السلام العالمية
SALAM INTERNATIONAL

LOOKING INWARDS TO GROW OUTWARDS

ANNUAL REPORT 2014

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2014

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

His Highness
Sheikh Hamad bin Khalifa Al Thani
Father Emir

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We've displayed confidence in the tried and tested approaches that have yielded us great results in the past, courage to discontinue approaches that don't and the vision to bring on board newer approaches, that can fuel the growth we relentlessly seek.

CHAIRMAN'S INTRODUCTION

Dear Shareholders,

It gives me great pleasure to present the Salam International Investment (SIIL) Annual Report for 2014!

Over the year gone by, we witnessed on going changes in the business landscape, in Qatar, in our region and all across the world. At SIIL we have a proud heritage of adapting to change. Indeed, our 63-year legacy has been strengthened by this capacity to adapt. However, the pace of change that confronted Salam in the past is vastly different from what confronts us today. Hence, this year we chose to expend our energies on 'focusing inwards in order to grow outward.'

In 2014, we steadfastly pursued an assessment not just of the fast changing market realities but also of our own capabilities, our strengths and weaknesses, with a view to transform the opportunities around us into potential business successes. Inward assessments of this nature call for confidence, courage and vision; confidence in the tried and tested approaches that have yielded us great results in the past, courage to discontinue approaches that don't and the vision to bring on board newer approaches, that can fuel the growth we relentlessly seek.

Beginning from within, 2014 saw us place all our business units under the microscope, in order to map out how we can create synergies between capabilities that have served us well in the past and newer approaches that can strengthen us in the future. We closely and intensely scrutinised businesses that weren't performing optimally. We critically analysed the decline in certain areas, examining points that have placed our revenues under stress and put together vital action plans for recovery. Taking a judicious inventory of the current management and staff capacities, we invested boldly, both in the development of those within and in procuring high value talent from without. As part of this process we also propelled our younger generation of managers to the forefront. As a result today, this new cadre, has been fully empowered to engage the power of fresh thinking and decisively lead the company in breaking new ground, readying SIIL to competitively capture the opportunities of the future.

Looking at the challenges that confront us externally, we worked tirelessly on our financial planning, opting to take a confident and conscientious approach to managing costs in order to ensure that every resource we possess served us to its maximum, before turning towards anything new. Harnessing the best in technology, we fine-tuned and expedited our ERP programme to deliver on the prospects in the market and our ambitions and aspirations, positioning SIIL to elevate our offerings and efficiencies, potential and profitability. Such moves not only freed us to invest ahead of the cycle in high potential opportunities and multiple joint ventures but they also provided momentum towards streamlining and increasing our effectiveness from within.

Preserving and growing the reputation SIIL has earned as a compassionate and responsible corporate citizen, we continued to invest in communities, wholeheartedly strengthening our corporate social responsibility credentials as a company that you, our shareholders, can be proud of.

The ensuing pages will bring you continued confirmation that throughout the concluded year, our highest and best energies were devoted toward ensuring that SIIL's every asset was deployed intuitively and intelligently to maximize long-term, steady growth and returns on behalf of all of you, our valued shareholders.

Thank you for your confidence & trust!

Issa Abdulsalam Abu Issa
Chairman & CEO

BOARD OF DIRECTORS' BACKGROUND

Mr. Issa Abdulsalam Abu Issa

Chairman of the Board of Directors of Salam International Investments Limited-Qatar, Chief Executive Officer of Salam International, Chairman of the Board of Directors of Salam Bounian.
Mr. Issa Abdulsalam Abu Issa is also the Vice-Chairman of Siren Real Estate Development Co-Lebanon, Secretary General of Qatari Businessmen Association and a Member of the Board of Trustees for Al Shaqab Equestrian Academy-Qatar. He is a member of the World Economic Forum-Davos and a member of the Arab Business Council. He is also a Board Member in many other esteemed companies in the region. Mr. Issa holds a degree in Business Administration from San Diego University – USA and has over 35 years of professional experience.

Mr. Hussam Abdulsalam Abu Issa

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

Sheikh Nawaf Bin Nasser Al-Thani

Member of the Board of Directors of Salam International Investment Limited, representing Doha Insurance Company. HE Sheikh Nawaf is considered one of the most important business figures in Qatar. He is an active participant in the real estate and economic renaissance witnessed in Qatar today. He is credited for a great deal of experience sharing and collaboration building.
He is an active participant into many esteemed companies including: the Chairman of the Board of Directors of NBK Holding, ALWAAB City, and Doha Insurance Company. HE Sheikh Nawaf is also a member of the Board of Directors of Arabtec and Samina Capital Fund. He is also a member of the Board of Directors of the Qatari Businessmen Association, President of the Qatari French Businessmen Club and Vice President of the German Arab Friendship Society. He has been awarded the French Presidential Medal and bestowed a rank of a Knight, in appreciation of his unique efforts in promoting commercial relationships between Qatar and France.

Mr. Nasser Suleiman Haidar

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

Mr. Hani Abd-el-Kader Al Kadi

Member of the Board of Directors of Salam International Investment Limited representing Arab Jordan Investment Bank, Qatar. He is the General Manager, CEO and Board Member of the Arab Jordan Investment Bank in Jordan. He is also an authorized member/Board Member of the Mediterranean Sea Company (Four Seasons Hotel) in Amman-Jordan, Member of the Board of Directors of Emerging Markets Payments Holding Company in Mauritius, Chairman of the Executive Committee of the International Bank of Jordan in London. Mr. Hani has held several previous positions including Financial Analyst at Bankers Trust Bank in New York and London and Credit Officer of JP Morgan Bank in New York. He has a Master's of Business Management Degree from Harvard University-Boston 1988, and a Bachelor's of Science Degree in Civil Engineering from Imperial College University London 1984.

Mr. Jassim Mohammed Abdul Ghani Al Mansouri

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

Mr. Ali Haider Suliman Al Haider

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

Mr. Bassam AbdulSalam Abu Issa

Member of the Board of Directors of Salam International Investment Limited. Member of Board of Directors at Salam Bounian for Development-Qatar. He previously held senior management positions in Salam Group in Oman, Qatar and the United Arab Emirates. He is currently the Executive Director – Corporate Business Development for Salam International Investment Limited. He graduated with a Bachelor of Arts in Industrial Relations from the University of Kent at Canterbury, England and has some25 years of professional experience.

