Salam International Investment Limited Q.S.C.

Consolidated financial statements

31 December 2015

Contents **Page(s)**

Independent auditors' report

To
The Shareholders
Salam International Investment Limited Q.S.C.
Doha
State of Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Salam International Investment Limited Q.S.C.(the "Company"), which comprise the consolidated statement of financial position as at 31 December 2015 and 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 a summary of significant accounting policies and other explanatory information.

Board of Directors responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for qualified opinion

One of the Company's subsidiaries (the "Subsidiary") owns 30% interest in a Joint Operation, the management of the Joint Operation did not prepare the financial statements for the years ended 31 December 2014 and 31 December 2015. IFRS 11, Joint Arrangements, requires a joint operator to recognise its interest in assets, liabilities, revenues and expenses in a joint operation at each reporting date. Joint Operations' assets and liabilities as at 31 December 2013 were recognised in these consolidated financial statements. Since no financial statements were prepared for this Joint Operation for these years, the Subsidiary did not recognise its share of the joint operation's assets, liabilities, revenues and expenses for these years. We were unable to determine whether any adjustments to the assets, liabilities, revenues and expenses presented in these consolidated financial statements, were necessary.

Qualified opinion

In our opinion, except for the possible effects on the consolidated financial statements of the matter described in basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without further qualifying our opinion, 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 new Court of Appeal appointed a committee of experts to study and report about the mergers referred to above. The new committee has set 13 March 2016 as the date for the next session, during which the report is to be presented. 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.

Other matter

The consolidated financial statements of the Company as at and for the year ended 31 December 2014 were audited by another auditor, who expressed a qualified opinion on those statements on 5 February 2015 due to the non-recognition of the Company's 30% interest in assets, liabilities, revenues and expenses from a Joint Operation through its Subsidiary.

Report on other legal and regulatory requirements

Except for the matters referred to in the Basis for qualified opinion paragraph, 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. We confirm that physical count of the inventories was carried out in accordance with established principles. We have reviewed the accompanying report of the Board of Directors and confirm that 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 provisions of Qatar Commercial Companies Law No. 11 of 2015, or the terms of the Company's Articles of Association during the year which might have had a material adverse effect on the business of the Company or on its consolidated financial position as at 31 December 2015.

14 February 2016
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289

Salam International Investment Limited Q.S.C.

Consolidated statement of financial position
As at 31 December 2015

In Qatari Riyals

	Note	2015	2014
Assets			
Property, plant and equipment	8	486,752,896	499,466,061
Investment properties	9	1,521,804,380	1,486,173,191
Intangible assets	10	112,843,221	105,508,212
Investment in associates	11	94,957,541	104,426,891
Investments in joint ventures	12	53,951,142	37,458,418
Available-for-sale investments	13	169,935,422	164,566,684
Retention receivables	14(a)	89,934,832	63,840,107
Loans to associate companies		5,753,603	19,338,918
Other assets	15	11,948,638	7,200,342
Non-current assets		**2,547,881,675**	2,487,978,824
Inventories	16	581,145,226	472,536,763
Other assets	15	129,594,696	128,332,517
Due from related parties	17(a)	227,958,837	178,011,221
Retention receivables	14(a)	72,298,380	64,558,101
Excess of revenue over billings from contract works		455,518,019	483,807,937
Investments at fair value through profit or loss	18	1,897,980	2,621,020
Trade and other receivables	19	496,849,928	441,077,410
Cash and bank balances	20	351,746,562	378,971,392
Current assets		**2,317,009,628**	2,149,916,361
Total assets		**4,864,891,303**	4,637,895,185

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

Salam International Investment Limited Q.S.C.

Consolidated statement of financial position
As at 31 December 2015 In Qatari Riyals

	Note	2015	2014
Equity			
Share capital	21	1,143,145,870	1,143,145,870
Legal reserve	22	419,761,184	408,441,263
Fair value reserve		(2,993,007)	5,207,526
Proposed cash dividend	35	91,451,670	68,588,752
Retained earnings		32,486,676	25,583,412
Total equity attributable to owners of the Company		**1,683,852,393**	1,650,966,823
Non-controlling interests	23	165,710,252	179,055,269
Total equity		**1,849,562,645**	1,830,022,092
Liabilities			
Borrowings	24	1,324,255,539	1,314,087,213
Employees' end of service benefits	25	68,390,288	64,008,874
Retention payables	14(b)	13,603,158	15,636,101
Other liabilities		8,459,490	8,561,000
Notes payable		175,634	-
Non-current liabilities		**1,414,884,109**	1,402,293,188
Due to related parties	17(b)	3,036,189	1,489,968
Bank overdrafts	20	79,411,457	63,352,687
Borrowings	24	769,473,784	625,044,125
Notes payable		3,802,124	7,850,029
Retention payables	14(b)	19,657,028	19,688,096
Advances from customers		142,521,227	130,565,141
Excess of billings over revenues from contract works		77,690,115	49,122,694
Other liabilities	26	214,857,004	211,655,076
Trade and other payables		289,995,621	296,812,089
Current liabilities		**1,600,444,549**	1,405,579,905
Total liabilities		**3,015,328,658**	2,807,873,093
Total equity and liabilities		**4,864,891,303**	4,637,895,185

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 14 February 2016.

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.

Consolidated statement of profit or loss
For the year ended 31 December 2015 In Qatari Riyals

	Note	2015	2014
Operating income	28	2,466,429,019	2,373,133,128
Operating cost	29	(1,891,123,836)	(1,773,688,206)
Gross profit		575,305,183	599,444,922
Investment income	30	201,328,278	148,915,150
Other operating income		3,520,217	5,247,970
Service and consultancy income		5,171,414	1,709,354
Other income	31	27,758,942	28,710,028
Share of result from joint ventures, net	12	5,562,031	7,708,525
Share of result from associates, net	11	2,093,297	(945,331)
Salaries and staff benefits		(307,866,358)	(297,862,524)
General and administrative expenses	32	(199,961,913)	(216,105,342)
Amortisation of intangible assets	10	(4,885,151)	(5,031,598)
Depreciation of investment properties	9	(26,937,819)	(26,913,893)
Depreciation of property, plant and equipment	8(iii)	(76,478,431)	(70,559,729)
Impairment of goodwill	10	-	(5,500,452)
Finance costs		(70,916,001)	(76,677,928)
Profit before executive managers' bonus		133,693,689	92,139,152
Executive managers' bonus	17(c)	(7,610,386)	(4,227,763)
Proposed Directors' remuneration	17(c)	(2,200,000)	(1,100,000)
Profit		123,883,303	86,811,389
Attributable to:			
Owners of the Company		113,199,212	78,283,384
Non-controlling interests	23	10,684,091	8,528,005
Profit		123,883,303	86,811,389
Basic and diluted earnings per share	34	0.99	0.68

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

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

In Qatari Riyals

	Note	2015	2014
Profit		**123,883,303**	86,811,389
Other comprehensive income:			
Transfer to profit on disposal of available-for-sale investments	13(c)	-	(204,674)
Net movement in cumulative changes in fair value of available-for-sale investments	13(c)	(8,200,533)	5,132,887
Other comprehensive income		**(8,200,533)**	4,928,213
Total comprehensive income		**115,682,770**	91,739,602
Attributable to:			
Owners of the Company		104,998,679	83,211,597
Non-controlling interests		10,684,091	8,528,005
Total comprehensive income		**115,682,770**	91,739,602

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

Salam International Investment Limited Q.S.C.

Consolidated statement of changes in equity
For the year ended 31 December 2015

In Qatari Riyals

31 December 2015	Share capital	Legal reserve	Fair value reserve	Proposed cash dividend	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the to the owners of the Company							
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)
Other 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)	-	-	-	91,451,670	(91,451,670)	-	-	-
Transfer to legal reserve	-	11,319,921	-	-	(11,319,921)	-	-	-
Provision for social contribution	-	-	-	-	(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)**	**91,451,670**	**32,486,676**	**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.S.C.

