Salam International Investment Limited Q.P.S.C.

Consolidated financial statements

31 December 2018

Salam International Investment Limited Q.P.S.C.

Consolidated financial statements
For the year ended 31 December 2018

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KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: www.kpmg.com.qa

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Salam International Investment Limited Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Salam International Investment Limited Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

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

KPMG, Qatar Branch is registered with the Ministry of Economy and Commerce, State of Qatar as a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

INDEPENDENT AUDITOR'S REPORT (Continued)
Salam International Investment Limited Q.P.S.C.

Key Audit Matters (continued)

Description of key audit matter	How the matter was addressed in our audit
Valuation of inventories and provision for slow moving inventories – refer to notes 15 and 36 in the consolidated financial statements	
We focused on this area because: • The inventories of QR 455,253,483 representing 9.20% of the Group's total assets as at 31 December 2018, hence a material portion of the consolidated statement of financial position; • The Group makes significant judgement in estimating the net realizable value of inventories along with the assessment of the level of inventory provision required in respect of slow moving inventories, hence we considered this as a key audit matter.	Our audit procedures in this area included, among others: - Testing the key controls in the identification of slow moving inventories and valuations of inventories; - Testing the ageing of inventories in the Group's main trading subsidiaries on a sample basis; - Assessing the appropriateness of the provisioning policies in the Group's main trading subsidiaries by reference to industry practices and comparing the consistency with the historical data on provisioning; - Testing sales subsequent to the year-end for sample of inventory items to check whether sale price were higher than the reported carrying values of such inventory items; and; - Evaluating the adequacy of the financial statements disclosure including the disclosures of significant judgements and estimates.

INDEPENDENT AUDITOR'S REPORT (Continued)
Salam International Investment Limited Q.P.S.C.

Key Audit Matters (continued)

<table>
<tr><th>Description of key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2"><u>Transition to and adoption of IFRS 9 "Financial Instruments" relating to financial assets and contract assets excluding other investments</u> - refer to note 6 (p) in the consolidated financial statements.</td></tr>
<tr><td>We focused on this area because:

IFRS 9 "Financial Instruments" (hereafter "IFRS 9"), which the Group implemented on 1 January 2018:

• requires complex accounting treatments, including use of significant estimates and judgements for the determination of adjustments on transition; and

• resulted in significant changes to processes, data and controls that needed to be tested for the first time.

The adjustment made to the Group's retained earnings / (accumulated losses) upon transition to IFRS 9 was QR 235,535,245 debit. The Group also recognised QAR 8,196,187 as expected credit losses on financial assets in 2018 as a result of adopting IFRS 9.</td><td>Our audit procedures in this area included, among others:

- Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 9, our business understanding and industry practice;

- Considering the appropriateness of the transition approach and practical expedients applied;

- Evaluating management's process for selection of the "expected credit loss" methodology;

- Evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments and over classification and measurement decisions;

- Involving financial risk management specialist to challenge key assumptions/judgements relating to forward looking adjustments, definition of default and calculation of probability of default using net flow rates method ;

- Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments and calculating the expected credit losses; and

- Evaluating the adequacy of the financial statement disclosures including the transition disclosures required by IFRS 9.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (Continued)
Salam International Investment Limited Q.P.S.C.

Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
Transition to IFRS 15 "Revenue from contracts with customers" and revenue recognition - refer to note 6 (p) and 36 in the consolidated financial statements.	
We focused on this area because: • The mandatory transition to IFRS 15 has resulted in an adjustment of QR 14,773,795 to the Group's retained earnings / (accumulated losses) as at 1 January 2018 and has exposed the Group to the complex accounting requirements and underlying determination of adjustments on transition. • The Group has multiple revenue streams which could lead to inappropriate assessment of performance obligations and recognition of revenue under IFRS 15. • The Group makes significant assumptions / judgements to measure and recognise revenue (e.g. estimating costs to complete) and corresponding contract assets, hence we considered this as a key audit matter.	Our audit procedures in this area included, among others: - Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 15 and our understanding of the different sources of revenue of the Group; - Evaluating the reasonableness of the management's key judgements and estimates made in transition to IFRS 15, including selection of methods, models and assumptions; - Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments; - Assessing the appropriateness of management's revenue recognition under IFRS 15 across significant revenue streams for a sample of contracts; - Assessing the appropriateness of the key inputs and assumptions used by the management to allocate contract revenue over performance obligations; - Assessing the appropriateness of assumptions and judgements made to measure and assess the transaction price and its allocation over performance obligations; - Challenging the reasonableness of estimates made regarding the cost of completion, profit margins for each contracts based on our experience and industry benchmarks; - Assessing whether the Group's policies and processes for making these estimates are appropriate and are applied consistently to all contracts of a similar nature; and - evaluating the adequacy of the financial statement disclosures including the transition disclosures required by IFRS 15.

INDEPENDENT AUDITOR'S REPORT (Continued)
Salam International Investment Limited Q.P.S.C.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report (the 'Annual Report') but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (Continued)
Salam International Investment Limited Q.P.S.C.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT (Continued)
Salam International Investment Limited Q.P.S.C.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material adverse effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2018.

6 March 2019
Doha
State of Qatar

Yacoub Hobeika
KPMG
Audit Registration No.289
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Salam International Investment Limited Q.P.S.C.

Consolidated statement of financial position
As at 31 December 2018

In Qatari Riyals

	Note	2018	2017
Assets			
Property, plant and equipment	8	457,474,867	525,027,771
Intangible assets and goodwill	9	108,524,617	109,292,209
Investment properties	10	1,564,076,952	1,575,905,684
Equity-accounted investees	11	142,114,589	152,150,487
Other investments	12	182,622,386	172,865,335
Retention receivables	13(a)	131,325,656	133,261,200
Loans to associate companies		20,977,414	22,239,377
Other assets	14	11,329,369	12,159,215
Non-current assets		2,618,445,850	2,702,901,278
Inventories	15	455,253,483	574,256,048
Other assets	14	236,761,228	185,430,190
Due from related parties	16(a)	250,365,734	230,050,589
Retention receivables	13(a)	108,029,725	116,433,984
Contract assets		652,910,715	737,662,882
Other investments	12	1,187,214	1,379,336
Trade and other receivables	17	452,430,935	655,626,213
Cash and bank balances	18	171,089,432	209,196,864
Current assets		2,328,028,466	2,710,036,106
Total assets		**4,946,474,316**	5,412,937,384

The notes from 1 to 38 form an integral part of these consolidated financial statements.

Salam International Investment Limited Q.P.S.C.

Consolidated statement of financial position (continued)
As at 31 December 2018 In Qatari Riyals

	Note	2018	2017
Equity			
Share capital	19	1,143,145,870	1,143,145,870
Legal reserve	20	431,181,937	431,181,937
Fair value reserve	12	(18,664,340)	(11,861,086)
Accumulated losses		(417,838,216)	(82,967,488)
Equity attributable to owners of the Company		1,137,825,251	1,479,499,233
Non-controlling interests	21	172,121,511	165,985,666
Total equity		**1,309,946,762**	1,645,484,899
Liabilities			
Borrowings	22	1,518,020,300	1,570,839,497
Employees' end of service benefits	23	78,052,087	75,348,122
Retention payables	13(b)	32,547,161	31,258,383
Other liabilities	24	7,545,667	7,769,253
Non-current liabilities		1,636,165,215	1,685,215,255
Due to related parties	16(b)	3,606,765	2,847,080
Bank overdrafts	18	127,683,776	118,040,843
Borrowings	22	1,005,457,768	1,133,445,219
Notes payable		39,666,294	4,148,144
Retention payables	13(b)	35,108,291	32,016,398
Advances from customers		111,591,634	136,238,506
Contract liabilities		49,622,035	65,648,791
Other liabilities	24	325,970,346	288,715,421
Trade and other payables		301,655,430	301,136,828
Current liabilities		2,000,362,339	2,082,237,230
Total liabilities		**3,636,527,554**	3,767,452,485
Total equity and liabilities		**4,946,474,316**	5,412,937,384

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 6 March 2019.

Abdul Salam Issa Abu Issa
Chief Executive Officer & Board Member

Hekmat Abdel Fattah Younis
Chief Financial Officer

The notes from 1 to 38 form an integral part of these consolidated financial statements.

Salam International Investment Limited Q.P.S.C.

Consolidated statement of profit or loss
For the year ended 31 December 2018

In Qatari Riyals

	Note	2018	2017
Operating revenue	26	2,646,393,436	2,893,826,913
Operating cost	27	(2,076,405,211)	(2,336,353,721)
Gross profit		569,988,225	557,473,192
Investment income	28	3,508,660	4,477,708
Other operating income		3,758,431	5,925,616
Service and consultancy income		1,797,424	453,302
Other income	29	38,973,601	23,159,453
Salaries and staff benefits		(270,262,110)	(290,193,904)
General and administrative expenses	30	(221,054,206)	(200,789,583)
Allowance for impairment of trade receivables	17	(8,196,187)	(11,585,540)
Depreciation of property, plant and equipment	8 (iii)	(75,813,713)	(73,398,488)
Amortisation of intangible assets	9 (ii)	(2,859,565)	(3,113,672)
Impairment of available-for-sale investments		-	(2,446,431)
Property, plant and equipment written off		(8,227,115)	(2,674,082)
Goodwill written off		(4,845,447)	-
Finance costs		(111,873,938)	(95,516,547)
Investment in equity-accounted investees written off	11	(2,744,949)	-
Share of result from equity–accounted investees, net	11	(7,476,728)	3,249,014
Loss before executive managers' bonus		**(95,327,617)**	(84,979,962)
Executive managers' bonus	16(c)	(1,584,016)	(4,941,597)
Loss		**(96,911,633)**	(89,921,559)
Attributable to:			
Owners of the Company		(99,403,701)	(100,723,400)
Non-controlling interests	21	2,492,068	10,801,841
Loss		**(96,911,633)**	(89,921,559)
Basic and diluted earnings per share	32	(0.87)	(0.88)

The notes from 1 to 38 form an integral part of these consolidated financial statements.