HE Sheikh Ali Ghanim Ali Abdullah Al Thani

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

Mr. Badr Ali Hussein Al Sada

Member of the Board of Directors of Salam International Investment Limited, Vice Chairman and Executive Director at Ali Bin Hussein Al Sada Investment Group, and Chairman of Board at ENZO Contracting. Mr. Bader is also involved in the banking sector. He studied at the College of the North Atlantic in the state of Qatar where he received his degree in Business Administration, majoring in accounting.

Mr. AbdulSalam Issa Abu Issa

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

Dr. Adnan Ali Steitieh

Executive Director for Corporate Legal Affairs, Investment and Real Estate at Salam International Investment Limited. He is also the Secretary to the Board of Directors and advisor and Secretary of the Board of Directors of Salam Bounian for Development. He represents Salam International in various Boards of Directors at several companies in Qatar, UAE, Saudi Arabia, Jordan, Palestine and Lebanon. He held several senior managerial positions in different companies and countries. Dr. Steitieh is an International arbitrator appointed by The Qatari International Center for Arbitration, he is a non-resident professor at Qatar University. He is also a member of the Syrian - Qatari businessmen council. Dr. Steitieh holds a Ph.D. in Economics and Business Administration from Leipzig University in Germany and a Bachelor's Degree in Law from the Arab University of Beirut, Lebanon, in addition to higher certificates in international relations, sustainable development, and public policy with about 35 years of professional experience.

BOARD OF DIRECTORS' REPORT

Board of Directors' Report to the General Assembly
On the Company's Performance in 2014 and Future Plans

Dear Shareholders,
(Assalam Alai'kom)

On behalf of the Board of Directors of Salam International Investment Limited (SIIL) and myself, I am delighted to welcome you to the General Assembly meeting.

I would like to extend our warmest welcome to the honorable representatives of the Ministry of Economy and Commerce –Companies Control Department. I also welcome M/S Deloitte and Touche, the Company's auditors.

It is my pleasure to extend my thanks to you for attending this meeting. I would like to present the annual report on the Company's activities and performance, which highlights our achievements in the fiscal year 2014 as well as our plans for the future.

First- The Company Activities

The company continued in 2014 to implement the investment policies advised to this esteemed General Assembly, targeting the selection of investment opportunities that complement the Company's activities and those of its subsidiaries. We have sought to gain opportunities to grow into new activities and fields, to open extended frontiers to the Company and will diversify our activities' portfolios and geographic distribution.

Similarly, the Company has also continued to apply its conservative fiscal policies and maintain the existing risk management policies. We have managed to lower the costs of financing and benefit from lower interest rates. We have taken a package of measures that aim to increase the efficiency levels, rationalize costs, foster operating management and support it with fresh blood. All of these measures shall positively reflect on the achieved profits in the future.

Meanwhile, several joint ventures that SIIL and/or its subsidiaries entered in the past have promising signs which will positively impact the performance standards for 2015 and beyond. On the other hand, we also opted to exit out of futile joint ventures.

Second -The Company Future Plans

The company's future plans will continue to focus, as in previous years, on seizing opportunities resulting from development plans for the implementation of Qatar National Vision 2030. We also plan to benefit from the unprecedented record growth in Qatar's gross domestic product GDP as a result of implementing projects that are related to the 2022 Football World Cup Finals and associated developments leading to Doha being the destination of choice for many important international business and sporting activities. This involves the execution of strategically important and ambitious mega-projects in order to upgrade the existing infrastructure. We will gain from the incentives and the new experiences that will accompany the new ambitious plans in order to get a hold of and nationalize experiences and technologies during the forthcoming years.

Thus, for the purpose of implementing the company's future plans, the works and activities in 2015 and following years shall be based upon the following:

- Expansion within consumer services and retail, which have appreciable growth opportunities and swift cash flows.
- Maturity of The Gate, the flagship of Salam Bounian projects. The majority of spaces available for rent have been let. Positive cash flows and profits were made during last year. The profits are expected to grow on both the medium and long terms.
- Rationalization and integration of the contracting activities in order to mitigate their seasonal nature. This included shrinking some unworthy activities, particularly in building and construction.
- Merging and unification of similar or complimenting activities between subsidiaries in order to reduce fixed and operational costs, hence increasing the profitability of said activities.
- Progress in implementing the resource planning program, which will enable the higher management to obtain the required data and information and to manage and control the same, and verify the integrity and performance of business units. The system shall provide a comprehensive view of the business units as far as financial aspects, suppliers and clients, internal operations, human resources and performance efficiency.

In consonance with the legacy of SIIL relevant to institutionalized performance, the company will continue to implement its plans aimed at managing corporate governance and institutionalized discipline.

The company has always been recognized with being socially and economically interactive. We will continue our social responsibility programs in 2015 including donations to charities and expenditure on social activities. This will be in addition to deducting 2.5% of 2015 profits to be spent on promoting sports, social, cultural and charitable events, in accordance with Law No. 13/2008.

As part of our corporate social responsibility program, the company in 2014 sponsored the participation of sportsman Mohamed Issa Abu Issa. The total cost of this sponsorship amounted to QR 1 million, till mid-2015.

Third-Company Financial Results

The consolidated final accounts for the fiscal year ending on 31/12/2014 have shown net profits around QR 86.8 million. Deducting the negative minority rights, then the rights of Salam International Investment Limited shareholders shall be QR 78.2 million. These are considered net profits, after calculating provisions against deterioration in value of some Company investments in 2014, incentives and bonuses for Company directors, in addition to losses incurred in the building and construction sector. Therefore, the earning per share stands at about 69 Dirhams.

The main reason for the drop in profits compared to previous years is attributed to receding earnings from subsidiaries operating mainly in the contracting sector. These companies were subject to immense pressures due to projects delays, fierce competition and scarcity of profitable projects in 2014. The Company has implemented complex strategic projects that required critically short time periods. These projects adversely affected both costs and results, whereby the basic concern was to show that we can meet critical dates and prove our commitment as a local contractor. We expect such experiences to have positive effects in the coming years, since we have proven our technical capabilities and became qualified for such demanding projects. We will then be able to select the best-suited and more promising projects.

In spite of the apparent drop in the performance for 2014 and receding profits, the fact of the matter is that these profits reflect real growth, being totally operating profits, compared to the profits of the previous year which were mainly generated from real estate sales.

We do expect the performance in 2015 and coming years to be better than 2014. This belief is substantiated by the volume of certain and current projects, and on the other hand the liquidation and completion of non-profitable projects, in addition to rationing and integration of activities.