Consolidated statement of changes in equity
For the year ended 31 December 2015

In Qatari Riyals

	Attributable to the to the owners of the Company							
31 December 2014	Share capital	Legal reserve	Fair value reserve	Proposed cash dividend	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2014	1,143,145,870	400,612,925	279,313	114,314,587	25,331,444	1,683,684,139	184,559,327	1,868,243,466
Profit	-	-	-	-	78,283,384	78,283,384	8,528,005	86,811,389
Other comprehensive								
Transfer to profit on disposal of available-for-sale investments	-	-	(204,674)	-	-	(204,674)	-	(204,674)
Net movement in cumulative changes in fair value of available-for-sale investments	-	-	5,132,887	-	-	5,132,887	-	5,132,887
Other comprehensive income	-	-	4,928,213	-	78,283,384	83,211,597	8,528,005	91,739,602
Cash dividend paid	-	-	-	(114,314,587)	-	(114,314,587)	-	(114,314,587)
Proposed cash dividend (Note 35)	-	-	-	68,588,752	(68,588,752)	-	-	-
Transfer to legal reserve	-	7,828,338	-	-	(7,828,338)	-	-	-
Provision for social contribution	-	-	-	-	(1,957,085)	(1,957,085)	-	(1,957,085)
Acquisition – Additional purchase of subsidiary shares	-	-	-	-	342,759	342,759	(10,002,023)	(9,659,264)
Net movement in non-controlling interests	-	-	-	-	-	-	(4,030,040)	(4,030,040)
Balance at 31 December 2014	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

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

Consolidated statement of cash flows
For the year ended 31 December 2015 In Qatari Riyals

	2015	2014
Cash flows from operating activities		
Profit	123,883,303	86,811,389
Adjustments for :		
- Provision for doubtful receivables	6,415,671	1,975,719
- Provision for slow moving inventories	2,922,073	7,120,083
- Gain on sale of available-for-sale investments	(564,702)	(265,060)
- Unrealised loss / (gain) on investments at fair value through profit or loss	723,040	(994,180)
- Amortisation of intangible assets	4,885,151	5,031,598
- Impairment of goodwill	-	5,500,452
- Depreciation of investment properties	26,937,819	26,913,893
- Depreciation of property, plant and equipment	87,965,650	83,445,575
- Gain on sale of investment properties	-	(4,635,060)
- Gain on sale of property, plant and equipment	(231,023)	(959,654)
- Loss from disposal of property, plant and equipment	1,876,487	-
- Loss from disposal of intangible assets	-	321,145
- Gain on sale of investment in an associate	(62,079,993)	-
- Provision for employees' end of service benefits	15,525,021	14,691,366
- Finance costs	70,916,001	76,677,928
- Interest income	(12,567,398)	(14,559,730)
- Dividend income	(1,630,748)	(3,171,611)
- Share of results from investments in associates	(2,093,297)	945,331
- Share of profit from investment in joint ventures	(5,562,031)	(7,708,525)
Operating profit before working capital changes	**257,321,024**	277,140,659
Changes in:		
- Loan to associate companies	13,585,315	-
- Inventories	(111,530,536)	(63,312,756)
- Other assets	(6,010,475)	1,478,583
- Due from related parties	(49,947,616)	(55,462,563)
- Retentions receivables	(33,835,004)	(4,730,228)
- Excess of revenue over billings from contract works	28,289,918	(150,347,871)
- Trade and other receivables	(62,188,189)	(76,086,717)
- Due to related parties	1,546,221	(13,510,717)
- Net movement in notes payable	(3,872,271)	84,933
- Retention payables	(2,064,011)	6,338,049
- Advances from customers	11,956,086	2,179,700
- Excess of billings over revenue from contract works	28,567,421	(5,601,249)
- Trade and other payables and other liabilities	(5,782,289)	(6,270,519)
Cash generated from / (used in) operating activities	66,035,594	(88,100,696)
Employees' end of service benefits paid	(11,143,607)	(6,817,751)
Net cash from / (used in) operating activities	**54,891,987**	(94,918,447)

(Continued)

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

Salam International Investment Limited Q.S.C.

Consolidated statement of cash flows
For the year ended 31 December 2015

In Qatari Riyals

(Continued)

	2015	2014
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(82,975,687)	(85,610,352)
Proceeds from sale of property, plant and equipment	6,077,738	13,138,146
Payments for purchase of investment properties	(62,569,008)	(4,446,590)
Proceeds from sale of investments properties	-	456,274,436
Payments for purchase of available- for- sale investments	(14,638,122)	(11,525,575)
Proceeds from sale of available- for- sale investments	1,633,553	1,048,136
Net movement in intangible assets	(12,220,160)	(12,496,581)
Purchase of investments at fair value through profit or loss	-	(1,626,840)
Proceeds from sale of investment in an associate	65,390,464	-
Purchase of investments in associates	(2,530,439)	(8,549,636)
Purchase of investments in joint ventures	(10,930,693)	-
Acquisition of additional shares of subsidiaries	(24,883,492)	(9,659,264)
Dividends received from an associate	10,018,874	4,569,558
Dividends received from joint venture	-	10,930,693
Dividends received from available for sale investments	1,630,748	3,171,611
Interest received	12,567,398	14,559,730
Net cash (used in) / from investing activities	**(113,428,826)**	369,777,472
Cash flows from financing activities		
Net movement in borrowings	154,597,985	(137,816,046)
Net movement in non-controlling interests	160,007	(4,030,040)
Finance costs paid	(70,916,001)	(76,677,928)
Dividends paid	(68,588,752)	(114,314,587)
Cash flows from / (used in) financing activities	**15,253,239**	(332,838,601)
Net decrease in cash and cash equivalents	**(43,283,600)**	(57,979,576)
Cash and cash equivalents at 1 January	315,618,705	373,598,281
Cash and cash equivalents at 31 December (Note 20)	**272,335,105**	315,618,705

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

1 Reporting entity

Salam International Investment Limited Q.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.

These consolidated financial statements as at and for the year ended 31 December 2015 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 laxury products, technology, realestate and development sectors, and to invest in securities in local and overseas market.

2 Basis of accounting

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were autorised to issue by the Company's board of directors on 14 February 2016.

The details of the Group accounting policies are included in note 6.

3 Functional and presentation currency

The consolidated financial statements are presented in Qatari Riyals, which is the Group's functional currency and all values are rounded to the nearest Qatari Riyal except when 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 disclosed 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 2015 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.

6 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

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 a joint venture.

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.

6 Significant accounting policies (continued)

(b) Foreign currency (continued)

Foreign currency transactions (continued)

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.

6 Significant accounting policies (continued)

(c) Revenue (continued)

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 revenue

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.

6 Significant accounting policies (continued)

(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.

6 Significant accounting policies (continued)

(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 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 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

Investment property is property held either to earn rentals or for capital appreciation or both, but not for sale in ordinary course of business, use in production in the production or supply of goods or services or for administrative purpose. Investment property is stated at cost less accumulated depreciation and impairment losses, if any. Investment properties, other than land, are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	10-23 years
Salam Tower	50 years
Salam Plaza	10-20 years

6 Significant accounting policies (continued)

(f) Investment property (continued)

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

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) 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.

(h) 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.

6 Significant accounting policies (continued)

(h) Financial instruments (continued)

Non-derivative financial assets and financial liabilities – recognition and derecognition (continued)

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.

6 Significant accounting policies (continued)

(i) 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.

6 Significant accounting policies (continued)

(i) Impairment (continued)

Non-derivative financial assets (continued)

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.

6 Significant accounting policies (continued)

(j) 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.

(k) 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.

6 Significant accounting policies (continued)

(l) 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.

(m) 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.

(n) New standards, amendments and interpretations effective from 1 January 2015

The following standards, amendments and interpretations, which became effective as of 1 January 2015, are relevant to the Group:

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees periods of service using the project unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees periods of service.