Salam International Investment Limited Q.P.S.C.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2018 In Qatari Riyals

	Note	2018	2017
Loss		(96,911,633)	(89,921,559)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Net movement in cumulative changes in fair value and loss on sale of equity investments - FVOCI	12	(11,070,318)	-
Item that is or may be reclassified subsequently to profit or loss			
Net movement in cumulative changes in fair value of available-for-sale investments	12	-	(6,480,850)
Other comprehensive income		(11,070,318)	(6,480,850)
Total comprehensive income		**(107,981,951)**	(96,402,409)
Attributable to:			
Owners of the Company		(110,474,019)	(107,204,250)
Non-controlling interests	21	2,492,068	10,801,841
Total comprehensive income		**(107,981,951)**	(96,402,409)

The notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2018

In Qatari Riyals

31 December 2018	*Attributable to owners of the Company*							
	Share capital	Legal reserve	Fair value reserve	Proposed cash dividend	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 January 2018 (Audited)	1,143,145,870	431,181,937	(11,861,086)	-	(82,967,488)	1,479,499,233	165,985,666	1,645,484,899
Adjustment on initial application of IFRS 9 (Note 6 (p)) :								
-Equity investments at FVOCI (AFS investments under old IAS 39)	-	-	(11,988,307)	-	31,097,384	19,109,077	1,317,322	20,426,399
- Financial asset and contract assets	-	-	-	-	(235,535,245)	(235,535,245)	(542,355)	(236,077,600)
Adjustment on initial application of IFRS 15 (Note 6 (p))	-	-	-	-	(14,773,795)	(14,773,795)	-	(14,773,795)
Adjusted balance as at 1 January 2018	1,143,145,870	431,181,937	(23,849,393)	-	(302,179,144)	1,248,299,270	166,760,633	1,415,059,903
(Loss) / profit	-	-	-	-	(99,403,701)	(99,403,701)	2,492,068	(96,911,633)
Other comprehensive income								
Net movement in cumulative changes in fair value and loss on sale of equity security - FVOCI	-	-	(11,070,318)	-	-	(11,070,318)	-	(11,070,318)
Total comprehensive income	-	-	(11,070,318)	-	(99,403,701)	(110,474,019)	2,492,068	(107,981,951)
Contribution to social and sports fund (Note 31)	-	-	-	-	-	-	-	-
Net movement in non-controlling interests (Note 21)	-	-	-	-	-	-	3,635,492	3,635,492
Dividend distributed to non controlling interests	-	-	-	-	-	-	(766,682)	(766,682)
Loss from sale of equity security – FVOCI (Note 12)	-	-	16,255,371	-	(16,255,371)	-	-	-
Balance at 31 December 2018	**1,143,145,870**	**431,181,937**	**(18,664,340)**	**-**	**(417,838,216)**	**1,137,825,251**	**172,121,511**	**1,309,946,762**

The notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)
For the year ended 31 December 2018

In Qatari Riyals

31 December 2017	*Attributable to owners of the Company*							
	Share capital	Legal reserve	Fair value reserve	Proposed cash dividend	(Accumulated losses) / Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2017	1,143,145,870	431,181,937	(5,380,236)	91,451,670	17,808,273	1,678,207,514	156,965,999	1,835,173,513
(Loss) / Profit	-	-	-	-	(100,723,400)	(100,723,400)	10,801,841	(89,921,559)
Other comprehensive income								
Net movement in cumulative changes in fair value of available-for-sale investments	-	-	(6,480,850)	-	-	(6,480,850)	-	(6,480,850)
Total comprehensive income	-	-	(6,480,850)	-	(100,723,400)	(107,204,250)	10,801,841	(96,402,409)
Cash dividend paid	-	-	-	(91,451,670)	-	(91,451,670)	-	(91,451,670)
Acquisition – Additional purchase of subsidiary shares (Note 25)	-	-	-	-	(52,361)	(52,361)	(1,801,990)	(1,854,351)
Net movement in non-controlling interests (Note 21)	-	-	-	-	-	-	19,816	19,816
Balance at 31 December 2017	1,143,145,870	431,181,937	(11,861,086)	-	(82,967,488)	1,479,499,233	165,985,666	1,645,484,899

The notes from 1 to 38 form an integral part of these consolidated financial statements.

Salam International Investment Limited Q.P.S.C.

Consolidated statement of cash flows
For the year ended 31 December 2018

In Qatari Riyals

	Note	2018	2017
Cash flows from operating activities			
Loss		(96,911,633)	(89,921,559)
Adjustments for :			
- Depreciation of property, plant and equipment	8	89,100,723	101,113,470
- Amortisation of intangible assets	9	2,859,565	3,113,672
- Property, plant and equipment written off		8,227,115	2,674,082
- Intangible assets written off	30	22,754	25,788
- Goodwill written off		4,845,447	-
- Depreciation of investment properties	10	36,735,865	31,532,901
- Impairment of available-for-sale investments		-	2,446,431
- Provision for slow moving inventories	15	40,528,536	3,917,399
- Allowance for impairment of trade receivables	17	8,196,187	11,585,540
- Provision for employees' end of service benefits	23	19,302,603	18,026,584
- Unrealised loss on investments at FVTPL	28	192,122	375,376
- Finance costs		133,397,246	110,706,579
- Interest income	28	(1,843,131)	(3,434,199)
- Dividend income	28	(1,857,651)	(1,418,885)
- Gain on sale of property, plant and equipment	29	(357,665)	(866,307)
- Written off of an equity-accounted investee	11	2,744,949	-
- Share of results of equity-accounted investees	11	7,476,728	(3,249,014)
Operating profit before working capital changes		252,659,760	186,627,858
Changes in:			
- Inventories		78,474,029	(42,756,361)
- Other assets		(50,501,192)	(12,050,882)
- Due from related parties		(49,696,015)	(20,325,985)
- Retentions receivables		(24,398,939)	(34,962,491)
- Contract assets		(2,215,270)	(38,435,412)
- Trade and other receivables		95,222,389	(38,585,007)
- Due to related parties		759,685	547,360
- Notes payable		35,518,150	(4,716,515)
- Retention payables		4,380,671	22,596,834
- Advances from customers		(24,646,872)	(98,116,385)
- Contract liabilities		(11,811,251)	7,909,810
- Trade and other payables and other liabilities		21,358,373	(23,509,183)
Cash generated / (used in) from operating activities		**325,103,518**	(95,776,359)
Employees' end of service benefits paid	23	(16,586,282)	(15,405,995)
Net cash from / (used in) operating activities		**308,517,236**	(111,182,354)

The notes from 1 to 38 form an integral part of these consolidated financial statements.

Salam International Investment Limited Q.P.S.C.

Consolidated statement of cash flows (continued)
For the year ended 31 December 2018 — In Qatari Riyals

	Note	2018	2017
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	8	(34,364,843)	(139,210,368)
Proceeds from sale of property, plant and equipment		732,069	4,181,066
Payments for purchase of investment properties	10	(8,274,581)	(36,617,933)
Payments for purchase of other investment		(10,385,710)	(18,701,162)
Proceeds from sale of other investment		9,984,740	3,825,781
Payment for addition of intangible assets	9	(6,960,174)	(11,411,367)
Purchase of shares in equity-accounted investees	11	(123,763)	(744,000)
Payment for acquisition of a subsidiary	25	(2,582,737)	(1,854,351)
Dividends received from equity accounted investees	11	2,772,277	693,069
Dividends received	28	1,857,651	1,418,885
Interest received	28	1,843,131	3,434,199
Net cash used in investing activities		(45,501,940)	(194,986,181)
Cash flows from financing activities			
Net movement in borrowings	22(d)	(181,499,188)	411,267,150
Net movement in non-controlling interests	21	2,868,810	19,816
Finance costs paid	22(d)	(133,397,246)	(110,706,579)
Change in loan to associate companies		1,261,963	2,456,652
Dividends paid		-	(91,451,670)
Net cash from financing activities		(310,765,661)	211,585,369
Net decrease in cash and cash equivalents		**(47,750,365)**	(94,583,166)
Cash and cash equivalents at 1 January		91,156,021	185,739,187
Cash and cash equivalents at 31 December	**18**	**43,405,656**	91,156,021
Non cash transactions:			
Finance cost capitalised on qualifying asset		-	1,961,183
Transfer from related parties receivables to equity accounted investee		-	17,843,350
Acquisition of subsidiary		13,357,275	-

The notes from 1 to 38 form an integral part of these consolidated financial statements.

1 Reporting entity

Salam International Investment Limited Q.P.S.C. (the "Company or SIIL") is a public shareholding company incorporated in the State of Qatar under Amiri Decree No. (1) on 14 January 1998. The registered address of the Company is PO Box 15224, Doha, State of Qatar. The commercial registration number of the Company is 20363.

These consolidated financial statements as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "the Group" and individually "Group entities") and the Group's investment in associates and jointly controlled entities.

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

2 Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised for issue by the Company's board of directors on 6 March 2019.

Details of the Group's accounting policies are included in Note 6.

This is the first set of the Group's annual financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 6 (p).

3 Functional and presentation currency

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

4 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the equity securities at FVOCI (2017: available-for-sale financial assets) and equity securities at FVTPL (2017: investments at fair value through profit or loss) which are measured bases on fairvalue basis on reporting date.

5 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in Note 36 to these consolidated financial statements.

(i) Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

5 Use of judgements and estimates (continued)

(i) Measurement of fair values (continued)

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on the observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise:

(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.

6 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

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 2018 are disclosed in Note 25.

iii) Non-controlling interests

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

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

iv) Loss of control

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

v) Interests in equity-accounted investees

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

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

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

vi) Transactions eliminated on consolidation

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

(b) Foreign currency

Foreign currency transactions

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

6 Significant accounting policies (continued)

(b) Foreign currency (continued)

Foreign currency transactions (continued)

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

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

- an investment in equity securities designated at FVOCI (2017: 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 the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. Any loss is recognized in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognized in other comprehensive income and reduces the revaluation surplus within equity.

(c) Revenue

Revenue from contracts with customers
The Group has initially applied IFRS 15 from 1 January 2018. Information about the Group's accounting policies relating to contracts with customers is provided in Note 6 (p). The effect of initially applying IFRS 15 is described in Note 6 (p).

IFRS 15 did not have a significant impact on the Group's accounting policies with respect to other revenue streams.

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.

6 Significant accounting policies (continued)

(d) Finance income and finance costs

The Group's finance income and finance costs include:
- interest income;
- interest expense;
- dividend income;
- net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(e) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, 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 consolidated statement of 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) Property, plant and equipment (continued)

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

(f) Intangible assets and goodwill

Recognition and measurement

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

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

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

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

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

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

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

Development cost	3-5 years

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

(g) Investment property

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

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

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

6 Significant accounting policies (continued)

(g) Investment property (continued)

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

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

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

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

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

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

(h) Cash and cash equivalents

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

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

(i) Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

6 Significant accounting policies (continued)

(i) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Policy applicable from 1 January 2018 (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and;
- its contractual terms give rise on specified dates to cash flows that are solely payments principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

6 Significant accounting policies (continued)

(i) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

6 Significant accounting policies (continued)

(i) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets – Policy applicable before 1 January 2018

The Group classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
  - held for trading;
  - designated as at FVTPL.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

6 Significant accounting policies (continued)

(i) Financial instruments (continued)

iii) Derecognition (continued)

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

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 set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Impairment

Non-derivative financial assets

Policy applicable from 1 January 2018

Financial instruments and contract assets
The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

6 Significant accounting policies (continued)

(j) Impairment (continued)

Non-derivative financial assets (continued)

Policy applicable from 1 January 2018 (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 730 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was 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 was a measurable decrease in the expected cash flows from a group of financial assets.

6 Significant accounting policies (continued)

(j) Impairment (continued)

Non-derivative financial assets (continued)

Policy applicable before 1 January 2018 (continued)

For an investment in an equity instrument, 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 considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were 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 was 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 were recognised in profit or loss and reflected in an allowance account. When the Group considered 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 was reversed through profit or loss.

Available-for-sale financial assets
Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was 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 increased 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 were not reversed through profit or loss.

Equity-accounted investees
An impairment loss in respect of an equity-accounted investee were measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss was 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.