Based upon the results as detailed above, the Board of Directors recommends to the esteemed General Assembly to approve cash dividend for 2014 at 10% on the Company's capital, for Company shareholders on the date of this esteemed General Assembly.
I seize this opportunity to raise on behalf of all of you, and behalf of the Board of Directors and myself, deepest appreciation to His Highness Sheikh Tamim bin Hamad Al Thani, the Emir and to H.E. Sheikh Abdullah Bin Nasser Bin Khalifa, the Prime Minister and Minister of Interior, for their perseverant support to promote the development and progress in our beloved country, Qatar.

I would like also to extend deep thanks to H.E. the Minister of Economy and Commerce, the Undersecretary, the Assistant Undersecretary and to all staff at the Companies Control Department for their unwavering efforts to support and encourage the private sector, develop its institutions and promote economic growth.

Finally, I would like to thank the honorable members of the Board of Directors, and thank all our Company staff for their sincere efforts in supporting the progress and prosperity of the Company.

Issa Abdulsalam Abu Issa
Chairman & CEO

CORPORATE GOVERNANCE

PREAMBLE

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

Salam International (SIIL) also prepared its Second Annual Report (2011), which includes the Board's assessment of the compliance of Salam International with the provisions of the Code. Salam International (SIIL) has prepared the Third Annual Report (2012), which includes an update of the modular sections from the two previous reports, in addition to the achievements of the Company during 2012 in the implementation of the Code. SIIL prepared the Fourth Annual Report for 2013 which includes updates of the modular sections from previous reports, in addition to Company achievements in 2013, in accordance with the Code.

Now, SIIL is pleased to forward the Fifth Annual Report (2014) (Referred to hereafter as "the Report") which, includes the modular sections in addition to Company achievements in 2014, in the implementation of the Code.

Chapter One

1. Company Achievements in 2014 in Accordance with Corporate Governance Code

The Company has continued in 2014 to satisfy the requirements of the Code and comply with its rules and provisions. It has achieved a number of accomplishments set forth below:

1-1 Board Charter:

After being approved by The Board, the Charter was offered for review by the General Assembly meeting convened on 24/04/2014. The Assembly was notified that the Charter has been posted on the Company website, implementing Article 4 of the Corporate Governance Code.

1-2 Board Committees:

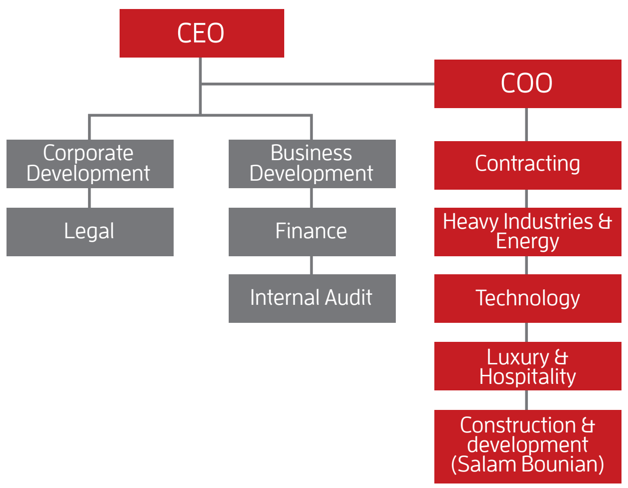
The Board committees were formed in 2013 as stipulated in the Code, in implementation of the provisions of Articles 15-18 of the Code. The Board also adopted the frameworks and bylaws for those committees, which are as follows: Audit Committee, Remuneration Committee, Board of Directors Nomination Committee (Membership Committee). Moreover, the Committees frameworks and bylaws were posted on the Company website. A copy of the same was sent to M/S Qatar Financial Markets Authority. Furthermore, Chapter Two herein includes a detailed clarification of the aforementioned committees.

1-3 Internal Control:

The Company in 2014 has renewed the appointment of an independent external advisor to perform the internal control duties stipulated in Article 19 of the Companies Governance Code. These duties are as mentioned in Clause Five below.

1-4: Organization Structure:

The diagram below shows the central functions of the Company general management, the major sections of the Company, under which lies the subsidiaries and operational business units of the Company.



1-5 Training and Workshops:

1-5-a: The Board of Directors

Further to the three workshops held in 2013 by the Board of Directors to familiarize the Board members with the Code provisions, their relevant duties in addition to the activities of the Company and its subsidiaries, the higher executive management continued regularly to familiarize the Board members with the activities of subsidiaries, working units, work plans and results achieved herewith. Furthermore, in 2014 the Board held a workshop to familiarize the Board Members with the provisions of the updated Governance Code for share companies listed within the main market issued by the Qatar Financial Markets Authority.

1-5-b: Staff Training at the Company:

In pursuance of the training programs conducted by the Company for Higher and Middle Management during the past years, the human resources section at the Company measured the results of said programs and their effects on Company performance. This step assisted in the preparation of new training programs. The human resources section has thereafter embarked on designing new training programs for staff to be applied starting 2015.

Chapter 2

2. Board of Directors

2-1 Board Composition:

The incumbent Board of Directors was elected early 2012. Its tenure extends from the start of 2012 until the approval of financial statements of 2014.

Below is a brief introduction to the esteemed Board Members, showing the number of shares and percentage of the Company capital.

2-1-a: Members and Equity as of 31/12/2014:

Name	No. of Shares	Percentage
Mr. Issa Abdulsalam Abu Issa **Chairman**	23'156'223	20.26%
Mr. Hussam Abdulsalam Abu Issa **Vice Chairman**	9'835'297	8.60%
HE Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani **Representing Doha Insurance Company** **Board Member**	270'000	0.24%
Mr. Nasser Suleiman Haidar Al Haidar **Board Member**	255'768	0.22%
HE Sheikh Ali Bin Ghanem Al-Thani Ali bin Ali Ghanem **Al-Thani Group representative** **Board Member**	100'000	0.09%
Mr. Hani Abdel-Kader Al Kadi **Jordan Arab Investment Bank representative** **Board Member**	451'039	0.39%
Mr. Ali Haider Suliman Al Haider **Suliman Brothers Company representative** **Board Member**	100'000	0.09%
Mr. Jassim Mohammed Abdul Ghani Al Mansouri **Board Member**	100'000	0.09%
Mr. Bassam Abdulsalam Abu Issa **Board Member**	3'194'222	2.79%
Mr. Badr Ali Al Sada **Board Member**	100'000	0.09%
Mr. Abdulsalam Issa Abu Issa **Board Member**	100'000	0.09%
Dr. Adnan Ali Steitieh **Board Secretary**	43'010	0.083%

* For further information on the background of Board Members please check page 10 of the Annual Report

2-1-b: The members of the Board as per their capacity:

- **Independent Members:-**

-Mr. Ali Haider Suliman Al Haider (representing Suliman Brothers Company)
-Mr. Hani Abd-el-Kader Al Kadi (representing the Arab Jordan Investment Bank, Qatar)
-H. E. Sheikh Ali Bin Ghanem Al-Thani (representing Ali Bin Ghanem Al-Thani Group).
-Mr. Jassim Mohammed Abdul Ghani Al Mansouri.
-Mr. Badr Ali Al Sada.