The adoption of this amendment had no significant impact on the consolidated financial statements.

6 Significant accounting policies (continued)

(n) New standards, amendments and interpretations effective from 1 January 2015 (continued)

Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles various standards

The annual improvements to IFRSs to 2010-2012 and 2011 -2013 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 July 2014; 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 following are the key amendments in brief:

- The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit or loss. IAS 37 Provisions, Contingent Liabilities and Contingent Assets is amended to exclude provisions related to contingent consideration. IFRS 3 is also not applicable to the accounting for the formation of all types of joint arrangements in IFRS 11 Joint Arrangements (including joint operations) in the financial statements of joint arrangements themselves.

- IFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include:

  - a brief description of the operating segments that have been aggregated; and

  - the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics.

  In addition, this amendment clarifies that a reconciliation of the total of the reportable segments assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker.

- The IASB has clarified that, in issuing IFRS 13 and making consequential amendments to IAS 39 and IFRS 9, it did not prevent entities from measuring short term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is not material. IFRS 13 has also been amended to clarify that portfolio exception applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.

6 Significant accounting policies (continued)

(n) New standards, amendments and interpretations effective from 1 January 2015 (continued)

Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles various standards (continued)

- The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. The accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

- The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of IAS 24.

- IAS 40 has been amended to clarify that an entity should:

  - assess whether an acquired property is an investment property under IAS 40; and

  - perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

  Entities will still need to use judgement to determine whether the acquisition of an investment property is an acquisition of a business under IFRS 3.

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

(o) 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 2015 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements Resulting from the application of IFRS 9.

6 Significant accounting policies (continued)

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

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 assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

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

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

6 Significant accounting policies (continued)

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

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

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

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 Group is assessing the potential impact on its (consolidated) financial statements resulting from the application.

The following are the key amendments in brief:

- IFRS 5 – when an asset (or disposal group) is reclassified from ‘held for sale’ to ‘held for distribution’ or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such

- 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

6 Significant accounting policies (continued)

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

Annual Improvements to IFRSs 2012–2014 Cycle – various standards (continued)

- 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.

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

Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures clarify that:

- The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities.

- An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

- Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

The amendments to IFRS 10 apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. Early adoption is permitted.

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.

6 Significant accounting policies (continued)

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

Disclosure Initiative (Amendments to IAS 1) (continued)

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

7 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- 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.

7 Financial risk management (continued)

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.

The carrying amount of financial assets represents the maximum credit exposure.

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.

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.

7 Financial risk management (continued)

iii) Market risk (continued)

Currency risk (continued)
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.

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

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.

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 2014	243,983,553	65,732,602	336,753,407	40,456,309	178,445,670	39,679,313	905,050,854
Additions	139,400	930,002	13,139,253	3,275,393	19,361,178	48,765,126	85,610,352
Disposals / write off	(866,958)	(1,674,966)	(2,383,091)	(1,796,576)	(3,336,331)	(10,040,500)	(20,098,422)
Transfer from investment property (iv)	27,677,128	-	-	-	-	-	27,677,128
Transfers	-	28,129,288	17,672,159	595,000	17,476,816	(63,873,263)	-
Balance at 31 December 2014	270,933,123	93,116,926	365,181,728	42,530,126	211,947,333	14,530,676	998,239,912
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
Accumulated depreciation							
Balance at 1 January 2014	48,446,699	35,534,387	195,205,592	30,828,280	108,922,323	-	418,937,281
Depreciation (iii)	11,224,718	7,298,285	37,142,602	3,853,096	23,926,874	-	83,445,575
Disposals	(90,767)	(1,656,641)	(2,219,534)	(1,473,389)	(2,479,599)	-	(7,919,930)
Transfer from investment property (iv)	4,310,925	-	-	-	-	-	4,310,925
Balance at 31 December 2014	63,891,575	41,176,031	230,128,660	33,207,987	130,369,598	-	498,773,851
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
Carrying amounts							
At 31 December 2015 (v)	**211,584,389**	**49,667,803**	**107,393,382**	**10,850,750**	**86,133,326**	**21,123,246**	**486,752,896**
At 31 December 2014	207,041,548	51,940,895	135,053,068	9,322,139	81,577,735	14,530,676	499,466,061
	(i)&(ii)						

8 Property, plant and equipment (continued)

(i) This includes buildings costing QR 148,261,295 (2014: 132,287,889) 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:

	2015	2014
Operating cost	11,487,219	12,885,846
Depreciation expenses	76,478,431	70,559,729
	87,965,650	83,445,575

(iv) In 2014, due to the change of usage of the part of the building owned by the Group from revenue generation to owner occupied property, the related cost and accumulated depreciation balances were transferred from investment properties to property, plant and equipment.

(v) Management is of the opinion that the recoverable amounts of the property, plant and equipment are higher than their carrying amounts

9 Investment properties

	Land in Palestine	Land and building in United Arab Emirates	Land and buildings in Qatar: Salam Tower	Salam Plaza	Jumana Tower	The Gate Towers and Mall	Property under development	Total
Cost								
Balance at 1 January 2014	4,795,529	187,413,622	87,088,451	285,817,715	419,351,133	1,040,802,228	44,411,098	2,069,679,776
Additions	-	-	-	-	-	-	4,446,590	4,446,590
Transfer to property, plant and equipment (Note 8)	-	-	-	(27,677,128)	-	-	-	(27,677,128)
Disposals	-	-	-	-	(419,351,133)	-	(43,766,000)	(463,117,133)
Transfers	-	-	-	-	-	1,758,723	(1,758,723)	-
Balance at 31 December 2014	4,795,529	187,413,622	87,088,451	258,140,587	-	1,042,560,951	3,332,965	1,583,332,105
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
Accumulated depreciation								
Balance at 1 January 2014	-	11,515,448	17,920,132	4,310,925	10,935,161	41,352,037	-	86,033,703
Transfer to property, plant and equipment (Note 8)	-	-	-	(4,310,925)	-	-	-	(4,310,925)
Disposals	-	-	-	-	(11,477,757)	-	-	(11,477,757)
Depreciation	-	3,669,264	1,663,042	-	542,596	21,038,991	-	26,913,893
Balance at 31 December 2014	-	15,184,712	19,583,174	-	-	62,391,028	-	97,158,914
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
Carrying amounts								
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**
At 31 December 2014	4,795,529	172,228,910	67,505,277	258,140,587	-	980,169,923	3,332,965	1,486,173,191
	(i)	(ii)	(iii)	(iv)	(v)	(iv)	(vi)	

9 Investment properties (continued)

(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 19,477,128 (2014: QR.17,042,487) based on a valuation carried out on 14 January 2016 by an independent external independent 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. 5,608,681 (2014: QR. 5,689,967) based on a valuation carried out on 26 January 2016 by an external independent valuer based in Dubai, UAE. The original cost of this plot of land was QR. 3,775,693 (2014: 3,760,793).

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. 85,247,436 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. This did not occur as of 31 December 2015.

The fair value of these three plots of land was QR. 86,675,998 (2014: QR 87,722,446) based on a valuation carried out on 26 January 2016 by an external independent valuer based in Dubai, UAE. The original cost of this plot of land was QR. 85,922,962 (QR. 85,247,436).

b) Building at Dubai Investment Park – This building is being leased as business office and warehouse. The fair value of this property was QR. 74,504,950 (2014: 75,247,525) based on a valuation carried out on 26 January 2016 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 61,294,969 (2014: 58,008,594).

c) Grosvenor Business Bay Tower 1 – This represents one floor of office leased to third parties. The fair value of this property was QR 25,828,584 (2014: 25,893,644) based on a valuation carried out on 26 January 2016 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 24,693,115 (2014: 25,212,087).

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 20,049,505 based on a valuation carried out on 2 February 2016 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 19,411,519 (2014: Nil).