6 Significant accounting policies (continued)

(j) Impairment (continued)

Non-derivative financial assets (continued)

Policy applicable before 1 January 2018 (continued)

Non-financial assets (continued)

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(k) Provision

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

(l) Leases

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

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

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

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

6 Significant accounting policies (continued)

(l) Leases (continued)

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

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

(m) Operating profit

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

(n) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average and 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.

(o) 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.

(p) New standards, amendments and interpretations effective from 1 January 2018

The Group has initially applied IFRS 15 "*Revenue from Contracts with Customers*" and IFRS 9 "*Financial Instruments*" from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables and contract assets.

The effect of initially applying these standards is mainly attributed to the following:

- recognition of revenue from contracts; and
- an increase in impairment losses recognised on financial assets

6 Significant accounting policies (continued)

(p) New standards, amendments and interpretations effective from 1 January 2018 (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 replaced IAS 18 *Revenue, IAS 11 Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The following table summarises the impact, of transition to IFRS 15 on retained earnings / (accumulated losses) at 1 January 2018.

	Impact of adopting IFRS 15 at 1 January 2018
Retained earnings / (accumulated losses)	
Contract revenue	(14,773,795)
Impact at 1 January 2018	**(14,773,795)**

The following tables summarise the impacts of adopting IFRS 15 on the Group's statement of financial position as at 31 December 2018 and its statement of profit or loss and OCI for the year then ended for each of the line items affected. There was no material impact on the Group's statement of cash flows for the year ended 31 December 2018.

Impact on the *consolidated* statement of financial position

31 December 2018	As reported	Adjustments	Amounts without adoption of IFRS 15
Assets			
Total non-current assets	**2,618,445,850**	**-**	**2,618,445,850**
Contract assets	652,910,715	13,530,588	666,441,303
Total current assets	**2,328,028,466**	**13,530,588**	**2,341,559,054**
Total assets	**4,946,474,316**	**13,530,588**	**4,960,004,904**
Equity			
Accumulated losses	(417,838,216)	13,530,588	(404,307,628)
Total equity	**1,309,946,762**	**13,530,588**	**1,323,477,350**
Liabilities			
Non-current liabilities	1,636,165,215	-	1,636,165,215
Current liabilities	2,000,362,339	-	2,000,362,339
Total liabilities	**3,636,527,554**	**-**	**3,636,527,554**
Total equity and liabilities	**4,946,474,316**	**13,530,588**	**4,960,004,904**

6 Significant accounting policies (continued)

(p) New standards, amendments and interpretations effective from 1 January 2018 (continued)

IFRS 15 *Revenue from Contracts with Customers (continued)*

Impact on the consolidated statement of profit or loss

For the year ended 31 December 2018	As reported	Adjustments	Amounts without adoption of IFRS 15
Operating revenue	2,646,393,436	(625,346)	2,645,768,090
Gross profit	569,988,225	(625,346)	569,362,879
Loss for the year	(96,911,633)	(625,346)	(97,536,979)
Total comprehensive income for the year	(107,981,951)	(625,346)	(108,607,297)

The Group has initially applied IFRS 15 from 1 January 2018. The details of the new significant accounting policies and the nature of the changes to previous accounting policies in respect of the Group's significant revenue generating activities are set out below:

Type of product / services	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 January 2018)	Revenue recognition under IAS 18 / IAS 11 (applicable before 1 January 2018)
Rendering of services	Revenue is recognised over time as those services are provided. Since the customer consumes the benefits as and when services are rendered by the Group. Invoices are usually issued upon completion of the job.	Revenue is recognised over time based on the stage of completion of the projects which is determined based on the input method. The related costs are recognised in profit or loss when they are incurred. IFRS 15 did not have a significant impact on the Group's accounting policies.	Revenue was recognised by reference to the stage of completion of the projects at the reporting date, provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods and services rendered.

6 Significant accounting policies (continued)

(p) New standards, amendments and interpretations effective from 1 January 2018 (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 January 2018)	Revenue recognition under IAS 18 / IAS 11 (applicable before 1 January 2018)
Technology contracts	The Group has determined that for technology contract, the customer controls all of the work in progress as the hardware/ software are being manufactured/ developed / purchased. This is because under those contracts, hardware / software are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to the contractual terms.	Revenue from these contracts and the associated costs are recognised over time – i.e. before the goods are delivered to the customer's premises. The total consideration in the contract is allocated between all goods and services based on their stand-alone selling prices. In case where the stand-alone selling price is not applicable, it is determined based on the cost plus mark-up depending on the nature of goods and services to be provided to different customers. Un-invoiced amounts are presented as contract assets under accounts receivable and prepayments in the statement of financial position.	Revenue for technology contracts projects was recognised by reference to the stage of completion of the projects at the reporting date, provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods and services rendered.
Construction Contracts	The Group builds civil construction and fit-out works for customers on their designs and on their premises. Each project commences on receipt of an advances from a customer and its length depends on the complexity of the design.	Revenue is recognised over time based on the cost-to-cost method. The related costs are recognised in profit or loss when they are incurred. IFRS 15 did not have a significant impact on the Group's accounting policies.	Revenue was recognised by reference to the stage of completion of the projects at the reporting date, provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods and services rendered.

6 Significant accounting policies (continued)

(p) New standards, amendments and interpretations effective from 1 January 2018 (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 January 2018)	Revenue recognition under IAS 18 / IAS 11 (applicable before 1 January 2018)
Revenue from sale of goods	Revenue is recognised when the control of the goods are transferred to the buyer. Invoices are generated and revenue is recognised at that point in time.	Revenue was recognised when the goods are delivered and accepted by the customers. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.	Revenue was recognised when the goods were delivered to the customers, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred.

6 Significant accounting policies (continued)

(p) New standards, amendments and interpretations effective from 1 January 2018 (continued)

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in other expenses. Consequently, the Group reclassified impairment allowance amounting to QR 11,585,540, recognised under IAS 39, from 'General and administrative expenses' to 'Impairment loss on trade receivables and contract assets' in the statement of profit or loss and OCI for the year ended 31 December 2017. Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments*: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The following table summarises the impact of transition to IFRS 9 on the opening balance of reserves and retained earnings / (accumulated losses) (for a description of the transition method, see Note 6 (p) (iii) below).

	Fair value reserves	Retained earnings	Non-controlling interests
Adjustment on initial application of IFRS 9			
Equity investments at FVOCI (AFS investments under old IAS 39)	(11,988,307)	31,097,384	1,317,322
Receivables and prepayments, contract assets and related parties	-	(235,535,245)	(542,355)
Impact on 1 January 2018	(11,988,307)	(204,437,861)	774,967

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principle classification categories for financial assets: measured at amortised cost, Fair Value Through Other Comprehensive Income (FVOCI), and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available-for-sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

6 Significant accounting policies (continued)

(p) New standards, amendments and interpretations effective from 1 January 2018 (continued)

IFRS 9 "Financial Instruments" (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 6 (i).

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Equity securities	(a)	Available-for-sale	FVOCI – equity instrument	172,865,335	193,291,734
Equity securities	(b)	Investment at FVTPL	FVTPL – equity instrument	1,379,336	1,379,336
Trade and other receivable	(c)	Loans and receivables	Amortised cost	655,626,213	555,849,511
Retention receivable	(c)	Loans and receivables	Amortised cost	249,695,184	214,956,443
Loan to associate companies	(c)	Loans and receivables	Amortised cost	22,239,377	22,239,377
Due from related parties	(c)	Loans and receivables	Amortised cost	230,050,589	200,682,075
Cash at bank	(c)	Loans and receivables	Amortised cost	206,216,639	206,216,639
				1,538,072,673	1,394,615,115
Financial liabilities					
Bank overdrafts		Other financial Liabilities	Other financial liabilities	118,040,843	118,040,843
Bank loans		Other financial Liabilities	Other financial liabilities	2,704,284,716	2,704,284,716
Trade and other payables		Other financial Liabilities	Other financial liabilities	301,136,828	301,136,828
Due to related parties		Other financial Liabilities	Other financial liabilities	2,847,080	2,847,080
Retention payables		Other financial Liabilities	Other financial liabilities	63,274,781	63,274,781
Notes payables		Other financial Liabilities	Other financial liabilities	4,148,144	4,148,144
Other liabilities (excluding provision)		Other financial Liabilities	Other financial liabilities	243,960,184	243,960,184
				3,437,692,576	3,437,692,576

6 Significant accounting policies (continued)

(p) New standards, amendments and interpretations effective from 1 January 2018 (continued)

IFRS 9 "Financial Instruments" (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

(a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Under IAS 39, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

(c) The assets were previously classified as loans and receivables under IAS 39 are now classified at amortised cost as per IFRS 9. An increase of QR 134,883,957 in the allowance for impairment of these assets were recognised in opening retained earnings / (accumulated losses) at 1 January 2018 on transition to IFRS 9.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

	IAS 39 carrying amount at 31 December 2017	Reclassification	Remeasurement	IFRS 9 carrying amount at 1 January 2018
Financial assets				
Amortised cost				
Trade and other receivables:				
Brought forward: Loans and receivables	655,626,213	-	-	-
Remeasurement	-	-	(99,776,702)	-
Carried forward: Amortised cost	-	-	-	555,849,511
Retention receivable				
Brought forward: Loans and receivables	249,695,184	-	-	-
Remeasurement	-	-	(34,738,741)	-
Carried forward: Amortised cost	-	-	-	214,956,443
Due from related parties				
Brought forward: Loans and receivables	230,050,589	-	-	-
Remeasurement	-	-	(29,368,514)	-
Carried forward: Amortised cost	-	-	-	200,682,075
Total amortised cost	1,135,371,986	-	(163,883,957)	971,488,029

6 Significant accounting policies (continued)

(p) New standards, amendments and interpretations effective from 1 January 2018 (continued)

IFRS 9 "Financial Instruments" (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

	IAS 39 carrying amount at 31 December 2017	Reclassification	Remeasurement	IFRS 9 carrying amount at 1 January 2018
Financial assets				
FVOCI				
Equity investments:				
Brought forward: Available-for-sale	172,865,335	-	-	-
Reclassification to: FVOCI - equity	-	(172,865,335)	-	-
FVOCI – equity				
Investment securities:				
Brought forward: Available-for-sale	-	172,865,335	-	-
Remeasurement	-	-	20,426,399	-
Carried forward: FVOCI - equity	-	-	-	193,291,734
Total FVOCI	172,865,335	-	20,426,399	193,291,734

During the first year of transition to IFRS9, the Group updated the Day 1 ECL opening adjustment which was published in the interim condensed consolidated financial statements from QR 62 million to QR 236 million, through adjusting retained earnings / (accumulated losses) by QR 174 million. This was a result of certain correction made to the underlying financial assets data that was used to estimate ECL as of 1 January 2018.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows.

Loss allowance at 31 December 2017 under IAS 39	56,416,920
Additional impairment recognized at 1 January 2018 on:	
- Trade and other receivables as at 31 December 2017	99,776,702
- Contract assets recognized under IFRS 15	72,193,643
- Retention receivable	34,738,741
- Due from related parties	29,368,514
Loss allowance at 1 January 2018 under IFRS 9	292,494,520

Additional information about the Group measures the allowance for impairment described in Note 35 (i).