- **Non-independent and non-executive Members:-**

-H.E. Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani (representing Doha Insurance Company).
-H.E. Mr. Nasser Suleiman Haidar Al-Haidar.

- **Executive (Non-independent) Members:-**

-Mr. Issa Abdulsalam Abu Issa (Chairman and CEO)
-Mr. Hussam Abdulsalam Abu Issa (Vice-Chairman and COO)
-Mr. Bassam Abdulsalam Abu Issa (Executive Director)
-Mr. Abdulsalam Issa Abu Issa (Deputy COO)

The membership of the incumbent Board of Directors expires once the financial results for the year 2014 are approved. It is expected that a new Board of Directors willbe elected before the end of the first quarter of 2015.

The brief description for each member of the Board of Directors is posted on the Company website at : www. salaminternational.com

2-2: Board of Directors Membership Conditions:

The following conditions must be met to qualify for membership of the Board:

2-2-a : The candidate must not be less than twenty-one (21) years old.

2-2-b: The candidate must not be previously convictedof a penal crime, crime relevant to honor or integrity or of any of the crimes mentioned in Articles 324 and 325 of Corporate Law No. 5/2002 "the Law" unless he was exonerated.

2-2-c: He must own one hundred thousand (100,000) shares in the Company.

2-2-d: He must deposit one hundred thousand (100,000) of his shares that he owns at one of the approved banks within sixty (60) days of the start of the membership or have them annotated as management shares at QE in order to guarantee the rights of the Company, shareholders, creditors and others from any liability held by the members of the Board. Such deposit of shares shall continue and such shares shall be non-negotiable, not subject to mortgage or seizing until the expiry of the membership, and approval of the budget for the last fiscal year of his membership term.

2-2-e: Individuals appointed at the Board in consideration for their acquisition of ten percent (10%) of the Company shares shall deposit all the shares of such percentage at an approved bank or have them annotated at QE as management shares in return for membership of the Board. In case of termination of membership for any reason whatsoever, the management shares shall be governed by the same provisions of the previous paragraph.

2-2-f: The candidate must have a degree from a recognized university, or its equivalent. Or must have at least 5 years of experience in the field of management of shareholding companies.

2-2-g: As soon as elected, each member must sign an Acknowledgement Note in which he shall undertake to commit to adhere to the content of the Memorandum of Association and the Statute of the Company as well as any other laws or regulations that regulate the shareholding companies and their board members.

2-2-h: Sign an acknowledgement for meeting the Board membership conditions in accordance with the provisions of the law, the Governance Code and the Statute.

2-2-i: Any moral person or natural person representing a moral person as a member of the Board or appointed to the Board must at all times comply with the guiding principles mentioned in the Governance Code and the Board Charter.

2-3: Termination of Membership:
The membership of any Board member shall be terminated under the following conditions:

2-3-a : Violation of any of the Board membership conditions stated in 2-2 above, or failure to comply thereto.

2-3-b: Failing to attend three (3) consecutive meetings of the Board or five (5) non-consecutive meetings without acceptable cause, during membership tenure.

2-3-c: Resignation from Board upon a written notice approved by the Board as per the provisions of the Law.

2-3-d: Violation of the provisions of Article 97 of the Law.

2-3-e: Failure or losing later on his worthiness, suitability or good reputation.

2-3-f: Any member of the Board may withdraw from the Board provided it shall be done at a convenient time. Otherwise, he shall be held responsible by the Company.

2-4 Executive Procedures to Elect the Board of Directors:
2-4-a: The Secretary of the Board shall file an application with the Ministry of Economy and Commerce (Referred to hereafter as "The Ministry") requesting approval for conducting Board elections.

2-4-b: Upon approval by the Ministry, the General Assembly is called to convene via advertising in the local newspapers and the door for candidacy is opened. This shall take place one month prior to the date on which the General Assembly is to be held, in order to elect the new Board.

2-4-c: The Ministry of Economy and Commerce, the Authority, QE and any other concerned authorities shall be notified of the opening for Board candidacy and of the conditions that are required to be met by the candidates.

2-4-d: During the announced duration, applications for nomination and appointment are received and referred to the Board Membership Committee for consideration and preparation of the list of candidates.

2-4-e: The Board members' election shall be by means of voting through a secret ballot, during the General Assembly meeting.

2-4-f: The Ministry of Economy and Commerce, the Authority, QE and any other concerned authority shall be informed of the names of the new Board members.

2-4-g: QE shall be requested to annotate the shares of the new members as seized, as per the conditions of the membership. It is also requested to remove the seizure from the shares of the old members whose term has expired at the Board and who have been cleared by the General Assembly for the last year during which they practiced their duties as Board members.

2-4-h: The annotation in the Commercial Register shall be publicized and a new Commercial Register shall be issued.

2-4-i: The Board decision regarding the authorized signatories shall be amended.

2-5 Duties of Board Members (Executive and non-Executive):

2-5-a : Prudence and Care Duties of the Board Members:

(1) Any member of the Board shall act in good faith and shall be careful and attentive as any normal person would be in protecting his own money in similar circumstances and shall act in the interest of the Company.

(2) Any member of the Board shall seek to be fully aware of all related matters, including consulting external experts when necessary and taking independent decisions when voting over issues related to the interests and activities of the Company. He shall also exert effort to know about the Company decisions and related matters and shall take the appropriate measures to exercise the supervisory role over the administration and financial status of the Company.

(3) Any newly elected member of the Board shall, when elected, familiarize himself with the Company structure, administration, activities, operations andall information that may enable him perform his duties and responsibility in the most perfect andcomplete manner.

2-5-b: Loyalty Duties in Cases of Conflicts of Interests and Transactions with Related Parties:
Members of the Board owe their loyalty to the Company and its shareholders. This trust-based duty requires the members of the Board to give priority to the interests of the Company and its shareholders over their own personal interests and interests of the related parties. They must always work in good faith and total transparency.

Each Board member shall abstain from:

(1) Working for his own account when the concerned Board member, a direct family member, his main partners or any other closely-related party has interests from such transactions that may contradict with the interests of the Company.

(2) Performing activities competing with the Company. Such limitation shall not apply where the competition is public, in accordance with the prevailing norms and with the provisions of the Law and the applicable regulations.