9 Investment properties (continued)

(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.441,177,000 (2014: QR. 434,047,000) based on a valuation carried out on 31 December 2015 by an external independent valuer.

(iv) This represents "Salam Plaza" and "The Gate Towers and Mall". The fair value of these properties was QR 2,025,118,000 (2014: QR. 1,947,529,000) based on valuations carried out on 31 December 2015 by an independent external valuer based in Doha – Qatar. The carrying amount of these properties as at 31 December 2015 was QR.1,335,471,308 (2014: QR. 1,354,329,517), out of which QR 113,176,241 (2014: QR. 116,019,007) 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) Jumana Tower was a newly developed residential tower located at the Pearl Area - Doha, State of Qatar. This property was sold during the year 2014, which resulted a gain on sale amounting to QR 1,338,990 (Note 30).

(vi) Investment property under development comprise following properties;

(a) A plots of land located in Lusail city, Doha – State of Qatar, having a cost of QR 43,766,000, was sold during the year 2014, with a gain on sale amounting QR 4,635,060 (Note 30)

(b) Capital work in progress with a carrying value of QR 33,751,400 (2014: QR 3,332,965) representing 10 new villas which were purchased during the year for leasing purposes and is still under development.

The Group earned rental income of QR. 125.2 million from investment properties during the year ended 31 December 2015 (2014: QR 109.7). These rentals are classified as investment income in the consolidated statement of profit or loss (Note 30).

10 Intangible assets

	2015	2014
Goodwill (i)	76,321,443	76,321,443
Development cost (ii)	36,521,778	29,186,769
	112,843,221	105,508,212

(i) Goodwill

	2015	2014
Balance at 1 January	76,321,443	81,821,895
Impairment loss	-	(5,500,452)
Balance at 31 December	**76,321,443**	76,321,443

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:

	2015	2014
Alu Nasa Company O.P.C, Qatar*	-	4,229,639
Gulf Industries for Refrigeration and Catering Company O.P.C, Qatar*	-	1,270,813
International Trading & Contracting Company O.P.C., 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 O.P.C., Qatar	9,596,160	9,596,160
Salam Industries O.P.C., Qatar	7,531,543	7,531,543
Salam Petroleum Services O.P.C., Qatar	12,937,048	12,937,048
Stream Industries and Engineering Company O.P.C., Qatar	15,178,083	15,178,083
Salam Enterprises O.P.C, 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 O.P.C	2,705,253	2,705,253
	76,321,443	81,821,895
Less impairment*	-	(5,500,452)
	76,321,443	76,321,443

* In 2014, following the impairment test performed by the Group, Goodwill allocated to these CGUs were written off as they were deemed impaired.

10 Intangible assets (continued)

(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.

	2015	2014
Cost		
Balance at 1 January	55,752,265	43,576,828
Additions	12,239,442	12,496,581
Deletion	(19,282)	(321,144)
Balance at 31 December	**67,972,425**	55,752,265
Accumulated amortisation		
Balance at 1 January	26,565,496	21,533,898
Amortisation	4,885,151	5,031,598
Balance at 31 December	**31,450,647**	26,565,496
Carrying amount	**36,521,778**	29,186,769

11 Investment in associates

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

	Ownership		**2015**	2014
	2015	2014		
Serene Real Estate S.A.L. (Lebanon) (i)	48.99%	48.99%	59,756,160	69,978,338
SAJ Emirates Trading L.L.C (U.A.E) (i) &(ii)	-	43%	-	3,310,471
PC Deal Net W.L.L. (Qatar) (i)	51%	51%	102,000	397,600
Qatar Aluminum Extrusion Company P.S.C(Qatar) (i)	20%	20%	7,252,573	8,048,794
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%	5,715,789	4,853,101
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) (i)	25%	25%	4,824,092	4,734,653
Technical Field Services Limited (UAE)(i)	50%	50%	7,051,127	5,289,134
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%	-	100,000	-
Harris Salam W.L.L(Qatar) (i)	51%	-	357,000	-
Dutchkid FZCO and Just Kidding General Trading Company (UAE) (i)	50%	-	1,984,000	-
			94,957,541	104,426,891

The carrying values of the investment in associates have been adjusted for the results of associates for the year ended 31 December 2015 which are based on the audited / management financial statements.

11 Investment in associates (continued)

(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 in associate was sold during the year and resulted a gain of QR 62,079,993 (Note 30)

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

	2015	2014
Balance at 1 January	104,426,891	102,848,091
Additions	2,530,439	8,549,636
Disposals	(3,310,471)	-
Dividends received	(10,018,874)	(4,569,558)
Amount transferred from equity to loan	-	(1,277,227)
Share of results from associates, net	1,329,556	(1,124,051)
Balance at 31 December	**94,957,541**	104,426,891

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

a. Wikaya Contracting W.L.L(Qatar)

During 2015, 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 a total investment of QR 100,000 against the 50% shares of Wikaya Contracting W.L.L

b. Harris Salam W.L.L(Qatar)

During 2015, the Group entered into an "Agreement" with Harris System Limited (a company incorporated in UK) to establish a new company Haris Salam W.L.L. with a total paid capital of QR. 700,000. The Group's share in the capital is 51%.

c. Dutchkid FZCO and Just Kidding General Trading Company (UAE)

During 2015, 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 UAE (a company incorporated in United Arab Emirates). As at the reporting date the Group has made a total investment of QR 1,984,000 against the 50% shares of Dutchkid FZCO UAE.

d. Robert Abi Nader International Limited("RAN")

During 2014, SIIL entered into an "Agreement" with RAN International Limited(a company incorporated in United Arab Emirates) and Mr. Robert Abi Nader to establish a new limited liability company named Robert Abi Nader International Limited with a total paid capital of AED. 50,000. SIIL Share in the capital is 25% and, per the RAN Agreement, SIIL is required to make additional investments in stages with no effect on its share in capital.

11 Investment in associates (continued)

e. Canon Office Imaging Solutions (Doha) W.L.L.

During 2014, the Group entered into a "Shareholders Agreement" with Cannon Middle East FZ-LLC (a company incorporated in United Arab Emirates) to establish a new limited liability company named Canon Office Imaging Solutions L.L.C. with a total capital of QR. 36,400,000. The Group's share in the capital is 51%, however the profit distributed will be 40% to the Group and 60% to Canon Middle East FZ-LLC.

(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 - 2015

Associate	**1 January 2015**	**(gain)/loss during the year (a)**	**Absorption of losses (b)**	**31 December 2015**
Salam Media Cast LLC (UAE)	1,157,340	(77,031)	-	1,080,309
Salam Sice Tech Solutions	740,684	(686,710)	-	53,794
	1,898,024	**(763,741)**	**-**	**1,134,103**

Share of losses applied to due from related parties - 2014

Associate	1 January 2014	(gain)/loss during the year (a)	Absorption of losses (b)	31 December 2014
Salam Media Cast LLC (UAE)	750,317	407,023	-	1,157,340
Salam Sice Tech Solutions	1,326,426	(585,743)	-	740,684
OFFITECO	565,391	-	(565,391)	-
	2,642,134	(178,720)	(565,391)	1,898,024

(a) The share of loss from associates' operations is reported in the consolidated financial statements as follows:

	2015	2014
Total share of (gain)/loss applied to investment in associates	(1,329,556)	1,124,051
Total share of (gain) applied to amount due from related parties	(763,741)	(178,720)
Total (reported in the consolidated statement of profit or loss)	**(2,093,297)**	945,331

(b) In 2014, the Company absorbed the losses in its investment in Technical Office for Studies and Monitoring Works W.L.L. (OFFITECO) for an amount of QR 667,391. Out of this an amount QR 565,391 was accounted for as loss applied to balance with a related party during the years ended 31 December 2012 and 2013, after the reduction of the investment account to zero. After this absorption, the investment in this entity is back to its original value of QR 102,000.