6 Significant accounting policies (continued)

(p) New standards, amendments and interpretations effective from 1 January 2018 (continued)

IFRS 9 "Financial Instruments" (continued)

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group has taken an exemption not to restate comparative information of prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings / (accumulated losses) and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

- The following assessment have been made on the basis of the facts and circumstances that existed at the date of initial application.

  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

(q) 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 2018 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

The following standards are expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

IFRS 16 *Leases*

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

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

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

The Group is currently assessing the estimated impact on initial application of IFRS 16 as at 1 January 2019.

Other standards

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

- *IFRIC 23 Uncertainty over Tax Treatments.*
- *Prepayment Features with Negative Compensation (Amendments to IFRS 9).*
- *Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).*
- *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).*
- *Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.*
- *Amendments to References to Conceptual Framework in IFRS Standards.*
- *IFRS 17 Insurance Contracts.*

7 Financial risk management

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

- Credit risk;
- Liquidity risk; and
- Market risk;

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

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

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

i) Credit risk

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

Trade and other receivables and contract assets
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.

Further information about the Group's exposure to credit risk are provided in Note 35.

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 35.

iii) Market risk

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

Further information about the Group's exposure to market risk are provided in Note 35.

7 Financial risk management (continued)

iii) Market risk (continued)

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

The Group's exposure to currency risk on transactions with related parties and borrowings that are denominated in a currency other than the respective functional currency are limited to those currencies which are pegged against USD such as AED, RO, JD etc. The Group's exposure to other currency risk is minimal. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level.

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

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

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

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8 Property, plant and equipment

	Land and building	Leasehold improvement	Furniture and fixtures	Motor vehicles	Equipment and tools	Capital work in progress	Total
Cost							
Balance at 1 January 2017	288,874,438	101,717,407	365,938,439	51,668,345	227,618,153	84,819,841	1,120,636,623
Additions	750,020	3,643,064	2,979,610	6,707,136	23,952,636	101,177,902	139,210,368
Disposals / write off	(111,650)	(3,535,697)	(4,120,833)	(1,889,244)	(3,822,486)	(1,966,637)	(15,446,547)
Transfers	5,038,298	3,066,239	102,549,734	-	7,167,899	(117,822,170)	-
Balance at 31 December 2017	294,551,106	104,891,013	467,346,950	56,486,237	254,916,202	66,208,936	1,244,400,444
Balance at 1 January 2018	294,551,106	104,891,013	467,346,950	56,486,237	254,916,202	66,208,936	1,244,400,444
Additions	-	3,088,780	13,860,022	4,405,678	6,762,408	6,247,955	34,364,843
Disposals / write off	(33,984)	(6,049,913)	(77,427,028)	(3,399,199)	(10,635,248)	(3,000,000)	(100,545,372)
Transfers	2,373,357	364,478	38,567,562	-	1,706,413	(43,011,810)	-
Balance at 31 December 2018	**296,890,479**	**102,294,358**	**442,347,506**	**57,492,716**	**252,749,775**	**26,445,081**	**1,178,219,915**
Accumulated depreciation							
Balance at 1 January 2017	86,636,334	57,541,277	283,871,677	37,230,177	162,437,444	-	627,716,909
Depreciation (iii)	11,968,269	11,825,752	35,210,117	6,203,899	35,905,433	-	101,113,470
Disposals / write off	(65,381)	(1,322,088)	(3,243,326)	(1,734,852)	(3,092,059)	-	(9,457,706)
Balance at 31 December 2017	98,539,222	68,044,941	315,838,468	41,699,224	195,250,818	-	719,372,673
Balance at 1 January 2018	98,539,222	68,044,941	315,838,468	41,699,224	195,250,818	-	719,372,673
Depreciation (iii)	11,335,009	11,514,253	38,550,085	5,548,396	22,152,980	-	89,100,723
Disposals / write off	-	(5,710,403)	(69,896,655)	(3,341,077)	(8,780,213)	-	(87,728,348)
Balance at 31 December 2018	**109,874,231**	**73,848,791**	**284,491,898**	**43,906,543**	**208,623,585**	**-**	**720,745,048**
Carrying amounts							
At 31 December 2018 (iv)	**187,016,248**	**28,445,567**	**157,855,608**	**13,586,173**	**44,126,190**	**26,445,081**	**457,474,867**
At 31 December 2017	196,011,884	36,846,072	151,508,482	14,787,013	59,665,384	66,208,936	525,027,771
	(i) & (ii)						

8 Property, plant and equipment (continued)

(i) This includes buildings costing QR 153,765,350 (2017: QR 153,765,350) 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 10) are mortgaged in favor of one of the local banks as security for term loans.

(iii) Depreciation charge has been allocated as follows:

	2018	2017
Operating cost (Note 27)	13,287,010	27,714,982
Depreciation expenses	75,813,713	73,398,488
	89,100,723	101,113,470

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

9 Intangible assets and goodwill

	2018	2017
Goodwill (i)	71,475,996	76,321,443
Development cost (ii)	37,048,621	32,970,766
	108,524,617	109,292,209

(i) Goodwill

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

	2018	2017
International Trading and Contracting Company W.L.L., Qatar	4,845,447	4,845,447
Qatar Gardens Company W.L.L.	4,646,571	4,646,571
Salam Technology W.L.L., Qatar	9,596,160	9,596,160
Salam Industries W.L.L., Qatar	7,531,543	7,531,543
Salam Petroleum Services W.L.L., Qatar	12,937,048	12,937,048
Stream Industries and Engineering Company W.L.L., Qatar	15,178,083	15,178,083
Salam Entreprises W.L.L., Qatar	1,615,149	1,615,149
Atelier 21 L.L.C., UAE	10,711	10,711
Modern Decoration Company L.L.C., UAE	6,193,199	6,193,199
Salam Enterprises Company L.L.C., UAE	11,062,279	11,062,279
Qatari German Switchgear Company W.L.L.	2,705,253	2,705,253
	76,321,443	76,321,443
Impairment of goodwill	(4,845,447)	-
	71,475,996	76,321,443

During the year the group impaired goodwill amounting to QR 4,845,447 based on the impairment assessment.

9 Intangible assets and goodwill (continued)

(i) Goodwill (continued)

Impairment testing of goodwill

The principal assumptions used in the projections relate to revenue, margins, WACC, terminal growth rates and working capital. The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and take into account anticipated efficiency improvements over the forecasted period.

Discount rates reflect management's estimate of the risks specific to each unit. Discount rates are based on a weighted average cost of capital for each CGU. Discount rates relevant to CGU range from 5% to 10%.

Growth rate estimates for the periods beyond that covered by the projections, long-term growth rates are based on management's best estimates of the growth rates relevant to CGU range from 5% to 25%.

(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.

	2018	2017
Cost		
Balance at 1 January	68,196,938	56,811,359
Additions	6,960,174	11,411,367
Write off	(62,886)	(25,788)
Balance at 31 December	**75,094,226**	68,196,938
Accumulated amortisation		
Balance at 1 January	35,226,172	32,112,500
Amortisation	2,859,565	3,113,672
Write off	(40,132)	
Balance at 31 December	**38,045,605**	35,226,172
Carrying amount at 31 December	**37,048,621**	32,970,766

In Qatari Riyals

10 Investment properties

			Land and buildings in Qatar					
	Land in Palestine	Land and building in United Arab Emirates	Salam Tower	Salam Plaza	Villas and Amjad factory	The Gate Towers and Mall	Property under construction	Total
Cost								
Balance at 1 January 2017	4,817,416	264,400,501	87,088,451	258,140,587	33,751,400	1,047,926,322	26,450,284	1,722,574,961
Additions*	-	-	-	-	-	474,246	38,104,870	38,579,116
Balance at 31 December 2017	4,817,416	264,400,501	87,088,451	258,140,587	33,751,400	1,048,400,568	64,555,154	1,761,154,077
Balance at 1 January 2018	4,817,416	264,400,501	87,088,451	258,140,587	33,751,400	1,048,400,568	64,555,154	1,761,154,077
Acquisitions through business combinations (Note 25 (v))	-	-	-	-	15,940,012	-	-	15,940,012
Additions*	-	-	-	-	-	203,573	8,763,548	8,967,121
Transfer	-	-	-	-	-	72,437,877	(72,437,877)	-
Balance at 31 December 2018	**4,817,416**	**264,400,501**	**87,088,451**	**258,140,587**	**49,691,412**	**1,121,042,018**	**880,825**	**1,786,061,210**
Accumulated depreciation								
Balance at 1 January 2017	-	24,905,029	22,909,254	-	634,956	105,266,253	-	153,715,492
Depreciation (Note 27)	-	7,521,053	1,663,041	-	845,069	21,503,738	-	31,532,901
Balance at 31 December 2017	-	32,426,082	24,572,295	-	1,480,025	126,769,991	-	185,248,393
Balance at 1 January 2018	-	32,426,082	24,572,295	-	1,480,025	126,769,991	-	185,248,393
Depreciation (Note 27)	-	7,521,053	1,663,041	-	845,069	26,706,702	-	36,735,865
Balance at 31 December 2018	**-**	**39,947,135**	**26,235,336**	**-**	**2,325,094**	**153,476,693**	**-**	**221,984,258**
Carrying amounts								
At 31 December 2018	**4,817,416**	**224,453,366**	**60,853,115**	**258,140,587**	**47,366,318**	**967,565,325**	**880,825**	**1,564,076,952**
At 31 December 2017	4,817,416	231,974,419	62,516,156	258,140,587	32,271,375	921,630,577	64,555,154	1,575,905,684
	(i)	(ii)	(iii)	(iv)	(v)	(iv)		

* It includes finance costs capitalized amounting to QR 692,540 (2017: QR 1,961,183)

10 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 20,571,926 (2017: QR 20,046,239) based on a valuation carried out on 7 January 2019 by an independent external valuer based in Palestine. The original cost of this land was QR 4,817,416.

(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 4,064,262 (2017: QR 4,253,927) based on a valuation carried out on 5 January 2019 by an external independent valuer based in Dubai, UAE. The original cost of this plot of land was QR 3,775,694.

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

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

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

During the year 2017, the Company and Salam Bounian agreed to transfer back the three plots of lands to Salam Bounian at the original cost of acquisition by the Company.

The fair value of these three plots of land was QR 85,285,473 (2017: QR 85,298,105) based on a valuation carried out on 5 January 2019 by an external independent valuer based in Dubai, UAE. The original cost of this plot of land was QR 85,922,962.

b) Building at Dubai Investment Park – This building is being leased as business office and warehouse. The fair value of this property was QR 55,445,545 (2017: QR 58,564,356) based on a valuation carried out on 17 January 2019 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 50,735,186 (2017: QR 54,255,114).

c) Grosvenor Business Bay Tower 1 – This represents one floor of office leased to third parties. The fair value of this property was QR 25,438,228 (2017: QR 25,633,406) based on a valuation carried out on 17 January 2019 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 23,136,199 (2017: QR 23,655,172).

d) Al-Quoz labour camp (plot # 0264-0431) in Dubai – This labour camp is purchased in 2015 and leased to a third party. The fair value of this property was QR 17,920,792 (2017: QR 18,118,812) based on a valuation carried out on 17 January 2019 by an external independent valuer based in Dubai, UAE. The net book value of this building is QR 16,498,594 (2017: QR 17,469,569).