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

(4) Explicit, potential and actual conflicts of interests. In the case of conflicts of interests, the member of the Board shall totally disclose such a case, abstain from voting on the related item or abstain from attending during the presentation of the concerned item to the Board for voting, in the case where the
Board decides to cast the matter for voting.

(5) Use any information to realize personal benefit for himself, for closely-related third parties or for others.

(6) Conducting any business or deal that does not comply with the applicable laws and regulations.

Policy on Conflict of Interests
The Company prohibits the Chairman of the board, Board Members, executive managers and all Company staff

from exploiting any piece of information that has come to their knowledge due to working at the Company, in order to realize benefit for oneself, direct relatives or any closely connected party, as a result of handling Company share. Also, Board Members, executive managers confirm allegiance to the Company and its shareholders. This duty requires from the Board members and executive managers to put the interest of the Company and its shareholders over the interest of their own or their relatives and relations. Priority shall be given to the interests of the Company and its shareholders. Work shall always be conducted in good faith and total transparency.

A Board Member and Executive Manager shall refrain from:

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

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

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

4-In the case that an issue involving conflict of interest, or any business dealing between the Company and any Board Member, or party that is related to Member, then the subject Member is not permitted at all to vote regarding such a transaction.

And in any case, such a transaction shall be performed according to market prices at business and purely business basis, and shall not include clauses that are detrimental to Company interests.

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

2-5-c: Board Member Duties of Compliance with the Authorizations Granted by the Company:

(1) The Board Members shall work within the scope of the authorization and jurisdictions granted to them, pursuant to the Statute, the decisions of the General Assembly, decisions of the Board and the applicable relevant laws and regulations. The Board members who exceed their authorizations shall be liable for the losses incurred by the Company as a result of over stepping jurisdiction.

(2) The Board Members shall perform efficiently and actively work to comply with their responsibilities towards the Company.

(3) To ensure the attendance of members of the Nomination, Remuneration and Auditing Committees, in addition to internal auditors and representatives of external auditors at the General Assembly meetings.

(4) The Company is not permitted to offer monetary loans of any type to any Board member or secure any loan taken by a member from third parties.
(5) The Chairman and Board members shall not participate in any business that competes with the Company's business, trade for his own account or for the account of others in one of the activities practiced by the Company. Otherwise, the Company may claim compensation or may deem the operation undertook to have been done to his account

(6) No Board member whose membership was terminated shall have the right to claim any rights or compensations from the Company, except for the earned remuneration.

(7) With the exception of government representatives or individuals who own at least 10 % of the Company's capital shares, no individual may, in his personal capacity or in his capacity as representative of one of the non-natural person entity, be a member of the Board at more than three shareholding companies based in the State of Qatar. Nor is it possible for said individual to serve as chairman or vice-chairman in more than two companies based in the State of Qatar. In all events, no individual may, in his personal capacity or as representative of a non-natural person entity, serve as a managing director at more than one company based in the State of Qatar nor shall serve as member of the Board of two companies with similar activities. Otherwise, the membership shall be terminated. He shall thus have to return to the Company all the compensations he collected from the date of membership termination.

(8) In the case of any conflict of interest, or any deal between the Company and a member of the Board or any party closely-related to such member, during the meeting of the Board, such issue shall be discussed in the absence of the concerned member, who shall have absolutely no right to participate in voting over the deal. In any case, the deal must be made on the basis of the market price and on a purely commercial basis without any conditions conflicting with the interest of the Company.

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

2-5-d: Duties of Independent and Non-Executive Board Members:

(1) Participate in Board meetings, give independent opinions about strategic matters, Company policies, procedures and performance as well as accountability, basic nominations and work standards.

(2) To ensure that priority is given to the interests of the Company and shareholders in case of any conflict of interest.

(3) Participate at the Audit Committee of the Company.

(4) Monitor the Company performance in achieving its agreed targets and goals. Review Company performance reports, including the annual, semi-annual and quarterly reports.

(5) Supervise the development and implementation of Company governance procedural rules.

(6) To benefit the Company from their skills, experiences and expertise, specializations and qualifications whether in the conduct of the business of the Board or its various committees for the benefit of the Company by regularly attending Board meetings, actively participating in General Assemblies and understanding the opinions of the shareholders in a fair and balanced manner.

(7) The majority of the non-executive independent Board members may require the opinion of an independent advisor regarding any matter related to the Company, at the expense of the Company.

2-6: Chairman's Duties:

2-6-a: The Chairman is the head of the Company and is in charge of ensuring the proper workflow of the Board's business in a suitable and efficient manner, including providing the Board members with complete and correct information at the right time.

2-6-b: The Chairman is not permitted to be a member in any of the Board committees stipulated in the Code.

2-6-c: In addition to what is stipulated in the Board Charter, the duties and responsibilities of the Chairman include, but are not limited to the following:

(1) Ensure the Board discusses all the key matters in an effective and timely manner.

(2) Approve the agenda for each Board meeting, taking into consideration any matter proposed by any Board member. The Chairman may delegate this task to another member or to the Board Secretary. Nevertheless, the Chairman shall remain responsible for the performance of such task in a suitable manner by the mentioned Board memberor Secretary.

(3) Encourage all Board members to fully and actively participate in running the Board affairs in order to ensure that the Board handles its tasks in the interests of the Company.

(4) Ensure effective communication with the shareholders via the Shareholders Affairs Department and communicating their opinions tothe Board.

(5) Allow the non-executive Board members, in particular, to actively participate and encourage constructive relationships among the executive and non-executive Board members.

(6) Ensure an annual assessment is made of the Board's performance.

2-7: Board Duties and Responsibilities:

The Board generally holds all powers and authorities to run the Company and engage all the business as required by such management in accordance with its objective. These powers and privileges shall only be constrained by the Law, Company Statute or decisions of the General Assembly. The Board shall handle, in particular, the following responsibilities:

2-7-a: The Board shall be jointly responsible for the proper supervision of the Company management in a suitable manner.

2-7-b: Ensure compliance with the relevant laws and bylaws, as well as with the Memorandum of Associationand the Statute of the Company.

2-7-c: Prepare the Company balance sheet, and profits and loss account, in addition to a report of its activities for presentation to the General Assembly.

2-7-d: Protect the Company from illegal, arbitrary or inappropriate business and practices.

2-7-e: Gain skills in financial, commercial and industrial matters related to the Company operations and activities.

2-7-f: The Chairman and Board members shall be jointly responsible for compensating the Company, shareholders and others, for any damage that may arise from fraud, power abuse, violation of the provisions of the law or Company Statute, or for any administrative error. Any condition stipulating otherwise shall be rendered void.