12 Investment in joint ventures

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

	Ownership			
	2015	2014	**2015**	2014
4 Homes FZCO L.L.C. (UAE)	70%	70%	53,913,620	36,349,327
Shift Point L.L.C. (Qatar)	51%	51%	37,522	1,109,091
			53,951,142	37,458,418

The carrying values of the investment in joint ventures have been adjusted for the results of joint ventures for the year ended 31 December 2015, which are based on the audited / management financial statements.

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

	2015	2014
Balance at 1 January	37,458,418	40,680,586
Additions during the year	10,930,693	-
Share of results from joint venture during the year, net	5,562,031	7,708,525
Dividends received during the year	-	(10,930,693)
Balance at 31 December	**53,951,142**	37,458,418

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

	2015	2014
Total assets	81,238,114	72,757,525
Total liabilities	(17,411,912)	(16,290,710)
Net assets	**63,826,202**	56,466,815

	2015	2014
Total revenue	126,796,103	108,612,670
Total net profit for the year	7,359,386	10,795,059
Proportion of Company's interest in joint venture's profit	**5,562,031**	7,708,525

13 Available-for-sale investments

	2015	2014
Quoted equity instruments (i)		
i. Equity Securities - Qatar	20,302,614	22,822,989
ii. Equity Securities – UAE	555,869	555,681
iii. Equity Securities – Jordan	31,997,519	36,535,003
iv. Equity Securities – Bahrain	1,324,278	2,365,907
v. Equity Securities – Cayman Islands	34,402,753	20,880,265
	88,583,033	83,159,845
Unquoted equity instruments (ii)	81,352,389	81,406,839
	169,935,422	164,566,684

(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 2015. 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	**2015**	2014
i.	Qatari Riyals.	20,302,614	22,822,990
ii.	US Dollars	99,755,479	87,329,068
iii.	Jordanian Dinars	32,653,235	37,190,720
iv.	Emirati Dirham	555,869	555,681
v.	Saudi Riyals	16,668,225	16,668,225
		169,935,422	164,566,684

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

	2015	2014
Balance at 1 January	164,566,684	148,895,972
Additions during the year	14,638,122	11,525,575
Disposals during the year	(1,068,851)	(783,076)
Movement in fair value during the year	(8,200,533)	4,928,213
Balance at 31 December	**169,935,422**	164,566,684

13 Available-for-sale investments (continued)

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

	2015	2014
Balance at 1 January	5,207,526	279,313
Effect of change in fair value during the year	(8,200,533)	5,132,887
Realised in profit or loss during the year	-	(204,674)
Balance at 31 December	**(2,993,007)**	5,207,526

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.

	2015	2014
Current	72,298,380	64,558,101
Non-current	89,934,832	63,840,107
	162,233,212	128,398,208

(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.

	2015	2014
Current	19,657,028	19,688,096
Non-current	13,603,158	15,636,101
	33,260,186	35,324,197

15 Other assets

	Current		Non-current	
	2015	2014	**2015**	2014
Prepayments	25,315,374	24,801,978	-	-
Advance payments	51,415,339	32,751,563	-	-
Accrued income	12,804,860	6,984,607	-	-
Others	40,059,123	63,794,369	11,948,638	7,200,342
	129,594,696	128,332,517	**11,948,638**	7,200,342

16 Inventories

	2015	2014
Finished goods and goods for resale	612,777,175	523,273,194
Goods in transit	22,495,484	7,601,128
	635,272,659	530,874,322
Less: provision for slow moving inventories	(54,127,433)	(58,337,559)
	581,145,226	472,536,763

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 :

	2015	2014
Balance at 1 January	58,337,559	58,219,923
Provisions during the year	2,922,073	7,120,083
Write-offs/reversals during the year	(7,132,199)	(7,002,447)
Balance at 31 December	**54,127,433**	58,337,559

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:

	2015	2014
Revenue	**23,563,798**	30,152,709
Cost of sales	**13,047,546**	772,035
Rent income from investment properties	**2,140,880**	629,230
Other income	**757,634**	478,080
Other expenses	**1,749,165**	620,131
Financing advance to a related party	**5,474,638**	43,937,035
Gain on sale of part of business in a subsidiary	**-**	14,268,800

17 Related parties (continued)

(a) Due from related parties

	2015	2014
Serene Real Estate S.A.L.	142,582,083	124,617,772
Bassam Abu Issa	234,397	80,583
Salam Holdings W.L.L.	1,666,918	202,865
Salam Interconsult W.L.L.	130,284	130,284
Burhan ITC joint venture	23,986,409	4,433,080
PC Dealnet Qatar W.L.L.	666,532	1,057,508
Holmesglen Australia	30,999,530	30,985,265
Al Hussam Holding Company	7,603,270	4,215,728
Salam Sice Tec Solutions W.L.L.	5,692,587	1,115,501
John Steven Ezzo	338,682	101,390
Meta Coat	5,407,216	2,165,361
Real Jubail Investment W.L.L.	479,341	179,242
Graeme Sherrif	--	591,690
Technical Field Services	6,077,924	7,935,955
Mr. Joseph Makdessi	196,204	198,997
Mideco Trading & Contracting W.L.L.	459,652	-
Soula Systems	1,000,050	-
Salam Media Cast – Dubai	6,793	-
Salam Media Cast - Doha	24,413	-
Shift Point L.L.C.	406,552	-
	227,958,837	178,011,221

(b) Due to related parties

	2015	2014
Omnix International	94,166	140,736
Shift Point L.L.C.	-	26,296
Al Nooh Wood Industries	330,908	202,361
Luay Mahmoud Darwish	415,028	543,232
Riyadh George Maqiss	287,667	422,191
Salam Media Cast - Doha	-	95,586
Salam Media Cast - Dubai	-	821
Offiteco W.L.L.	53,086	58,745
New Image USA	33,570	-
Canon office Imaging	1,821,764	-
	3,036,189	1,489,968

(c) Compensation of key management personnel

Short-term and long term benefits	**2015**	2014
Executive managers' bonus	7,610,386	4,227,763
Proposed Directors' remuneration	2,200,000	1,100,000
Salaries and other short-term benefits	39,148,858	34,975,127
Long-term benefits	1,710,500	1,376,030
	50,669,744	41,678,920

18 Investments at fair value through profit and loss

	2015	2014
Listed securities		
Equity securities – Qatar	**1,897,980**	2,621,020

19 Trade and other receivables

	2015	2014
Trade receivables	540,535,135	467,149,816
Provision for doubtful trade receivables	(49,073,879)	(45,393,611)
	491,461,256	421,756,205
Notes receivables	5,388,672	19,321,205
	496,849,928	441,077,410

Ageing of trade receivables

	2015	2014
Trade receivables not past due (0 to 60 days)	338,608,380	274,428,084
Trade receivables past due and not impaired		
61 to 90 days	36,583,225	25,718,421
91 to 120 days	18,462,933	39,146,728
121 to 365 days	36,154,180	48,136,487
Beyond 1 year	61,652,538	34,326,485
	491,461,256	421,756,205
Trade receivables past due and impaired		
Beyond 121 days	49,073,879	45,393,611
	540,535,135	467,149,816

Movement of provision for doubtful trade receivables

	2015	2014
Balance at 1 January	45,393,611	50,941,614
Provisions during the year	6,415,671	1,975,719
Write-offs/reversal during the year	(2,735,403)	(7,523,722)
Balance at 31 December	**49,073,879**	45,393,611

The average credit period for sale of goods and rendering of services is 60 days for private sectors and 90 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 statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2015	2014
Cash balances	2,640,020	2,641,129
Bank balances	349,111,542	376,330,263
Cash and bank balances	351,746,562	378,971,392
Less: bank overdraft (i)	(79,411,457)	(63,352,687)
Cash and cash equivalents	**272,335,105**	315,618,705

(i) Bank overdrafts carried an average interest rates ranging from 3.25% to 5.50% (2014: 3.75% to 4.25% p.a.)