10 Investment properties (continued)

e) Al-Quoz labour camp in Dubai (plot # 0365-0194) – This labour camp is purchased in 2016 and leased to a third party. The fair value of this property was QR 45,821,782 (2017: QR 48,742,574) based on a valuation carried out on 17 January 2019 by an external independent valuer based in Dubai, U.A.E. The net book value of this building is QR 44,384,731 (2017: QR 46,895,911).

(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 315,400,000 (2017: QR 345,970,000) based on a valuation carried out on 24 February 2019 by an external independent valuer. The net book value of this building is QR 60,853,115 (2017: QR 62,516,156).

(iv) This represents "Salam Plaza" and "The Gate Towers and Mall". The fair value of these properties was QR 1,738,943,505 (2017: QR. 1,769,001,000) based on valuations carried out on 31 December 2018 by an independent external valuer based in Doha – Qatar. The carrying amount of these properties as at 31 December 2018 was QR. 1,335,002,048 (2017: QR 1,288,712,244), out of which QR 108,415,312 (2017: QR 108,941,081) 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 22 (i))

(v) These property comprises of the following:

(a) 10 new villas with a carrying value of QR 31,426,306 (2017: QR 32,271,375). The fair value of these villas was QR 32,117,297 (2017: QR 32,110,000), based on a valuation carried out on 31 December 2018 by an external independent valuer.

(b) Right to use a land and factory building with a carrying value of QR 15,940,012 purchased during the year. The fair value of this right to use the land and building was QR 15,600,426, based on a valuation carried out on 31 December 2018 by an external independent valuer.

11 Equity-accounted investees

	2018	2017
Interests in joint ventures	58,212,077	57,113,694
Interests in associates	83,902,512	95,036,793
	142,114,589	152,150,487

Share of results from joint ventures and associates are as follows:

	2018	2017
Share of results from joint ventures	3,870,660	4,948,390
Share of results from associates	(11,347,388)	(1,699,376)
	(7,476,728)	3,249,014

a) *Investment in joint ventures*

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

	Ownership		**2018**	2017
	2018	2017		
4 Homes FZCO L.L.C. (UAE)	70%	70%	57,762,674	56,471,707
Shift Point L.L.C. (Qatar)	51%	51%	449,403	641,987
			58,212,077	57,113,694

The carrying values of the investment in joint ventures have been adjusted for the results of joint ventures for the year ended 31 December 2018, which are based on the audited / management financial statements.

11 Equity-accounted investees (continued)

a) Investment in joint ventures (continued)

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

	2018	2017
Balance at 1 January	57,113,694	52,858,373
Share of results from joint venture, net	3,870,660	4,948,390
Dividends received during the year	(2,772,277)	(693,069)
Balance at 31 December	**58,212,077**	57,113,694

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

	2018	2017
Total assets	90,213,963	88,678,768
Total liabilities	(14,147,786)	(14,315,577)
Net assets	**76,066,177**	74,363,191

	2018	2017
Total revenue	**127,746,974**	129,359,195
Total net profit for the year	**5,663,382**	7,214,824
Proportion of Group's interest in joint venture's profit	**3,870,660**	4,948,390

b) Investment in associates

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

	Ownership			
	2018	2017	**2018**	2017
Serene Real Estate S.A.L. (Lebanon) (i)	48.99%	48.99%	61,578,354	67,849,511
PC Deal Net W.L.L. (Qatar) (i)	51%	51%	-	102,000
Qatar Aluminum Extrusion Company P.S.C. (Qatar) (i)	20%	20%	11,622,705	10,094,729
Canon Office Image Solutions W.L.L. (Qatar) (i)	51%	51%	3,185,704	3,712,800
Salam Sice Tech Solutions W.L.L. (Qatar) (i)	51%	51%	-	-
Salam Media Cast W.L.L. (Qatar) (i)	20%	20%	4,442,534	4,442,534
Salam Media Cast L.L.C. (UAE) (i)	20%	20%	-	-
Meta Coat W.L.L. (Qatar) (i)	51%	51%	450,235	4,000,000
Technical Field Services Limited (UAE) (i)	50%	50%	-	2,744,949
Technical Office for Studies and Monitoring Works W.L.L. (Qatar) (i) (iii)	51%	51%	102,000	102,000
Wikaya Contracting W.L.L(Qatar) (i) (ii)	50%	50%	100,000	100,000
Harris Salam W.L.L(Qatar) (i) (ii)	51%	51%	326,021	357,000
Dutchkid FZCO and Just Kidding General Trading Company (UAE) (i)	50%	50%	-	85,881
Mideco Trading and Contracting L.L.C. (i) (ii)	70%	70%	1,172,378	140,000
Soula Systems (i)	20%	20%	558,411	941,219
My List FZ LLC (i)	5%	5%	364,170	364,170
			83,902,512	95,036,793

11 Equity-accounted investees (continued)

b) *Investment in associates (continued)*

The carrying values of the investment in associates have been adjusted for the results of associates for the year ended 31 December 2018, which are based on the audited / management financial statements.

(i) As per the shareholders' agreements and subsequent amendments thereto, the Group does not have either control or joint control over the investee and accordingly treated as an associate.
(ii) Significant operations have not yet started in these associates.
(iii) This associate is under the process of liquidation.

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

	2018	2017
Balance at 1 January	95,036,793	77,762,174
Additions (a)	123,763	744,000
Additions – transfer from related parties (b)	-	17,843,350
Written off of investments in an associate	(2,744,949)	-
Share of results from associates, net (c)	(8,513,095)	(1,312,731)
Balance at 31 December	**83,902,512**	95,036,793

(a) Details of addition to Group's associates are as follows:

i) Dutchkid FZCO and Just Kidding General Trading Company (U.A.E)

The Group entered into an "Agreement" with Bernard Frans Harmen Boenk and Johanna Maria Wilhelmaina Retera (Dutch nationals) to acquire 50% shares of Dutchkid FZCO U.A.E (a company incorporated in United Arab Emirates). There is an additional capital injection of QR 123,763 (2017: QR 744,000) in the associate during the year.

(b) In 2017, The Group contributed QR 17,843,350 towards the increase in capital of Serene Real Estate S.A.L. by transferring from related party receivables.

(c) 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 - 2018		
Associate	**1 January 2018**	**(gain)/loss during the year (i)**	**31 December 2018**
Salam Media Cast LLC (UAE)	2,129,980	-	2,129,980
Dutchkid FZCO and Just Kidding General Trading Company (UAE)	-	2,080,714	2,080,714
PC Deal Net W.L.L. (Qatar)	-	336,333	336,333
Salam Sice Tech Solutions	712,070	417,246	1,129,316
	2,842,050	2,834,293	**5,676,343**

11 Equity-accounted investees (continued)

b) *Investment in associates (continued)*

Associate	Share of losses applied to due from related parties - 2017		
	1 January 2017	(gain)/loss during the year (i)	31 December 2017
Salam Media Cast LLC (UAE)	1,703,445	426,535	2,129,980
Salam Sice Tech Solutions	751,960	(39,890)	712,070
	2,455,405	386,645	2,842,050

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

	2018	2017
Total share of loss / (gain) applied to investment in associates	8,513,095	1,312,731
Total share of loss / (gain) applied to amount due from related parties	2,834,293	386,645
	11,347,388	1,699,376

12 Other investments

The effect of initially applying IFRS 9 in the Group's financial instruments is described in Note 6 (p). Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

	2018	2017
Non-current investments		
Equity securities – available-for-sale	-	172,865,335
Equity securities – at FVOCI	182,622,386	-
	182,622,386	172,865,335
Current investments		
Equity securities – at FVTPL	**1,187,214**	1,379,336
	183,809,600	174,244,671

	2018	2017
Quoted equity instruments (i)		
i. Equity Securities – Qatar	13,457,263	17,190,241
ii. Equity Securities – UAE	272,726	357,815
iii. Equity Securities – Jordan	21,331,679	28,664,444
iv. Equity Securities – Bahrain	154,275	245,025
	35,215,943	46,457,525
Unquoted equity instruments (i)	148,593,657	127,787,146
	183,809,600	174,244,671

(i) Refer note 5 (i) for fair value measurement.

12 Other investments (continued)

Equity securities designated as at FVOCI

At 1 January 2018, the Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposes. In 2017, these investments were classified as available-for sale (Note 6 (p)).

	Fair value at 31 December 2018	Dividend income recognised during 2018
Quoted equity instruments	34,028,729	1,360,094
Unquoted equity instruments:	148,593,657	497,557
	182,622,386	1,857,651

Certain investments in quoted equity securities in Qatar were disposed during 2018, and there was transfers of cumulative loss amounting to QR 16,255,371 within equity relating to these investments.

	2018	2017
Balance at 1 January	172,865,335	166,917,235
IFRS 9 transitional adjustment (Note 6 (p))	20,426,399	-
	193,291,734	166,917,235
Addition during the year	10,385,710	18,701,162
Disposals during the year	(11,340,228)	(3,825,781)
Movement in fair value during the year	(9,714,830)	(6,480,850)
Impairment	-	(2,446,431)
	182,622,386	172,865,335

The movement in fair value reserve during the year is as follows;

	2018	2017
Balance at 1 January	(11,861,086)	(5,380,236)
IFRS 9 transitional adjustment (Note 6 (p))	(11,988,307)	-
	(23,849,393)	(5,380,236)
Loss on sale of investment in FVOCI	(1,355,488)	-
Transfer to retained earnings / (accumulated losses) for disposed FVOCI investment	16,255,371	-
Effect of change in fair value during the year	(9,714,830)	(6,480,850)
Balance at 31 December	**(18,664,340)**	(11,861,086)

13 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.

	2018	2017
Retention receivable	274,094,122	249,695,184
Less: Allowance for impairment of retention receivable (Note 6 (p))	(34,738,741)	-
	239,355,381	249,695,184

13 Retentions (continued)

(a) Retention receivables (*continued*)

Presented in the statement of financial position as follows:

	2018	2017
Current	108,029,725	116,433,984
Non-current	131,325,656	133,261,200
	239,355,381	249,695,184

(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.

	2018	2017
Current	35,108,291	32,016,398
Non-current	32,547,161	31,258,383
	67,655,452	63,274,781

14 Other assets

	Current		Non-current	
	2018	2017	**2018**	2017
Prepayments	16,292,247	27,260,227	4,796,707	4,813,172
Advance payments	179,703,394	122,166,874	-	-
Accrued income	14,637,419	6,992,690	-	-
Others	26,128,168	29,010,399	6,532,662	7,346,043
	236,761,228	185,430,190	**11,329,369**	12,159,215

15 Inventories

	2018	2017
Finished goods and goods for resale	493,067,145	605,073,788
Goods in transit	33,125,053	28,361,768
	526,192,198	633,435,556
Less: provision for slow moving inventories	(70,938,715)	(59,179,508)
	455,253,483	574,256,048

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:

	2018	2017
Balance at 1 January	59,179,508	57,305,748
Provisions during the year (i) (Note 30)	40,528,536	3,917,399
Write-offs/reversals during the year	(28,769,329)	(2,043,639)
Balance at 31 December	**70,938,715**	59,179,508

(i) An amount of QR 77,975 (2017: QR 161,431) has been allocated to operating cost.