2-7-g: The Board members collectively shall be held responsible asstipulated in Article (112) of the law for any misjudgmentin a decision taken unanimously. As for the decisions issued by majority, the objectors shall not be held accountable,once their objection is proven in writing in the minutes of the meeting. Absenteeism from a meeting where the decision was taken shall not be deemed a reason to be exempt from responsibility, unless it was proven the absentmember did not know of the decision or could not objectto the decision after being informed thereof. The Company may legally prosecute the Board members for responsibility against the errorswhich lead to damages incurred by all the shareholders within five years of the occurrence of the error or the default.

2-7-h: The Company shall commit to the business conducted by the Chairman and Board members within their scope of specialties. It shall also claim compensationfor the damages arising from illegal actions taken by the Board members.

2-7-i: No decision taken by the General Assembly to release the Board members of their responsibility for the errors committed by them during their term, shall result in the abatement of the liability claim. If the act, subject to accountability, was presented to and validated by the General Assembly, the liability claim shall be abated withthe passage of five years as of the date of such Assembly.Nevertheless, if the act attributed to the Board membersis a crime, the claim shall not be abated unless the public prosecution abated the lawsuit.

2-8 Other Board Tasks:

2-8-a : Follow-up on the developments and updates in Governance and best related practices.

2-8-b: Ensure all disclosure processes done by the Company are providing accurate, correct and non- misleading information.

2-8-c: Approve the Company's strategic goals, nominateand replace directors and determine their remunerations,review the performance of the management and ensuresuccession for the Company management.

2-8-d: Ensure the treatment of employees as per the principles of fairness and equality without discriminationon the basis of ethnicity, gender or religion.

2-8-e: Adopt a policy for remuneration and incentives that guarantee the best interests of the Company. This policy should take into consideration the long-term performance of the Company.

2-8-f: Adopt a mechanism or process that allows staff to report behaviors that are suspicious, illegal or detrimental to the Company. The Board upon confirmation that the complaint is valid and is not vexatious, shall ensure secrecy for the whistle blower and provide the required protection from any harm or negative reaction by other staff or his superiors.

2-8-g: Adopt a clear policy for the distribution of dividends and submit the same to the General Assembly. The presentation of the policy must include a clarification about the background and a justification of the policy, so as to ensure sustainable growth and achieve the interests of both the Company and the shareholders.

2-8-h: At least three days prior to the General Assembly meeting, which aims at looking into the Company balance sheet and the Board report, prepare and put at the disposal of the shareholders for their perusal, an annual detailed statement. The statement shall include the following data:

(1) All amounts received by the Chairman and members of the Board of Directors, whether wages, fees, salaries or consideration for attending Board meetings and allowances. That, in addition to what each of them received as a technical or administrative employee or in return of any technical, administrative or consultancy work done forthe Company.

(2) Benefits in kind enjoyed by the Chairman and members of the Board of Directors during the fiscal year.

(3) Remuneration that the Board proposes to distribute to the Board members.

(4) Allocated amounts for each current and previous Board member as salary, reserves or end of service compensation.

(5) Operations in which one of the Board members or managers might have an interest that is in conflict with the company's interest.

(6) The amounts actually spent on advertising in any media with the relevant details of each amount.

(7) Donations, with details of the party donated to, donation credentials and details.

The mentioned, detailed statement, must be signed by the Chairman and one Board member. The Chairman and Board members shall be responsible for implementing the provisions herein and for the validity of the information in all the documents and statements which stated their preparation.

2-8-i: The Ordinary General Assembly shall determine the remuneration for the Board members. The total of these remunerations may not exceed (10%) of the netprofits after deducting the depreciation, reserves, provisions and distributing dividends of no less than 5% of the capital to the shareholders. It is permitted that Company Statute stipulates that Board members receive a lump sum in the event where the Company fails to make profits. In such a case, the approval of the General Assembly shall be required and the Ministry may impose a ceiling for such amount.

2-8-j: The Board must call for the General Assembly to convene whenever the auditor requests. If the Board fails to effect the call for invitation within fifteen days of such request, the auditor may address the invitation directly, after obtaining the approval of the Ministry. Also, the Board must invite the General Assembly to convene whenever asked by one or many shareholders with no less than (10%) of the capital and for serious reasons, within fifteen days of the request; otherwise the Ministry shall, pursuant to the request of such shareholders, send the invitations at the expense of the Company. The agenda shall be limited, in such case, to the subject of the call.

2-9 Secretary of the Board:

2-9-a: Secretary Qualifications and Appointment:
The Secretary of the Board shall in general assume complete supervision regarding organizing of all the meetings and activities of the Board, its committees and the Company's General Assembly. He shall also follow-up on the implementation of the Board decisions and Chairman instructions.

The Board Secretary shall be appointed upon a decision issued by the Board during the term of the Board and shall be reinstated with the election of every new Board.
The current Board Secretary has the required qualifications. He has a Higher Diploma in Economics and Management and a degree in Law and Political Sciences. He also serves as an international arbitrator appointed by The Qatari International Center for Arbitration. He is a non-resident associate professor at Qatar University. He has about 35 years of practical experience and 14 years' experience in managing the affairs of a listed company.

2-9-b: Secretary Duties:
The Board Secretary shall handle, in particular, the following tasks:

(1) Prepare the draft agenda for the meetings of the General Assembly and the Board.

(2) Arrange for and document the minutes of the meetings of the Board.

(3) Prepare drafts of the decisions of the General Assembly and Board.

(4) Circulate the relevant decisions of the General Assembly and the Board to the subsidiaries and concerned departments.

(5) Ensure the proper communication and distribution of information and coordination among the Board members and the other stakeholdersat the Company, including the shareholders, administration and staff and ensure the access of all Board members fully and promptly to all minutes of the Board meetings, information, documents and records related to the Company.

(6) Follow-up on the implementation of the Board decisions and Chairman instructions.

(7) Sign all Company correspondence related to the implementation of his assigned tasks, whether those aforementioned or any other additional tasks that he might be assigned with.

(8) Coordinate with the various Board committees ingeneral.

(9) Enable all Board members to make use of the services and advice of the Board Secretary within the scope of his duties.

(10) Any other tasks pursuant to assignment by the Boardor Chairman.

2-10: Electing Board Members:

In accordance with the provisions of the Law, the members of the Board of Directors are elected by the General Assembly of the Company. For the membership of the Board of Directors, it is mandatory that the member owns one hundred thousand of the Company's shares in addition to meeting the conditions set forth in the Article (96) of the Law.