21 Share capital

	2015	2014
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

	2015	2014
Balance at 1 January	179,055,269	184,559,327
Sold during the year to the owners of the Company	(24,189,115)	(10,002,023)
Share of profit for the year	10,684,091	8,528,005
Net movement in non-controlling interests	160,007	(4,030,040)
Balance at 31 December	**165,710,252**	179,055,269

24 Borrowings

	Current		Non-current	
	2015	2014	**2015**	2014
Term loan (a)	311,857,691	292,012,817	1,324,255,539	1,313,732,149
Loan against trust receipt (b)	364,525,087	270,319,018	-	355,064
Project finance (c)	93,091,006	62,712,290	-	-
	769,473,784	625,044,125	**1,324,255,539**	1,314,087,213

(a) Term loan represent the following :

	Maturity	**2015**	2014
Loan -1 (i)	30 June 2024	869,150,593	857,445,090
Loan -2 (ii)	2 December 2018	95,589,375	127,452,500
Loan -3 (iii)	17 July 2017	67,080,263	105,411,842
Loan -4 (iv)	22 September 2019	94,180,799	100,105,606
Loan -5 (v)	31 March 2019	73,967,969	91,037,500
Loan -6 (vi)	20 January 2018	60,691,667	72,830,000
Loan -7 (vii)	30 September 2020	40,000,000	45,000,000
Loan -8	-	-	38,888,889
Loan -9 (viii)	1 October 2018	22,134,553	28,810,540
Loan -10 (ix)	29 June 2019	20,588,235	25,000,000
Loan -11	-	-	22,759,375
Loan -12 (x)	22 March 2016	3,779,103	18,065,689
Loan -13	-	-	14,566,000
Loan -14 (xi)	27 January 2018	24,803,333	14,000,000
Loan -15 (xii)	1 January 2019	10,203,720	13,059,888
Loan -16 (xiii)	31 March 2018	7,390,401	10,492,380
Loan -17	-	-	6,375,000
Loan -18 (xiv)	1 August 2019	5,549,638	6,129,892
Loan -19 (xv)	31 May 2017	3,258,533	5,395,240
Loan -20	-	-	2,800,479
Loan -21 (xxi)	30 September 2019	276,834	119,056
Loan -22 (xvi)	14 December 2018	54,622,500	-
Loan -23 (xvii)	14 March 2016	18,207,500	-
Loan -24 (xviii)	12 January 2019	47,339,500	-
Loan -25 (xix)	14 June 2016	9,467,900	-
Loan -26 (xx)	1 April 2021	100,000,000	-
Loan -27 (xxi)	31 December 2017	2,830,814	-
Loan -28 (xxi)	9 November 2016	5,000,000	-
		1,636,113,230	1,605,744,966

24 Borrowings (continued)

(i) A Term Loan of QR 869,150,593 was availed as part of the Groups debt management. The loan is re-payable in quarterly instalments of QR 32,500,000 each plus interest with a bullet payment of the residual value due in June 2024.

(ii) 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 has a grace period of one year. The loan principal is re-payable in 16 equal quarterly instalments of USD 2,187,500 each plus interest with a final installment due in December 2018.

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

(iv) A Murabaha of QR 100 Million was availed for General Corporate Purposes. The Murabaha has a grace period of one year during which profit accrued is being capitalized over the principal and is re-payable in 16 Quarterly Installments of QR 6,250,000 each plus profit with a final installment due in September 2019.

(v) 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

(vi) 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 installment due in January 2018

(vii) 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 20 quarterly installments of QAR 2,000,000 each plus interest with a final installment due in September 2020.

(viii) A term Loan of QR 35 Million was given for the expansion of business of one of SIILs subsidiaries. The loan is repayable in 18 quarterly installments of QR 1,954,749 each plus interest with a final installment due in October 2018

(ix) A term loan of QR 25 Million was availed to finance one of the subsidiaries of SIIL. The loan is repayable in 17 quarterly installments of QAR 1,470,588 plus interest with a final installment in June 2019

(x) A Term Loan of QR 50 Million was given to finance working capital requirements. The loan is repayable in 45 monthly installments of QR 1,243,487 inclusive of interest with a final installment due in March 2016

(xi) A financing facility of QR 35 Million was given to one of SIILs subsidiaries for acquisition of new business and general corporate purposes. The loan is repayable in six semi - annual installments of QR 5,427,333 each plus profit with final installment due in January 2018

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

24 Borrowings (continued)

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

(xiv) A financing facility of QR 12 Million was sanctioned to finance acquisition of assets by one of our subsidiaries. The loan is repayable in 48 monthly installments of QAR 138,000 each plus interest with a final installment in August 2019

(xv) A Term Loan of QR 9.20 Million was given to finance the expansion of infrastructure and purchase of machinery, equipment and furniture for new offices. The loan is repayable in 60 monthly installments of QR 196,000 each inclusive of interest with a final installment due in May 2017

(xvi) A Term Loan of USD 15 Million (Equivalent QR 54,622,500) was given to finance capital expenditure of the group. The loan principal is re-payable in 12 quarterly installments of USD 1,250,000/- each plus interest with a final installment due in December 2018.

(xvii) A Term Loan of USD 5 Million (Equivalent QR 18,207,500) was given to finance working capital requirements of the group. The loan principal along with interest is re-payable in single installment due in March 2016.

(xviii) 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 installments of USD 1,000,000 each plus interest with a final installment due in January 2019

(xix) A Term Loan of USD 2.60 Million (Equivalent QR 9,467,900) was availed to meet short term working capital requirement. The loan principal along with interest is repayable in June 2016

(xx) 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 installments of QAR 5,400,000 each plus interest with a final installment in April 2021

(xxi) These loans were given to the Group for different operational purposes with various maturity dates as listed in the above table.

The above term loans are secured by the following:

Cross corporate guarantees of the Group for the following amounts:

- USD 170 million; and
- QR. 1.6 billion.

First rank mortgage over the following properties (Note 8&9):
- Land and building of Salam Tower;
- Land and building of Salam Plaza; and
- Land and building of The Gate Towers and Mall.

Assignment of rental proceeds from the following properties:
- Salam Tower; and
- The Gate Towers and Mall.

Joint and several guarantees of Mr. Riad Makdissi, Mr. Louai Darwish and Salam Group O.P.C. for a value of QR. 9.2 million.

The above term loans carry interest rate ranging from 2.75% to 5.22% per annum (2014: 2.99% to 5.50% per annum).

24 Borrowings (continued)

(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 2.65% to 3.50% per annum (2014: 2.65% to 4.25% 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 4.50% per annum (2014: 3.75% to 4.25% 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 less than one year.

25 Employees' end of service benefits

This represents provision for end of service benefits for the employees of the Group. Movement in the provision is as follows:

	2015	2014
Balance at 1 January	64,008,874	56,135,259
Provision during the year	15,525,021	14,691,366
Payments during the year	(11,143,607)	(6,817,751)
Balance at 31 December	**68,390,288**	64,008,874

26 Other liabilities-current

	2015	2014
Provision for supplier dues	47,764,178	60,982,011
Provision for completed jobs	14,739,809	20,045,647
Provision for social contribution	2,829,980	1,957,085
Dividend payable	9,489,103	13,793,396
Accrued expenses	42,685,248	33,559,459
Staff dues and incentives	51,912,486	47,954,727
Other payables	45,436,200	33,362,751
	214,857,004	211,655,076

27 Subsidiaries

(a) Details of the Group's subsidiaries at 31 December 2015 are as follows:

Name of subsidiary	Principal activities	Ownership interest (%)	
		2015	2014
Salam Technology W.L.L.	Office equipment trading and information technology	100	100
Stream Industrial and Engineering Company W.L.L.	Mechanical services	100	100
Qatar German Switchgear Company O.P.C. *	Switchgear manufacturing	100	100
Salam Petroleum Services O.P.C. *	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. (v)	Civil contracting	100	100
Salam Enterprises Company O.P.C. *	Furniture trading	100	100
Salam Industries W.L.L.	Civil contracting	100	100
Alu Nasa Company W.L.L.	Aluminium works	100	100
Gulf Industries for Refrigeration and Catering Company O.P.C. *	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 O.P.C. *	Restaurants and bakeries management	100	100
Salam Bounian Development Company P.S.C.	Real estate	69.63	64.70
Gulf Facility Management S.P.C.	Facility management	69.63	64.70
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 Industry L.L.C. (i)	Aluminium works	100	100
Salam Group O.P.C. *	General contracting and trading - intermediary holding company	100	100
Salam Studio & Stores O.P.C. – 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

27 Subsidiaries (continued)

Name of subsidiary	Principal activities	Ownership interest (%)	
		2015	2014
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	60
Salam Trading Enterprises – Jordan (iv)	Office equipment trading	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 O.P.C. *	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	-
New Image Building Services Gulf States L.L.C.	Building and facilities management	52	33
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 Company is in the process of changing the legal status of the Company to a limit 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 O.P.C., a subsidiary of the Company.