16 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:

	2018	2017
Revenue	**34,765,767**	26,332,443
Cost of sales	**465,798**	5,019,057
Interest income	**564,767**	586,310
Other income	**1,655,710**	1,805,877
Other expenses	**66,250**	57,761
Financing advance to a related party	**2,468,292**	8,438,229

(a) Due from related parties

	2018	2017
Serene Real Estate S.A.L.	135,703,759	133,235,467
Bassam Abu Issa	458,301	456,149
Salam Holdings W.L.L.	5,409,328	2,822,465
Salam Interconsult W.L.L.	130,284	130,284
Burhan International Construction Company W.L.L.	18,725,614	-
PC Dealnet Qatar W.L.L.	148,271	-
Holmesglen Australia	31,042,219	31,027,047
Al Hussam Holding Company	641,154	636,205
Salam Sice Tec Solutions W.L.L.	7,132,634	8,377,099
John Steven Ezzo	-	638,099
Meta Coat W.L.L.	15,455,019	13,858,267
Real Jubail Investment W.L.L.	479,341	479,341
Technical Field Services	4,614,842	6,305,158
Mideco Trading and Contracting W.L.L.	22,808,327	11,021,315
Soula Systems W.L.L.	3,641,639	5,400,050
Salam Media Cast – Dubai	-	144,750
Salam Media Cast – Doha	78,786	-
Qatar Boom Electrical Enginering	2,113,237	-
Jamal Abu Issa	46,868	32,571
New Image USA	105,328	56,332
Just Kidding	1,996,453	1,270,295
Luay Mahmoud Darwish	-	6,600
Jubail Development Company W.L.L.	972,000	972,000
West Bay Medicare	27,476,569	12,547,845
Atelier 101	456,275	-
Ecosol	98,000	633,250
	279,734,248	230,050,589
Impairment allowance on receivable from related party (Note 6 (p))	(29,368,514)	-
	250,365,734	230,050,589

16 Related parties (continued)

(b) Due to related parties

	2018	2017
Robert Abi Nader	-	94,166
Al Nooh Wood Industries	411,549	400,485
Offiteco W.L.L.	40,382	40,495
Canon office Imaging	2,176,220	702,862
PC Dealnet Qatar W.L.L.	-	683,903
Salam Media Cast – Doha	-	74,564
Burhan International Construction Company W.L.L.	-	746,438
Shift Point L.L.C.	978,614	104,167
	3,606,765	2,847,080

(c) Compensation of key management personnel

Short-term and long term benefits	2018	2017
Executive managers' bonus	1,584,016	4,941,597
Salaries and other short-term benefits	27,878,969	33,164,012
Long-term benefits	1,227,114	1,650,176
	30,690,099	39,755,785

17 Trade and other receivables

	2018	2017
Trade receivables	590,551,434	692,491,304
Notes receivables	23,051,593	19,551,829
	613,603,027	712,043,133
Allowance for impairment of trade receivables (Note 6 (p) and 35)	(161,172,092)	(56,416,920)
	452,430,935	655,626,213

Movement allowance for impairment of trade receivables is as follows:

	2018	2017 Collective impairment
Balance at 1 January under IAS 39	56,416,920	50,179,762
Adjustment on initial application of IFRS 9 (Note 6 (p))	99,776,702	-
Balance at 1 January under IFRS 9	156,193,622	50,179,762
Allowance during the year	8,196,187	11,585,540
Transfer	2,054,285	-
Write-offs/reversal during the year	(5,272,002)	(5,348,382)
Balance at 31 December	**161,172,092**	56,416,920

18 Cash and bank balances

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

	2018	2017
Cash balances	2,485,841	2,980,225
Bank balances	168,603,591	206,216,639
Cash and bank balances	**171,089,432**	209,196,864
Less: bank overdrafts (i)	**(127,683,776)**	(118,040,843)
Cash and cash equivalents	**43,405,656**	91,156,021

(i) Bank overdrafts carried an average interest rates ranging from 4.10% to 6.48% (2017: 3.25% to 5.50% p.a.)

19 Share capital

	2018	2017
Authorised, issued and fully paid up capital 114,314,587 shares @ QR 10 each	**1,143,145,870**	1,143,145,870

20 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.

21 Non-controlling interests

	2018	2017
Balance at 1 January	165,985,666	156,965,999
Adjustment on initial application of IFRS 9	774,967	-
Acquisition – Additional purchase of subsidiary shares	-	(1,801,990)
Share of profit for the year	2,492,068	10,801,841
Net movement in non-controlling interests	3,635,492	19,816
Dividend distributed to non-controlling interest	(766,682)	-
Balance at 31 December	**172,121,511**	165,985,666

22 Borrowings

	Current		**Non-current**	
	2018	2017	**2018**	2017
Term loan (a)	311,350,686	436,045,770	1,518,020,300	1,570,839,497
Loan against trust receipt (b)	338,052,261	351,710,558	-	-
Project finance (c)	356,054,821	345,688,891	-	-
	1,005,457,768	1,133,445,219	**1,518,020,300**	1,570,839,497

22 Borrowings (continued)

a) Term loan represent the following and all these loans are carrying interest rates ranging from 3.75% to 6.48% (2017: 3.25% to 5.5%)

	Final instalment/Maturity	2018	2017
Loan -1 (i)	01 July 2026	1,035,715,786	1,117,491,043
Loan -2 (ii)	24 March 2023	129,857,368	150,000,000
Loan -3 (iii)	1 April 2021	54,619,190	73,139,433
Loan -4 (iv)	4 March 2019	7,965,781	31,863,125
Loan -5 (v)	28 June 2019	11,379,688	28,449,219
Loan -6 (vi)	8 June 2019	40,000,000	35,000,000
Loan -7 (vii)	18 June 2019	72,830,000	50,070,625
Loan -8 (viii)	15 April 2019	3,641,500	18,207,500
Loan -9 (ix)	30 September 2021	16,286,479	25,138,429
Loan -10 (x)	14 December 2018	-	18,207,500
Loan -11 (xi)	1 February 2025	56,438,774	54,234,043
Loan -12 (xii)	1 October 2018	-	7,582,658
Loan -13 (xiii)	29 June 2019	2,941,177	8,823,529
Loan -14 (xiv)	23 January 2019	822,372	4,016,674
Loan -15 (xv)	31 March 2018	-	850,265
Loan -16 (xvi)	31 July 2019	2,159,633	2,605,294
Loan -17 (xvii)	13 December 2026	299,999,571	247,825,021
Loan -18 (xviii)	30 November 2022	29,166,667	35,000,000
Loan -19 (xix)	1 February 2021	65,547,000	72,830,000
Loan -20 (xx)	Various dates	-	22,656,977
Loan -21 (xx)	9 November 2018	-	1,783,706
Loan -22 (xx)	3 April 2018	-	1,000,000
Loan -23 (xx)	31 January 2018	-	110,226
		1,829,370,986	2,006,885,267

(i) A term loan of QR 1. 2 billion availed as part of the Groups debt management. The loan is re-payable in quarterly instalments of QR 32,500,000 each with a bullet payment for the residual value due in July 2026. Refer note 10 (iv) for security.

(ii) A term loan of QR 150 million was availed as part of the Group debt management and expansion of business. The loan is re-payable in 23 quarterly instalments of QR 6,500,000 each with a final instalment due in March 2023.

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

(iv) A term loan of USD 35 Million (Equivalent QR 127,452,500) was availed to finance capital expenditure of various new businesses. The loan principal is re-payable in 16 equal quarterly instalments of USD 2,187,500 each plus interest with a final instalment due in March 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 June 2019.

(vi) A revolving term loan of QR 50 Million was availed to meet short term working capital requirement. The loan principal along with interest is repayable in June 2019.

(vii) A term loan of USD 20 Million (Equivalent QR 72,830,000) was given to finance working capital requirements of the Group. The loan principal along with interest is repayable in June 2019.

22 Borrowings (continued)

(viii) A term loan of USD 15 Million (Equivalent QR 54,622,500) was availed to finance capital expenditure of the Group. This loan principal is repayable quarterly with a final instalment due in April 2019.

(ix) A term loan of QR 45 Million was availed for General Business Operations. The loan has a grace period of one year and is repayable in 18 quarterly instalments of QR 2,450,000 each with a final instalment due in September 2021.

(x) A term loan of USD 15 Million (Equivalent QR 54,622,500) was availed to support acquisition of new business. The loan principal along with interest has been fully settled during the year.

(xi) A term loan of QR 67 Million was availed to finance refurbishing at The Gate Mall for a tenant to set up a Medical Centre. The loan principal has a grace period of one year and is re-payable in seven years after the grace period, with a final instalment due in February 2025.

(xii) A term loan of QR 35 Million was availed for the expansion of business of one of the group entities. The loan principal along with interest has been fully settled during the year.

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

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

(xv) A term loan of QR 14.20 Million was availed to finance fit-out and mechanical, electrical and procurement works at The Gate Towers and Mall. The loan principal along with interest has been fully settled during the year.

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

(xvii) A term loan of QR 299 million was availed for new capital expenditure. The loan is re-payable in quarterly instalments in the range of QR 2 to 18 million each with a final instalment due in December 2026.

(xviii) A term loan of QR 40 million was availed for capital expenditure. The loan is re-payable in quarterly instalments of QR 2,220,000, each with a final instalment due in November 2022.

(xix) A revolving term loan of USD 20 million (Equivalent QR 72,830,000) was availed for general corporate purposes. The loan principal along with profit is payable in quarterly instalment with final instalment due on February 2021.

(xx) The Group availed these loans for different operational purposes. The loan principal along with interest has been fully settled during the year.

b) Loans against trust receipts

These represent import credit facilities obtained from local and foreign banks, secured by full corporate guarantee of the Company and carry interest rates ranging from 3.75% to 5.25% per annum (2017: 3.20% to 4.50% per annum). Those facilities are short term in nature and, mostly, are repayable within one fiscal year from the date of the facility.

c) Project finances

These represent facilities obtained from local and foreign banks and secured by full corporate guarantee of the Company. These facilities carry interest rates ranging from 4.10% to 5% per annum (2017: 3.25% to 4.50% per annum), and obtained to finance construction projects and operations of subsidiaries under the contracting, energy and power sectors. Those facilities are short term in nature with original repayment schedule of one to three years in accordance with the project duration.

d) The above borrowings are secured by corporate guarantees of the Company and / or cross corporate guarantees of subsidiaries.

22 Borrowings (continued)

e) Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows:

	2018	2017
Balance at 1 January	2,704,284,716	2,291,056,383
Net movement in borrowings	(181,499,188)	411,267,150
Finance costs capitalised on qualifying assets (Note 10)	692,540	1,961,183
Finance costs*	133,397,246	110,706,580
Finance costs paid	(133,397,246)	(110,706,580)
Balance at 31 December	2,523,478,068	2,704,284,716

* An amount of QR 21,523,308 (2017: QR 15,190,033) has been allocated to operating cost.

