, the Board of Directors proposed a cash dividend of 8% amounting to QR 91,451,670 (2015 (10%): QR 114,314,587) as the dividend distribution for the current financial year which are subject to the approval of the shareholders at the General Assembly. The cash dividend for 2015 were approved by the shareholders at the General Assembly held on 5 April 2016.

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36. CONTINGENT LIABILITIES AND COMMITMENTS

	2016	2015
Letters of credit	**211,505,118**	213,929,744
Letters of guarantee	**816,491,986**	640,167,218

Operating leases commitments

Future minimum lease rentals payable under non-cancellable operating leases as at the year-end are as follows:

	2016	2015
Within one year	83,979,747	91,372,509
After one year but not more than five years	248,490,464	163,565,082
More than 5 years	12,390,513	9,364,226
	344,860,724	264,301,817

37. OPERATING SEGMENTS

The Group operates in the areas of contracting, energy and power, consumer and luxury products, technology and communication and real estate and investments.

Transactions between segments are conducted at estimated market rates, as approved by management, and are eliminated on consolidation. The following table shows the distribution of the Group's revenue, expenditure and summary of assets and liabilities.

37. OPERATING SEGMENT (CONTINUED)

In Qatari Riyals

(a) In terms of operating sectors :

31 December 2016	Contracting	Energy and Power	Consumer and luxury products	Technology and telecommunication	Real estate and investments	Total
Operating income						
From external customers	700,109,306	433,364,379	1,013,471,686	593,567,795	172,309,639	2,912,822,805
Inter-segment	27,959,382	54,225,631	1,591,273	3,234,382	28,451,511	115,462,179
Total operating income	**728,068,688**	**487,590,010**	**1,015,062,959**	**596,802,177**	**200,761,150**	**3,028,284,984**
Segment results	**(2,581,860)**	**22,418,967**	**(30,342,699)**	**66,253,303**	**63,971,599**	**119,719,310**
Assets and liabilities						
Segment assets	834,549,150	387,555,961	969,635,069	525,053,399	2,528,876,123	5,245,669,702
Segment liabilities	468,982,221	280,766,765	695,660,230	318,945,181	1,646,141,792	3,410,496,189
Other segment information						
Capital expenditures:						
Tangible assets	8,754,510	7,021,802	82,181,552	5,999,941	85,921,600	189,879,405
Intangible assets	441,374	305,567	8,136,328	-	3,496,954	12,380,223
	9,195,884	**7,327,369**	**90,317,880**	**5,999,941**	**89,418,554**	**202,259,628**
Depreciation	11,640,563	8,655,205	46,543,784	6,279,412	45,747,876	118,866,840
Amortisation	36,332	836,983	1,883,687	189,043	631,372	3,577,417

37. OPERATING SEGMENT (CONTINUED)

In Qatari Riyals

31 December 2015	Contracting	Energy and Power	Consumer and luxury products	Technology and telecommunication	Real estate and investments	Total
Operating income						
From external customers	694,474,981	292,749,819	1,128,466,623	306,137,833	169,808,240	2,591,637,496
Inter-segment	16,588,506	4,897,319	6,508,296	1,550,263	55,471,814	85,016,198
Total operating income	711,063,487	297,647,138	1,134,974,919	307,688,096	225,280,054	2,676,653,694
Segment results	(46,412,047)	5,044,975	60,755,558	24,317,798	80,177,019	123,883,303
Assets and liabilities						
Segment assets	828,025,979	289,283,597	989,270,718	205,867,159	2,552,443,850	4,864,891,303
Segment liabilities	507,633,362	197,128,384	530,555,691	143,553,552	1,636,457,669	3,015,328,658
Other segment information						
Capital expenditures:						
Tangible assets	15,573,470	9,801,549	27,181,248	2,309,148	90,679,280	145,544,695
Intangible assets	119,364	-	8,958,363	-	3,161,715	12,239,442
	15,692,834	9,801,549	36,139,611	2,309,148	93,840,995	157,784,137
Depreciation	11,477,401	8,645,873	51,096,382	1,582,332	42,101,481	114,903,469
Amortisation	485,308	968,786	2,288,874	252,058	890,125	4,885,151

37. OPERATING SEGMENT (CONTINUED)

(b) In terms of geographic locations :