(ii) The operations and activities of Salam Arabia Trading Establishment Kuwait are currently on hold.

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

(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% owned by Salam Group W.L.L. and Salam Studio and Stores W.L.L. – Jordan, both subsidiaries wholly owned by the Company. The operations and activities of Salam Trading Enterprises recommenced during 2013.

27 Subsidiaries (continued)

(v) This company (subsidiary) has a 30% interest in a joint operation. Since no financial statements were prepared for this Joint Operation for the years ended 31 December 2014 and 31 December 2015, the subsidiary did not recognise its share of the joint operation's assets, liabilities, revenues and expenses for these years respectively.

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

New Image Building Services Gulf States L.L.C.

During the year 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 is as follows:

	2015
Carrying value of additional shares purchased	64,992
Fair value of the consideration paid	(64,992)
Gain or loss	**-**

Salam Bounian Development Company P.S.C.

During the year, SIIL purchased additional 2,713,366 shares in Salam Bounian Development Company P.S.C. to become the owner of 38,297,355 shares representing 69.63% of Salam Bounian's capital. The details of the additional purchase with respective gain from purchase recognised in equity are as follows:

	2015
Carrying value of additional shares purchased	24,124,123
Fair value of the consideration paid	(24,818,500)
Loss from additional purchase	**(694,377)**

28 Operating income

	2015	2014
Contract revenue	1,226,718,702	1,159,749,670
Revenue from sale of goods	1,160,504,299	1,148,670,762
Service and other revenue	79,206,018	64,712,696
	2,466,429,019	2,373,133,128

29 Operating cost

	2015	2014
Contract costs	1,067,599,544	984,587,963
Cost of goods sold	762,339,704	743,671,656
Cost of service and other revenue	49,697,369	32,542,741
Depreciation charges (Note 8(iii))	11,487,219	12,885,846
	1,891,123,836	1,773,688,206

30 Investment income

	2015	2014
Gain on sale of investment in an associate (Note 11)	62,079,993	-
Gain on sale of investment property (Note 9 (vi))	-	4,635,060
Rental income from investment properties (Note 9)	125,208,477	109,681,719
Profit on sale of available for sale investments	564,702	265,060
Unrealised gain on investments at fair value through profit or loss	(723,040)	994,180
Interest income	12,567,398	14,559,730
Dividend income	1,630,748	3,171,611
Gain on disposal of business in a subsidiary (i)	-	14,268,800
Gain on sale of a subsidiary (ii) (Note 9(v))	-	1,338,990
	201,328,278	148,915,150

(i) In 2014 one of SIIL's subsidiaries sold one of its businesses to Canon Office Imaging Solutions L.L.C., an associate company to the Group. This transaction resulted in gain of QR. 14,268,800 representing SIIL's share in the subsidiary after eliminating the intercompany profit.

(ii) This amount represents the gain on sale of Jumana Real Estate Development Company which occurred in the year 2014.

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

	2015	2014
Available for sale financial assets	2,195,450	3,436,671
Investments at fair value through profit and loss	(723,040)	994,180
Loans and receivables (including cash and bank balances)	12,567,398	14,559,730
Investment income earned on financial assets	14,039,808	18,990,581
Investment Income earned on non financial assets	187,288,470	129,924,569
	201,328,278	148,915,150

31 Other income

	2015	2014
Gain on sale of property, plant and equipment	231,023	959,654
Gain on foreign currency exchange rate fluctuation	1,990,390	2,262,436
Rent income from sub-lease arrangements	6,097,369	2,473,367
Others	19,440,160	23,014,571
	27,758,942	28,710,028

32 General and administrative expenses

	2015	2014
Office, showroom and warehouse rent	81,544,815	77,018,620
Advertising	6,035,157	12,313,013
Marketing*	23,341,942	23,400,338
Repairs and maintenance	20,401,595	21,555,807
Travel	5,597,524	5,443,368
Communication	6,137,944	6,248,964
Electricity and water	12,105,306	12,181,212
Business development	1,648,251	2,119,788
Entertainment	2,366,049	2,287,870
Tender fees	1,911,057	1,762,366
Insurance	3,807,925	3,728,090
Legal and registration charges	6,230,267	7,171,139
Printing and stationery	4,618,339	3,657,565
Professional fees	2,100,322	3,788,365
Meeting and conference	500,165	835,480
Fuel	3,142,547	3,266,382
Subscription and catalogues	1,001,437	924,252
Transportation	1,245,201	1,341,561
Donations	1,210,226	2,028,218
Provision for doubtful receivables	6,415,671	1,975,719
Provision for slow moving inventories	2,922,073	7,120,083
Write-off of property, plant and equipment	1,876,487	9,614,563
Others	3,801,613	6,322,579
	199,961,913	216,105,342

* The details of net marketing expenses are as follows:

	2015	2014
Marketing expenses incurred during the year	50,584,151	43,772,142
Contribution granted from suppliers	(27,242,209)	(20,371,804)
	23,341,942	23,400,338

33 Provision for social contribution

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 for social contribution.

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 statement of financial position date.

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

	2015	2014
Profit for the year attributable to Owners of the Company	113,199,212	78,283,384
Adjusted weighted average number of outstanding shares	114,314,587	114,314,587
Basic and diluted earnings per share	**0.99**	0.68

35 Proposed dividend

In their meeting held on 14 February 2016, the Board of Directors proposed a cash dividend of 8% amounting to QR 91,451,670 (2014: QR 68,588,752) 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 2014 were approved by the shareholders at the General Assembly held on 25 February 2015.

36 Contingent liabilities and commitments

	2015	2014
Letters of credit	**213,929,744**	185,841,314
Letters of guarantee	**640,167,218**	601,617,512

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

	2015	2014
Within one year	91,372,509	77,649,872
After one year but not more than five years	163,565,082	217,932,027
More than 5 years	9,364,226	45,422,199
	264,301,817	341,004,098

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 segments (continued)

(a) In terms of operating sectors :

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	44,599,763	2,466,429,019
Inter-segment	16,588,506	4,897,319	6,508,296	1,550,263	602,269	30,146,653
Total operating income	711,063,487	297,647,138	1,134,974,919	307,688,096	45,202,032	2,496,575,672
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 charge	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 segments (continued)