23 Employees' end of service benefits

	2018	2017
Balance at 1 January	75,348,122	72,727,533
Provision during the year	19,302,603	18,026,584
Transfer	(12,356)	-
Payments during the year	(16,586,282)	(15,405,995)
Balance at 31 December	**78,052,087**	75,348,122

24 Other liabilities

	Current		Non-current	
	2018	2017	**2018**	2017
Provision for supplier dues	80,740,161	97,179,113	-	-
Provision for completed jobs	72,658,079	45,577,307	-	-
Dividend payable	16,706,504	17,760,876	-	-
Accrued expenses	74,336,571	32,909,986	-	-
Staff dues and incentives	58,754,184	60,774,090	-	-
Other payables	22,774,847	34,514,049	7,545,667	7,769,253
	325,970,346	288,715,421	**7,545,667**	7,769,253

25 Subsidiaries

(a) Details of the Group's subsidiaries at 31 December 2018 are as follows:

Name of subsidiary	**Principal activities**	**Ownership interest (%)**	
		2018	2017
Salam Technology W.L.L.	Information technology	100	100
I Telligent Technologies L.L.C.	Electronic system installation and maintenance	100	100
Stream Industrial and Engineering Company W.L.L.	Mechanical services	100	100
Qatar German Switchgear Company W.L.L.	Switchgear manufacturing	100	100
Salam Petroleum Services W.L.L.	Trading in chemical materials and maintenance of oil equipment	100	100
Gulf steel and Engineering W.L.L.	Steel works	100	100

25 Subsidiaries (continued)

(a) Details of the Group's subsidiaries at 31 December 2018 are as follows (continued)

Name of subsidiary	Principal activities	Ownership interest (%) 2018	2017
International Trading and Contracting Company W.L.L.	Civil contracting	100	100
Salam Enterprises Company W.L.L.	Furniture trading and contracting	100	100
Salam Industries W.L.L.	Furniture and Interior works	100	100
Alu Nasa Company W.L.L.	Aluminum works	100	100
Gulf Industries for Refrigeration and Catering Company W.L.L.	Trading and maintenance of refrigerators, water coolers and air conditioners	100	100
Holmsglen Qatar W.L.L. (ii)	Consulting and managerial studies	98	98
Qatar Transformers Company W.L.L.	Manufacture of transformers	100	100
Salam Hospitality W.L.L.	Restaurants and bakeries management	100	100
Salam Bounian Development Company P.Q.S.C.	Real estate	70.75	70.75
Gulf Facility Management W.L.L.	Facility management	70.75	70.75
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 W.L.L.	Luxury Retail trading - intermediary holding company	100	100
Salam Studio and Stores W.L.L. – Doha	Retail and wholesale of luxury consumer products	100	100
Salam Studio and Stores L.L.C. – Dubai (i)	Retail and wholesale of luxury consumer products	100	100
Salam Studio and Stores W.L.L. – Muscat (iii)	Retail of luxury consumer products	100	100
Salam Arabia Trading Establishment – Kuwait (ii)	General trading	100	100
Salam Trading Enterprises – Jordan	Luxury Fashion retail	100	100
Salam Enterprise Company – Bahrain (iv)	Furniture trading	80	80
Salam Amwal Holding S.A.L.	Investments	100	100
Salam Capital Holding S.A.L.	Investments	100	100
Salam Globex W.L.L.	Marketing and offices facilities	100	100
Prevent and Protect W.L.L. – Qatar	Oil and gas services	90	90
Prevent and Protect S.P.C. –Bahrain (ii)	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 (ii)	Oil and gas services	90	90
New Image Building Services Gulf States L.L.C.	Building and facilities management	53.1	53.1
Blink Company W.L.L. (ii)	Photography trading and related services	60	60
Diversa S.R.L.	Trading in water equipment	100	100
Qatar Garden W.L.L.	Construction of soft and hard landscaping and supply of related materials	100	100
Al-shamila Eco Studies and Energy Solution W.L.L.	Trading in equipment and rendering	51	-
Amjad Company for Manufacture and printing Cardboard W.L.L. (b)	Manufacture of bowls and boxes of cardboard	100	-

25 Subsidiaries (continued)

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

(ii) The operations and activities of Salam Arabia Trading Establishment Kuwait, Gulf Facility Management W.L.L. and Gulf Industries for Refrigeration and Catering Company W.L.L. and Prevent and Protect L.L.C. – UAE and Bahrain, Blink Company W.L.L. and Holmsglen Qatar W.L.L. are currently on hold.

(iii) 99% of the share capital of Salam Studio and Stores W.L.L. – Muscat is commercially registered under the name of the Company and 1% is register in name of Salam Studio and Stores W.L.L., a Group entity.

(iv) The share capital of this Company is registered in the name of Bahraini national for the beneficial interest of the Group.

(b) Details of the change in Group's subsidiaries are as follows:

Al-shamila Eco Studies and Energy Solution W.L.L.

During the year, the Group incorporated this subsidiary with contribution of 51% in its shares.

Amjad Company for Manufacture and printing Cardboard W.L.L.

During the year, the Group acquired 100% equity shares of Amjad Company for Manufacture and printing Cardboard W.L.L. On date of acquisition Group recognized investment property (Rights to use) of QR 15,940,012 as fair value of net assets acquired, by considering the same amount as purchase consideration out of which QR 2,582,737 has paid in cash. Property acquired is under mortgage to a local bank.

Salam Bounian Development Company P.Q.S.C.

During the year 2017, SIIL purchased additional 185,435 shares in Salam Bounian Development Company P.Q.S.C. to become the owner of 38,910,804 shares representing 70.75% of Salam Bounian's capital. The details of the additional purchase with respective loss from purchase recognised in equity are as follows:

Acquisition – Additional purchase of subsidiary shares	1,801,989
Fair value of the consideration paid	(1,854,350)
Loss from additional purchase	(52,361)

26 Operating revenue

	2018	2017
Contract revenue	1,513,495,299	1,649,247,100
Revenue from sale of goods	951,733,576	1,036,606,174
Service revenue	51,873,574	55,449,919
Real estate revenue	129,290,987	152,523,720
	2,646,393,436	2,893,826,913

27 Operating cost

	2018	2017
Contract costs	1,285,105,139	1,475,433,274
Cost of goods sold	676,670,953	740,382,103
Cost of service and other revenue	29,548,167	37,286,285
Real estate costs	13,534,769	8,814,144
Interest charged to projects	21,523,308	15,190,032
Depreciation of investment properties (Note 10)	36,735,865	31,532,901
Depreciation of property, plant and equipment (Note 8(iii))	13,287,010	27,714,982
	2,076,405,211	2,336,353,721

28 Investment income

	2018	2017
Unrealised loss on investments at fair value through profit or loss	(192,122)	(375,376)
Interest income	1,843,131	3,434,199
Dividend income	1,857,651	1,418,885
	3,508,660	4,477,708

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

	2018	2017
Investment in equity securities – at FVOC (2017: available for sale)	1,857,651	1,418,885
Investment in equity securities – at FVTPL	(192,122)	(375,376)
Loans and receivables (including cash and bank balances)	1,843,131	3,434,199
Investment income earned on financial assets	**3,508,660**	4,477,708

29 Other income

	2018	2017
Gain on sale of property, plant and equipment	357,665	866,307
Rent income from sub-lease arrangements	5,237,284	7,208,398
Others	33,378,652	15,084,748
	38,973,601	23,159,453

30 General and administrative expenses

	2018	2017
Office, showroom and warehouse rent	89,573,348	98,436,715
Advertising	2,240,049	3,649,316
Marketing*	21,944,118	22,840,626
Repairs and maintenance	15,177,738	17,012,822
Travel	3,440,959	4,168,208
Communication	5,623,952	6,027,849
Electricity and water	8,885,348	10,024,780
Business development	723,741	191,300
Entertainment	1,561,305	1,586,434
Tender fees	1,731,036	2,172,124
Insurance	2,745,437	3,365,270
Legal and registration charges	6,790,684	8,671,536
Printing and stationery	3,250,807	3,700,190
Professional fees	4,694,417	2,027,936
Meeting and conference	135,431	203,372
Fuel	3,752,608	3,583,595
Subscription and catalogues	498,178	585,493
Transportation	1,683,669	2,344,153
Donations	331,055	1,033,372
Provision for slow moving inventories (Note 15)	40,450,561	3,755,968
Intangible assets written off (Note 9)	22,754	25,788
Others	5,797,011	5,382,736
	221,054,206	200,789,583

* The details of net marketing expenses are as follows:

	2018	2017
Marketing expenses incurred during the year	43,149,859	47,286,868
Contribution granted from suppliers	(21,205,741)	(24,446,242)
	21,944,118	22,840,626

31 *Contribution to social and sports fund*

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

32 Earnings per share

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

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

	2018	2017
Loss for the year attributable to Owners of the Company	**(99,403,701)**	(100,723,400)
Adjusted weighted average number of outstanding shares	**114,314,587**	114,314,587
Basic and diluted earnings per share	**(0.87)**	(0.88)

33 Contingent liabilities and commitments

	2018	2017
Letters of credit	**192,275,652**	283,165,351
Letters of guarantee	**695,881,781**	773,238,142

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

	2018	2017
Within one year	79,842,024	84,475,406
After one year but not more than five years	173,767,729	219,749,145
More than 5 years	49,529,069	66,725,390
	303,138,822	370,949,941

34 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.

34 Operating segments (continued)

(a) In terms of operating sectors:

2018	Contracting	Energy and Power	Consumer and luxury products	Technology and communication	Real estate and investments	Total
Operating income						
From external customers	435,407,975	429,029,810	886,363,185	738,770,406	156,822,060	2,646,393,436
Inter-segment	50,236,949	73,986,635	637,869	5,344,713	47,940,819	178,146,985
Total operating income	**485,644,924**	**503,016,445**	**887,001,054**	**744,115,119**	**204,762,879**	**2,824,540,421**
Segment results	**(6,024,125)**	**18,448,012**	**(149,827,233)**	**6,034,120**	**34,457,593**	**(96,911,633)**
Assets and liabilities						
Segment assets	491,637,510	444,033,040	795,065,010	753,706,730	2,462,032,026	4,946,474,316
Segment liabilities	353,918,279	349,123,425	626,063,352	602,806,240	1,704,616,258	3,636,527,554
Other segment information						
Capital expenditures:						
Tangible assets	7,439,303	7,187,463	17,215,830	965,880	26,463,500	59,271,976
Intangible assets	209,526	-	4,938,368	-	1,812,280	6,960,174
	7,648,829	**7,187,463**	**22,154,198**	**965,880**	**28,275,780**	**66,232,150**
Depreciation	10,953,495	8,537,004	51,070,204	2,075,172	53,200,713	125,836,588
Amortisation	426,253	466,851	1,702,111	-	264,350	2,859,565

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34 Operating segments (continued)