	2016				2015			
	Qatar	**United Arab Emirates**	**Others**	**Total**	Qatar	United Arab Emirates	Others	Total
Operating income								
From external customers	2,339,171,946	420,470,134	153,180,725	2,912,822,805	2,001,121,398	455,925,015	134,591,083	2,591,637,496
Inter-segment	98,624,129	16,835,155	2,895	115,462,179	75,918,544	9,097,654	-	85,016,198
Total operating income	**2,437,796,075**	**437,305,289**	**153,183,620**	**3,028,284,984**	2,077,039,942	465,022,669	134,591,083	2,676,653,694
Segment results	**163,734,899**	**(32,888,546)**	**(11,127,043)**	**119,719,310**	68,021,616	56,156,037	(294,350)	123,883,303
Assets and liabilities								
Segment assets	4,620,066,017	478,106,429	147,497,256	5,245,669,702	4,244,033,777	468,541,754	152,315,772	4,864,891,303
Segment liabilities	3,110,094,277	275,067,601	25,334,311	3,410,496,189	2,789,647,878	202,992,847	22,687,933	3,015,328,658
Other segment information								
Capital expenditures:								
Tangible assets	183,369,966	6,238,822	270,617	189,879,405	134,389,630	5,581,030	5,574,035	145,544,695
Intangible assets	12,378,366	1,857	-	12,380,223	12,021,207	218,235	-	12,239,442
	195,748,332	6,240,679	270,617	202,259,628	146,410,837	5,799,265	5,574,035	157,784,137
Depreciation	102,816,514	13,020,608	3,029,718	118,866,840	96,593,133	14,420,971	3,889,365	114,903,469
Amortisation	3,483,287	94,130	-	3,577,417	4,594,429	137,968	152,754	4,885,151

38. FINANCIAL RISK MANAGEMENT

(i) Credit risk

The Group's credit risk is primarily attributable to its loans to associate companies, other assets, due from related parties, retention receivables, trade and other receivables, and bank balances. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Credit evaluations are performed on all customers requiring credit and are approved by the Group's management.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks in and outside Qatar. Given these reputation management do not expect these banks to fail on their obligations.

The Group maintains a provision for doubtful accounts receivable; the estimation of such provision is reviewed periodically and established on a case by case basis.

The following is the ageing analysis of the above mentioned instruments:

31 December 2016	**Less than 90 days**	**90-365 days**	**Over 365 days**	**Total**
Loans to associate companies	-	-	24,696,029	24,696,029
Other assets (excluding prepayments, advances and others)	9,673,031	-	-	9,673,031
Due from related parties	227,567,954	-	-	227,567,954
Retention receivables	-	106,316,103	108,416,590	214,732,693
Trade and other receivables	397,151,129	127,835,053	75,754,028	600,740,210
Bank balances	264,560,635	-	-	264,560,635
	898,952,749	**234,151,156**	**208,866,647**	**1,341,970,552**

31 December 2015	Less than 90 days	90-365 days	Over 365 days	Total
Loans to associate companies	-	-	5,753,603	5,753,603
Other assets (excluding prepayments, advances and others)	12,804,860	-	-	12,804,860
Due from related parties	227,958,837	-	-	227,958,837
Retention receivables	-	72,298,380	89,934,832	162,233,212
Trade and other receivables	375,191,605	54,617,113	61,652,538	491,461,256
Bank balances	349,106,542	-	-	349,106,542
	965,061,844	126,915,493	157,340,973	1,249,318,310

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities excluding the impact of netting agreements, if any:

31 December 2016 ***Non-derivative financial liabilities***	**Carrying amounts**	**Gross un-discounted contractual cash out flows**	**Less than 1 year**	**Above 1 year**
Borrowings	(2,291,056,383)	(2,291,056,383)	(1,006,244,714)	(1,284,811,669)
Retention payables	(40,677,947)	(40,677,947)	(24,699,589)	(15,978,358)
Other liabilities excluding provisions	(271,802,876)	(271,802,876)	(263,996,606)	(7,806,270)
Due to related parties	(2,299,720)	(2,299,720)	(2,299,720)	-
Bank overdrafts	(82,032,035)	(82,032,035)	(82,032,035)	-
Notes payable	(8,864,659)	(8,864,659)	(7,449,343)	(1,415,316)
Trade and other payables	(322,657,714)	(322,657,714)	(322,657,714)	-
	(3,019,391,344)	**(3,019,391,344)**	**(1,709,379,721)**	**(1,310,011,613)**
31 December 2015 *Non-derivative financial liabilities*	Carrying amounts	Gross un-discounted contractual cash out flows	Less than 1 year	Above 1 year
Borrowings	(2,093,729,323)	(2,093,729,323)	(769,473,784)	(1,324,255,539)
Retention payables	(33,260,186)	(33,260,186)	(19,657,028)	(13,603,158)
Other liabilities excluding provisions	(204,053,480)	(204,053,480)	(200,117,195)	(3,936,285)
Due to related parties	(3,036,189)	(3,036,189)	(3,036,189)	-
Bank overdrafts	(79,411,457)	(79,411,457)	(79,411,457)	-
Notes payable	(3,977,758)	(3,977,758)	(3,802,124)	(175,634)
Trade and other payables	(289,995,621)	(289,995,621)	(289,995,621)	-
	(2,707,464,014)	(2,707,464,014)	(1,365,493,398)	(1,341,970,616)

(iii) Market risk

(a) Equity price risk

The Group is subject to equity price risk in relation to available-for-sale investments and investment at fair value through profit or loss. The Group evaluates the current market value and other factors including normal volatility in share price for quoted equities and other relevant factors such as investment manager's periodical reports relating to unquoted equities in order to manage its market risk.