Note: While the above articles remain valid, the Company cannot implement the provisions of the Governance Code conflicting with the provisions of the Law.

2-11: Cumulative Vote:

The Company did not implement the principle of cumulative vote in the Board of Directors elections as it contradicts with the applicable Commercial Companies Law in force.

2-12: Chairman and Chief Executive Officer (CEO):

The administrative and organizational structure of Salam International is designed on a decentralized basis, whereby subsidiaries are grouped into four heterogeneous key sectors, each is managed by an Executive Director with thewide ranging authority to determine the work goals, plan and budget, as well as the authority to appoint staff. Therefore, although theChairman retains his position as Chief Executive Officer, however it can be stated that there is some sort of separation between thetwo positions, due to the decentralization of the decision making, as detailed above.

2-13: Board Meetings:

The Board shall convene regularly or upon the Chairman's invitation, or upon the call by two Board members at least, pursuant to the Company Statute. The invitation for the meeting must be addressed to all Board members at least one week prior to the date of the meeting. Items may be added to the agenda upon the request of any member.

The Board must convene at least six times during the fiscal year of the Company. It is not permitted that a full two-month period may pass without holding a Board meeting. The provisions of Article 103 of the Law shall apply on the organization of the Board meetings.

The Board of Directors held 9 meetings during the year 2014. Thus, the Board of Directors has met the requirements of Article 103 of the Law and Article 27 of the Statute of the Company.

Following is a table compiling details of Board Meetings in 2013

Meeting No.	Date	Members Attending in Person	Members Attending By Proxy	Absenteeism
1/2014	14/01/2014	11	-	-
2/2014	02/02/2014	9	2	-
3/2014	24/02/2014	9	1	1, due cause
4/2014	21/04/2014	9	2	-
5/2014	18/06/2014	11	-	-
6/2014	24/07/2014	9	2	-
7/2014	22/09/2014	10	1	-
8/2014	21/10/2014	10	1	-
9/2014	15/12/2013	10	1	-

2-14: Board Committees:
Three specialized committees shall help the Board in the performance of its duties:

2-14-a **Audit Committee** (Committee Composition-Framework, Bylaws and Internal Audit Management-Committee Activity).

It consists of the following gentlemen:
Mr. Ali Haider Suliman Al Haider
Chairman
Sheikh Ali Bin Ghanem Al-Thani
Member
Mr. Badr Ali Al Sada
Member
Mr. Hani Abd-el-Kader Al Kadi
Member
Mr. Hussam Abdul Salam Abu Issa
Member
Dr. Adnan Ali Steitieh
Committee Secretary

Framework and Bylaws for Audit Committee and Internal Audit Management :

First: Committee Structure, Composition and Bylaws:

(1) The Committee shall be composed of no less than three members. The majority of committee members must be independent members. The committee must include at least one member with financial experience in auditing. If the number of independent members available isno sufficient to form the membership of the committee, non-independent members may be appointed, provided that the chairmanof the committee is independent.

(2) No individual currently working or who was working for the external auditors of the Company during the past two years may bemember of the Audit Committee in any case.

(3) The Committee shall convene four times a year at least (every three months) and whenever need arises. It shall convene either upon the call of its chairman or upon the request of two of its members. The Committee members shall be informed of the date of the meeting, either in writing or via email 5 work days prior to the date of the meeting.

(4) The members of the Committee, in its firstmeeting, shall develop, approve and adopt the Committee work plan, setting forth its role and basic responsibilities, in addition to appointing the Committee Secretary.

(5) The Committee shall publish its framework once itis approved by the Board.

(6) The minutes of the meetings of the Committeeshall be recorded in a log; and all the attending members of the Committee shall sign the minutes.A copy thereof shall be sent to the Secretary of the Board.

(7) The Committee shall develop a bylaws system to guarantee expedient completing its agenda and issuing its decision, in addition to supervising the implementation of those decisions. The committee quorum shall be present with the attendance of two thirds of its members.
(8) The decisions of the Committee shall be taken in concordance between the members; in case that fails, the opinions of the members shall be documented and decisions shall be issued with a two-thirds majority.

(9) In case of any conflict between the recommendations of the Committee and the Board decisions, including when the Board declines to follow the recommendations of the Committee, with respect to the external auditor, the Board must ensure that the Corporate Governance reports detail such recommendations and the reasons for failing to abide thereby.

(10) The Committee Secretary shall coordinate and document its work, maintain all the minutes of the meetings and guarantee full and prompt access to information, documents and meeting minutes to all Committee members.

(11) It is permitted that the Committee holds its meetings remotely, using closed circuit TV (CCTV), conference calls or by exchanging emails, provided that such meetings are documented and signed by its attending members. Otherwise, they shall be deemed void. Attendance may be by proxy, however it is not permitted that a member represents more than one absent member, and that the number of actual attendees shall not be no less than the majority of the Committee members.

(12) The Committee shall be formed upon the decision of the Board. The Committee shall be reformed with every re-election of the Board. It is permitted to re-compose the committee before end of term of incumbent Board, whenever need arises.

Second: Committee Framework Jurisdiction:
The Committee shall in general handle all matters related to the flawlessness of the financial policies procedures and controls and risks management. It shall handle the following tasks in particular:

(1) Adopt the policy to contract with external auditors. The Committee shall submit to the Board all matters requiring, in the opinion of the Committee, certain measures, complete with the recommendations regarding the precautions, measures or steps to be taken.

(2) Supervise and follow up on the independence and objectivity of external auditors. To discuss with external auditors the nature, efficiency and scope of the auditing with them, in accordance with international auditing criteria and international standards for financial reports, and review their action plans.

(3) Provide recommendation to the Board regarding the appointment of an internal audit manager.

(4) Supervise the accuracy and validity of financial data, annual, semi-annual and quarterly reports and review said data and reports, focusing, in particular, on the following:

a) Any changes in the accounting policies, applications and practices.

b) The aspects subject to the judgment discretion of the top executive management.

c) The key amendments arising from the audit.

d) The Company continuity and successful continuation of Company activities.

e) Compliance with the adopted accounting criteria.

f) Compliance with the disclosure regulations and other requirements related to financial reporting

g) Compliance with the listing rules.

(5) Meet with the external auditors at least once a year.

(6) Study any important and extraordinary matters included in the financial reports and periodic and closing accounts statements, carefully examining any matters brought in by the Company's Financial Director, compliance officer or external auditors.

(7) Supervise the internal audit management and the risk management. Or supervise the same activities, if they were provided by an external consultancy firm.

(8) Review the internal, financial control systems and the risk management systems.