2017	Contracting	Energy and Power	Consumer and luxury products	Technology and communication	Real estate and investments	Total
Operating income						
From external customers	564,849,851	402,573,779	978,685,154	763,709,909	184,008,220	2,893,826,913
Inter-segment	74,599,234	70,959,485	785,063	10,793,980	55,546,495	212,684,257
Total operating income	639,449,085	473,533,264	979,470,217	774,503,889	239,554,715	3,106,511,170
Segment results	(68,619,058)	25,784,528	(104,142,258)	(15,952,770)	73,007,999	(89,921,559)
Assets and liabilities						
Segment assets	724,110,722	473,046,110	956,843,128	755,035,997	2,503,901,427	5,412,937,384
Segment liabilities	399,375,391	348,987,864	868,098,881	582,514,050	1,568,476,299	3,767,452,485
Other segment information						
Capital expenditures:						
Tangible assets	7,485,072	9,196,169	93,363,361	15,032,145	52,712,737	177,789,484
Intangible assets	882,427	-	7,054,586	-	3,474,354	11,411,367
	8,367,499	9,196,169	100,417,947	15,032,145	56,187,091	189,200,851
Depreciation	11,480,946	8,541,330	48,209,564	16,503,162	47,911,369	132,646,371
Amortisation	386,842	466,851	1,745,960	63,014	451,005	3,113,672

34 Operating segments (continued)

(b) In terms of geographic locations :

	2018				2017			
	Qatar	**United Arab Emirates**	**Others**	**Total**	Qatar	United Arab Emirates	Others	Total
Operating income								
From external customers	2,180,606,655	322,006,105	143,780,676	2,646,393,436	2,354,031,071	398,016,575	141,779,267	2,893,826,913
Inter-segment	166,109,952	10,921,867	1,115,166	178,146,985	178,351,595	31,681,583	2,651,079	212,684,257
Total operating income	**2,346,716,607**	**332,927,972**	**144,895,842**	**2,824,540,421**	2,532,382,666	429,698,158	144,430,346	3,106,511,170
Segment results	**(28,989,044)**	**(49,068,513)**	**(18,854,076)**	**(96,911,633)**	(23,121,168)	(54,129,189)	(12,671,202)	(89,921,559)
Assets and liabilities								
Segment assets	4,013,847,575	700,449,566	232,177,175	4,946,474,316	4,344,456,462	726,717,255	341,763,667	5,412,937,384
Segment liabilities	3,394,011,837	202,107,171	40,408,546	3,636,527,554	3,569,229,458	176,493,533	21,729,494	3,767,452,485
Other segment information								
Capital expenditures:								
Tangible assets	55,836,606	2,823,005	612,365	59,271,976	173,401,427	3,418,405	969,652	177,789,484
Intangible assets	6,897,730	57,406	5,038	6,960,174	10,699,893	124,073	587,401	11,411,367
	62,734,336	2,880,411	617,403	66,232,150	184,101,320	3,542,478	1,557,053	189,200,851
Depreciation	107,639,034	15,168,010	3,029,544	125,836,588	107,998,430	21,249,626	3,398,315	132,646,371
Amortisation	2,635,463	76,156	147,946	2,859,565	2,922,455	79,362	111,855	3,113,672

During the year 2017, the management decided to classify the geographic segment based on the location of the assets and operations and the comparative figures are reclassified to match with current year figures.

35 Financial risk management

(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 Company's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets and contract assets, which are the following:

	2018	2017
Finance assets		
Loans to associate companies	20,977,414	22,239,377
Accrued income	14,637,419	6,992,690
Due from related parties	250,365,734	230,050,589
Retention receivables	239,355,381	249,695,184
Trade and notes receivables - net	452,430,935	655,626,213
Bank balances	168,603,591	206,216,639
Contract assets	652,910,715	737,662,882
	1,799,281,189	2,108,483,574

Allowance for impairment losses on financial assets recognised in profit or loss were as follows.

	2018	2017
Allowance for impairment loss on trade receivables	**8,196,187**	11,585,540

A summary of the Group's exposure to credit risk for trade receivables and contract assets is as follows.

Comparative information under IAS 39

The ageing of trade receivables that were past due but not impaired as at 31 December 2017 is as follows.

	2017
Trade receivables not past due (0 to 60 days)	376,846,714
Trade receivables past due and not impaired	
61 to 90 days	38,017,354
91 to 120 days	27,901,070
121 to 365 days	58,917,042
Beyond 1 year	134,392,204
	636,074,384
Trade receivables past due and impaired	
Beyond 1 year	56,416,920
	692,491,304

35 Financial risk management (continued)

(i) Credit risk (continued)

Expected credit loss assessment as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 December 2018.

31 December 2018	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	5.37%	143,916,131	7,730,420	No
1-60 days past due	13.82%	131,973,032	18,240,102	No
61-120 days past due	26.55%	61,880,492	16,430,329	No
121-365 days past due	31.73%	66,057,170	20,961,437	No
365-730 days past due	42.81%	40,206,730	17,211,815	No
More than 730 days past due	47.53%	169,569,472	80,597,989	No
		613,603,027	**161,172,092**	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Forward looking factors are based on the actual and forecast macro economic factors (primarily GDP) and is continued to be positive.

Further, the Group has recognised ECL amounting to QR 136,300,898 on contract assets, due from related parties and retention receivables as at 31 December 2018.

Cash and cash equivalents

The Group held cash and cash equivalents of QR 171,089,432 at 31 December 2018 (2017: QAR 209,196,864). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A1 to A2 based on [Rating Agency Moody] ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

On the initial application of IFRS 9, the Group did not identified any significant impairment allowance as at 1 January 2018 and at 31 December 2018.

35 Financial risk management (continued)

(ii) Liquidity risk

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

31 December 2018 Non-derivative financial liabilities	Carrying amounts	Gross un-discounted contractual cash out flows	Less than 1 year	Above 1 year
Borrowings	2,523,478,068	(2,523,478,068)	(1,005,457,768)	(1,518,020,300)
Retention payables	67,655,452	(67,655,452)	(35,108,291)	(32,547,161)
Other liabilities excluding provisions	254,134,337	(254,134,337)	(253,312,267)	(822,070)
Due to related parties	3,606,765	(3,606,765)	(3,606,765)	-
Bank overdrafts	127,683,776	(127,683,776)	(127,683,776)	-
Notes payable	39,669,534	(39,669,534)	(39,669,534)	-
Trade and other payables	301,655,430	(301,655,430)	(301,655,430)	-
	3,317,883,362	**(3,317,883,362)**	**(1,766,493,831)**	**(1,551,389,531)**

31 December 2017 *Non-derivative financial liabilities*	Carrying amounts	Gross un-discounted contractual cash out flows	Less than 1 year	Above 1 year
Borrowings	2,704,284,716	(2,704,284,716)	(1,133,445,219)	(1,570,839,497)
Retention payables	63,274,781	(63,274,781)	(32,016,398)	(31,258,383)
Other liabilities excluding provisions	243,960,184	(243,960,184)	(243,138,114)	(822,070)
Due to related parties	2,847,080	(2,847,080)	(2,847,080)	-
Bank overdrafts	118,040,843	(118,040,843)	(118,040,843)	-
Notes payable	4,148,144	(4,148,144)	(4,148,144)	-
Trade and other payables	301,136,828	(301,136,828)	(301,136,828)	-
	3,437,692,576	(3,437,692,576)	(1,834,772,626)	(1,602,919,950)

35 Financial risk management (continued)

(iii) Market risk

(a) Equity price risk

The Group is subject to equity price risk in relation to equity securities at FVOCI (2017: available-for-sale investments) and investment at FVTPL. 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 equity securities at FVOCI (2017: available-for-sale investment) is expected to result in an increase in the asset and equity by QR 3,402,873 (2017: QR 4,507,819) and a 10% decrease in market values of the Group's quoted portfolio of available-for-sale investment are expected to result in a decrease of the asset and equity by QR 3,402,873 (2017: QR 4,507,819).

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 118,721 (2017: QR 137,934) in the assets and profit of the Group and a 10% decrease in market values of the Group's portfolio of investment at fair value through profit or loss is expected to result in a decrease of the assets and profit by QR 118,721 (2017: QR 137,934).

(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	
	2018	2017
Non-interest bearing instruments		
Bank balances	**54,456,339**	87,690,440
Fixed rate instruments		
Bank balances	-	97,473,205
Bank loans	(56,286,479)	(82,795,407)
Net financial asset / liabilities	**(56,286,479)**	14,677,798
Average interest rate (p.a.)	4.25%-4.5%	2.5%-3.1%
Variable rate instruments		
Bank balances	114,147,252	21,052,994
Bank loans	(2,467,191,589)	(2,621,489,309)
Bank overdrafts	(127,683,776)	(118,040,843)
Net financial liability	**(2,480,728,113)**	(2,718,477,158)
Average interest rate (p.a.)	3.75%-6.48%	3.25%-5.5%

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 50 basis points in interest rates would have increased or decreased equity by QR 281,432 (2017: QR 73,389). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

35 Financial risk management (continued)

(iii) Market risk (continued)

(b) Interest rate risk (continued)

Cash flow sensitivity analysis for variable-rate instruments

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 / (loss) for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2018.

	Profit or (loss)		Profit or (loss)	
	2018		2017	
	50 bps Increase	50 bps Decrease	50 bps Increase	50 bps Decrease
Variable rate financial liabilities	**(12,403,641)**	**12,403,641**	(13,592,386)	13,592,386

(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 investment at FVOCI (2017: available-for-sale investments) and investments at fair value through profit or loss, carried at cost are not materially different from their carrying values.

Capital risk management
The Group manages its capital to ensure that it will be able to continue on a going concern basis while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of debt, which includes the borrowing disclosed in note 22, net of cash and bank balances and equity, comprising issued share capital, reserves and retained earnings / (accumulated losses).

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:

	2018	2017
Debt (a)	2,651,161,844	2,822,325,559
Cash and bank balances (Note 18)	(171,089,432)	(209,196,864)
Net debt	2,480,072,412	2,613,128,695
Equity (b)	**1,309,946,762**	1,645,484,899
Net debt to equity	**189.33%**	158.81%

(a) Debt is defined as long and short term borrowing, as detailed in Note 22 and 18.

(b) Equity includes all share capital, reserves and retained earnings / (accumulated loss) of the Group.

36 Accounting estimates and judgments

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

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

Revenue from contract with customers
The Group makes judgments in determining the performance obligations that exist in contract with the customers. Judgments are also applied in determining timing of transfer of control at a point in time or over time. Where the standalone selling price is applicable, management uses estimates to determine it based on the cost plus mark-up depending on the nature of goods and services to be provided to different customers.

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

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

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

Provision for expected credit losses of financial assets
The Group uses a provision matrix to calculate ECLs for its financial assets. The provision rates for trade receivables and accrued income are based on days past due for the Group's of various customer segments that have similar loss patterns (i.e., customer type and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

37 Subsequent event

In accordance with the announcement from General Authority of Customs, all businesses (importer, local producer, wholesalers, retailers, hotels, restaurants, coffee shops, etc.) that hold excise goods for business purposes prior to the tax implementation date must file a one-time transitional Excise Tax return within 30 days from the tax implementation date of 1 January 2019. Businesses will calculate the Excise Tax due based on their stock at the end of the reporting date. As a result the Group is liable to an excise tax of QR 9,874,117 and it is paid immediately after the reporting date.

38 Comparative figures

The corresponding figures presented for 2017 have been reclassified where necessary to preserve consistency with the 2018 figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative year.