31 December 2014	Contracting	Energy and Power	Consumer and luxury products	Technology and telecommunication	Real estate and investments	Total
Operating income						
From external customers	728,758,775	259,385,539	1,089,829,973	263,296,190	31,862,651	2,373,133,128
Inter-segment	60,871,817	8,492,257	4,260,587	7,208,185	4,613,534	85,446,380
Total operating income	789,630,592	267,877,796	1,094,090,560	270,504,375	36,476,185	2,458,579,508
Segment results	(48,431,740)	1,642,446	43,170,388	42,957,720	47,472,575	86,811,389
Assets and liabilities						
Segment assets	785,585,378	247,145,870	928,441,173	210,588,861	2,466,133,903	4,637,895,185
Segment liabilities	529,271,119	142,254,922	478,077,211	128,239,362	1,530,030,479	2,807,873,093
Other segment information						
Capital expenditures:						
Tangible assets	9,719,870	8,046,110	58,011,734	5,268,654	9,010,574	90,056,942
Intangible assets	-	1,390,072	7,821,127	-	3,285,382	12,496,581
	9,719,870	9,436,182	65,832,861	5,268,654	12,295,956	102,553,523
Depreciation	14,402,192	9,465,181	46,002,212	2,760,043	37,729,840	110,359,468
Amortisation	1,122,572	1,193,202	1,915,820	39,386	760,618	5,031,598

37 Operating segments (continued)

(b) In terms of geographic locations :

	2015				2014			
	Qatar	**United Arab Emirates**	**Others**	**Total**	Qatar	United Arab Emirates	Others	Total
Operating income								
From external customers	1,875,912,922	455,925,015	134,591,082	2,466,429,019	1,858,476,319	376,053,994	138,602,815	2,373,133,128
Inter-segment	21,048,999	9,097,654	-	30,146,653	44,105,020	41,341,360	-	85,446,380
Total operating income	1,896,961,921	465,022,669	134,591,082	2,496,575,672	1,902,581,339	417,395,354	138,602,815	2,458,579,508
Segment results	68,021,616	56,156,037	(294,350)	123,883,303	93,743,057	(8,293,021)	1,361,353	86,811,389
Assets and liabilities								
Segment assets	4,244,033,777	468,541,754	152,315,772	4,864,891,303	4,085,315,528	400,870,377	151,709,280	4,637,895,185
Segment liabilities	2,789,647,878	202,992,847	22,687,933	3,015,328,658	2,610,816,093	157,467,990	39,589,010	2,807,873,093
Other segment information								
Capital expenditures:								
Tangible assets	134,389,630	5,581,030	5,574,035	145,544,695	80,434,403	6,972,149	2,650,390	90,056,942
Intangible assets	12,021,207	218,235	--	12,239,442	12,490,330	6,251	-	12,496,581
	146,410,837	5,799,265	5,574,305	157,784,137	92,924,733	6,978,400	2,650,390	102,553,523
Depreciation	96,593,133	14,420,971	3,889,365	114,903,469	91,894,083	14,240,978	4,224,407	110,359,468
Amortisation	4,594,429	137,968	152,754	4,885,151	4,801,429	221,705	8,464	5,031,598

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 2015	**Less than 90 days**	**90-365 days**	**Over 365 days**	**Total**
Loans to associate companies	-	-	5,753,603	5,753,603
Other assets	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	349,111,542	-	-	349,111,542
	965,066,844	**126,915,493**	**157,340,973**	**1,249,323,310**

31 December 2014	Less than 90 days	90-365 days	Over 365 days	Total
Loans to associate companies	-	-	19,338,918	19,338,918
Other assets	6,984,607	-	-	6,984,607
Due from related parties	178,011,221	-	-	178,011,221
Retention receivables	-	64,558,101	63,840,107	128,398,208
Trade and other receivables	300,146,505	87,283,215	34,326,485	421,756,205
Bank balances	376,330,263	-	-	376,330,263
	861,472,596	151,841,316	117,505,510	1,130,819,422

(ii) Liquidity risk

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

The following are the contractual maturities of financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

38 Financial risk management (continued)

(ii) Liquidity risk (continued)

31 December 2015	**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)**

31 December 2014	Carrying amounts	Gross un-discounted contractual cash out flows	Less than 1 year	Above 1 year
Borrowings	(1,939,131,338)	(1,939,131,338)	(625,044,125)	(1,314,087,213)
Retention payables	(35,324,197)	(35,324,197)	(19,688,096)	(15,636,101)
Other liabilities excluding provisions	(195,501,576)	(195,501,576)	(191,609,430)	(3,892,146)
Due to related parties	(1,489,968)	(1,489,968)	(1,489,968)	-
Bank overdrafts	(63,352,687)	(63,352,687)	(63,352,687)	-
Notes payable	(7,850,029)	(7,850,029)	(7,850,029)	-
Trade and other payables	(296,812,089)	(296,812,089)	(296,812,089)	-
	(2,539,461,884)	(2,539,461,884)	(1,205,846,424)	(1,333,615,460)

(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 by QR 8,858,303 (2014: QR 8,315,985) an equal change in the opposite direction would have decreased the equity by QR 8,858,303 (2014: QR 8,315,985).
.

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 189,798 (2014: QR 262,102) in the assets and profit of the Group and an equal change in the opposite direction would have decreased the assets and profit by QR 189,798 (2014: QR 262,102)

38 Financial risk management (continued)

(iii) Market risk (continued)

(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	
	2015	2014
Non-interest bearing instruments		
Bank balances	**81,602,907**	99,213,800
Fixed rate instruments		
Bank balances	240,193,047	247,481,797
Bank loans	(43,535,367)	(98,578,664)
Net financial asset	**196,657,680**	148,903,133
Average interest rate (p.a.)	3.75%-5.22%	3.75% - 5.5%
Variable rate instruments		
Bank balances	29,949,608	32,275,795
Bank loans	(2,050,193,956)	(1,840,552,674)
Bank overdrafts	(79,411,457)	(63,352,687)
Net financial liability	**(2,099,655,805)**	(1,871,629,566)
Average interest rate (p.a.)	2.75% to 4.00%	2.99% to 3.74%

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 2015.

	Profit or (loss)		Profit or (loss)	
	2015		2014	
	50 bps Increase	50 bps Decrease	50 bps Increase	50 bps Decrease
Variable rate financial liabilities	**(10,498,279)**	**10,498,279**	(9,358,147)	9,358,147

(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.

38 Financial risk management (continued)

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 2014.

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:

	2015	2014
Debt (a)	2,173,140,780	2,002,484,025
Cash and bank balances (Note 20)	(351,746,562)	(378,971,392)
Net debt	1,821,394,218	1,623,512,633
Equity (b)	1,849,562,645	1,830,022,092
Net debt to equity	**98.47%**	88.72%

(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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Contracts in progress

In accordance with accounting for contracts, in case the Group expects a loss at the end of the contract, the expected loss should be recorded at the time it becomes known to management. In this respect, management has estimated the cost-to-complete on contracts in progress as of 31 December 2015. Based on the expected cost to complete management is confident that the contracts will result in a profit at completion and accordingly no provision for expected losses is required.

39 Accounting estimates and judgements (continued)

(ii) Impairment of receivables

An estimate of the collectible amount of trade and other receivable and due from related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of financial position, there was no allowance for impairment of due from related parties or other receivables as the Group does not have collection concern with regards to its receivables from its related parties.

(iii) Provision for slow moving inventories

The Group's management determines the estimated amount of slow moving inventories. This estimate is based on the age of items in inventories. This provision is subject to change as a result of technical innovations and the usage of items.

(iv) Impairment of available-for-sale investments

The Group treats available-for-sale investments 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 and the future cash flows and the discount factors for unquoted equities, if any.

(v) Fair value of unquoted equity investments

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer’s specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(vi) Classification of investment securities

On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. The Group classifies investments as “held for trading” if they are acquired primarily for the purpose of short term profit making and cash generation. All other investments are classified as "available-for-sale". The Group accounts for investments in equity securities as investment in associate only when significant influence over the investee’s operations can be proved to exercise, else and regardless of the ownership share, the investment is classified as available for sale.

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 new Court of Appeal appointed a committee of experts to study and report about the mergers referred to above. The new committee has set 13 March 2016 as the date for the next session, during which the report is to be presented. 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 2014 have been reclassified where necessary to preserve consistency with the 2015 figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative year.