A 10% increase in market values of the Group's quoted portfolio of available-for-sale investment is expected to result in an increase in the asset and equity by QR 8,572,945 (2015: QR 8,858,303) and a 10% decrease in market values of the Group's quoted portfolio of available-for-sale investment are expected to result in a decrease of the asset and equity by QR 8,572,945 (2015: QR 8,858,303).

A 10% increase in market values of the Group's portfolio of investment at fair value through profit or loss is expected to result in an increase of QR 175,471 (2015: QR 189,798) in the assets and profit of the Group and a 10% decrease in market values of the Group's portfolio of investment at fair value through profit or loss is expected to result in a decrease of the assets and profit by QR 175,471 (2015: QR 189,798).

(b) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Management does not hedge its interest rate risk.

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

	Carrying amounts	
	2016	2015
Non-interest bearing instruments		
Bank balances	**107,610,251**	78,963,887
Fixed rate instruments		
Bank balances	104,110,693	240,193,047
Bank loans	(136,166,968)	(43,535,367)
Net financial asset	**(32,056,275)**	196,657,680
Average interest rate (p.a.)	3.75%-4.50%	3.75%-5.22%
Variable rate instruments		
Bank balances	52,839,691	29,949,608
Bank loans	(2,154,889,415)	(2,050,193,956)
Bank overdrafts	(82,032,035)	(79,411,457)
Net financial liability	**(2,184,081,759)**	(2,099,655,805)
Average interest rate (p.a.)	3.25%-4.50%	2.75% to 4.00%

The following table demonstrates the sensitivity of the Group's profit to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the profit is the effect of the assumed changes in interest rate on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2016.

	Profit or (loss)		**Profit or (loss)**	
	2016		2015	
	50 bps	50 bps	50 bps	50 bps
	Increase	Decrease	Increase	Decrease
Variable rate financial liabilities	**(10,920,409)**	**10,920,409**	**(10,498,279)**	**10,498,279**

(c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's functional currency and significant foreign currency transactions are denominated in currencies pegged with United States Dollar ("USD"). Therefore the management is of the opinion that the Group's exposure to currency risk is minimal.

Fair values versus carrying amounts

The fair values of financial instruments, with the exceptions of available-for-sale investments and investments at fair value through profit or loss, carried at cost are not materially different from their carrying values.

Capital risk management

The Group manages its capital to ensure that it will be able to continue on a going concern basis while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consists of debt, which includes the borrowing disclosed in note 24, net of cash and bank balances and equity, comprising issued share capital, reserves and retained earnings.

Gearing ratio

The Group's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratios at the year end are as follows:

	2016	2015
Debt (a)	2,373,088,418	2,173,140,780
Cash and bank balances (Note 20)	(267,771,222)	(351,746,562)
Net debt	**2,105,317,196**	1,821,394,218
Equity (b)	**1,835,173,513**	1,849,562,645
Net debt to equity	**114.72%**	98.47%

(a) Debt is defined as long and short term borrowing, as detailed in note 24 and 20.
(b) Equity includes all share capital, reserves and retained earnings of the Group.

39. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of available-for-sale financial assets

The Group treats available-for-sale financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities, the future cash flows, and the discount factors for unquoted equities.

Provision for slow moving inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Useful lives of property, plant and equipment and investment properties

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

Fair valuation of investment property

The fair value of investment property is determined by valuations from an external professional real estate valuer using recognized valuation techniques and the principles of IFRS 13 "Fair Value Measurement". These valuations entail significant estimates and assumptions about the future, which could result in significant differences in the valuations.

Revenue recognition

Management follows the guidance of IAS 11 "Construction contracts" to determine the revenue recognition on the Company's long-term contract in progress. The stage of completion of long-term contracts in progress may be determined in a variety of ways. Management is required to use judgment to identify the method that measures most reliably the work performed to the reporting date. Based on the method used to assess the stage of completion of a contract, contract revenue recognized in an accounting period may differ from another method. Management determines the stage of completion of its long-term contract for contracts by reference to percentage of cost incurred to date compared to the estimated total cost for the completion of the contract. Revenue recognized in a year using the percentage of completion method is dependent upon the estimates by management at each reporting date of contract costs for the outstanding contract.

40. LITIGATION

On 4 June 2013, the Court of Cassation overturned the Court of Appeal's verdict issued on 23 January 2013, which invalidated the executive merger procedures involving the Company in 2002 and 2005, without compromising the authenticity and legality of these decisions in terms of subject or form. Furthermore, the Court of Cassation requested the Court of Appeal for a retrial with a new committee of different judges. The Court of Appeal appointed a committee of experts to study and report about the mergers referred to above. On 23 January 2017, the Court of Appeal issued a ruling, which upheld the Court of Appeal's verdict issued on 23 January 2013. However, the Company decided to appeal before Court of Cassation against the Court of Appeal ruling on 23 January 2017.Currently, the accompanying consolidated financial statements are prepared on a similar basis, as in prior periods, including its subsidiaries acquired in the mergers referred to above.

41. COMPARATIVE FIGURES

The corresponding figures presented for 2015 have been reclassified where necessary to preserve consistency with the 2016 figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative year.

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