(9) Evaluate the efficiency and adequacy of the internal audit program scope and system.

(10) Discuss the internal control system with the management and ensure performance by the management of its duties with regards to developing an efficient internal control system.

(11) Review results of investigations relevant to internal control matters.

(12) Ensure coordination among the internal and external auditors.

(13) Periodically, and whenever required, review the financial and accounting policies and procedures of the Company.

(14) Develop a confidential reporting system for the stakeholders with regards to any suspicious matters in the financial reports or internal control. Ensure independent and fair investigations in these matters and protect the reporting party from any negative reaction or damage.

(15) Check the compliance of the Company with the right professional code of conduct in the adopted policies.

(16) The Committee may use experienced and specialized individuals if necessary at the expense of the Company.

(17) It is permitted that the Committee obtain any information and data with a view to play its role and invite any of the Board members or the High Executive Management of Salam International and its subsidiaries to attend its meetings and discussa specific matter to be stated in the meeting invitation.

(18) The Committee shall file periodic reports regarding the results of its business and its recommendations to the Board for validation andadoption within the Company policies.

(19) The Company shall handle any other tasks assigned by the Board and within the scope of its specialization.

Committee Activity in 2014:

1) The Committee held six meetings in 2013.The Committee reviewed during said meetings the 2014 budget and the closing financial data for 2013. The Committee also reviewed early February 2015 the closing financial data for 2014, in implementation of Article 17 of the Corporate Governance Code.

2) The Committee has within 2012 adopted the policy regarding assigning external auditors, then updated said policy towards the end of 2014 and early 2015, as follows:

SIIL Policy regarding Appointing External Auditors

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

The Policy comprises the following:

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

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

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

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

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

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

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

h-The auditor shall perform the following:

1-Monitor and audit Company accounts, in accordance with the approved auditing practices, Authority requirements and the technical and professional basis of the profession.

2-Check the budget and the profit/loss account.

3-Implement the Law and the company Statue.

4-Inspect the Company financial and administrative systems, its internal financial control systems and ascertain their suitability to the well being of Company business and preservation of its assets.

5-Verify the Company assets and their ownership, confirm the legality of the liabilities and their authenticity.

6-Review Board resolutions and instructions to the Company.

7-Any other duties that an auditor is required to perform in accordance with the law governing the auditors practice and other relevant regulations and norms of the auditing business.

8-Provide a written report to the General Assembly about its function, and assign or deputize to read the report to the General Assembly. A copy of the report shall be sent from Auditor to the respective authority.

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

1-He has obtained the information, data and clarifications that he considers to be important to perform his job.

2-That the Company keeps regular book, records and documents in accordance with the internationally-recognized accounting principles which enables the showing of the financial position of the Company and the results of its operations in a fair manner, and that the balance and the profit/loss accounts are in accordance with books and records.

3-That the auditing procedures he conducted for the Company accounts are in his opinion sufficient to construct a reasonable basis for his opinion regarding the Company financial position, results of operations and Company cash flows, in accordance with internationally recognized auditing rules.

4-That the statements provided with the Board report to the General Assembly are in accordance with Company records and books.

5-That the inventory was conducted in accordance with required procedures.

6-The violations to the Law or Company Statue that were committed during the subject audit year which have appreciable results on the Company operations and financial position, and whether said violations are still standing , within the limit of his information.

2-14-b **Remuneration Committee** (Committee Composition-Framework and Bylaws Committee Activity)

The Committee consists of the following gentlemen:

Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani
Chairman

Mr. Nasser Suleiman Haidar Mohammed Al-Haidar
Member

Mr. Jassim Mohammed Abdul Ghani Al Mansouri
Member

Dr. Adnan Ali Steitieh
CommitteeSecretary

Framework and Bylaws:
First: Committee Structure, Composition and Bylaws:-

(1) The Committee shall be formed of no less than three members from the non-executive Board members, the majority of whom are independent. Members of the Higher Executive Management may, ex officio, participate in its work upon an invitation from the Committee.

(2) The members of the Committee, in its first meeting, shall develop, approve and adopt theCommittee action plan, setting forth its role and basic responsibilities, in addition to appointing its Secretary.

(3) The Committee shall publish its framework once it is approved by the Board.

(4) The minutes of the meetings and decisions of the Committee shall be recorded in a log, a copy there of shall be sent to the Secretary of the Board. The Committee minutes and resolutions shall be signed by all the Committee members.

(5) The Committee quorum shall be present with the attendance of two thirds of its members.

(6) The resolutions of the Committee shall be taken in agreement with the members; in case that fails, the positions of the members shall be documented and decisions shall be issued with a two-thirds majority.

(7) The Committee shall convene at least once a year, and whenever required, either upon the call of its chairman or upon the request of two of its members. The Committee members shall be informed of the date of the meeting, either in writing or via email, five work days prior to the date of the meeting.
(8) The Committee Secretary shall coordinate and document its work, save all the minutes of the meetings and guarantee access to information,documents and meeting minutes to all Committee members in a complete and prompt manner.

(9) The Committee may hold its meetings remotely, using CCTV, conference calls or by exchanging emails, provided that such meetings be documented and signed by its attending members;
otherwise, they shall be deemed void. Attendance may be by proxy, provided that it is not permitted for one member to represent more than one member of the Committee and that the number of attendees is no less than the majority of the Committee members.

Second: Committee Framework:-
(1) Determine the remuneration and salaries policy and principles at the Company, including the Chairman and Board of Directors, members remuneration, and reviewing the same when necessary.

(2) The committee is to set up the remuneration policy taking into account the following criteria:

a) Long term company performance.
b) Beneficial targeted growth of the Company.
c) Responsibilities and scope of tasks assigned to the Board Members.
d) Responsibilities and scope of tasks assigned to top executive management.

(3) Propose the Employee Share Option Plan (ESOP), if the law so permits.

(4) The Committee shall propose the Company remuneration policy based on individual performance (employees) and collective performance (business units). It is permitted that the remunerations include a fixed part and a performance related part. The performance-related part must focus on the long-term Company performance as well as the useful targeted growth at the same time.

(5) The Committee shall propose remunerations policyand principles, which the Board shall present to the shareholders at the General Assembly to be informed for the public.

(6) The Committee shall supervise the implementation of the remunerations policy and principles.

(7) It is permitted that the Committee seeks experienced and specialized individuals if necessary at the expense of the Company. It may also use Company staff and call Company executive managers to participate in its works.

(8) The Committee shall handle any other tasks assigned by the Board and within its scope of jurisdiction.

(9) The Committee shall submit its reports and recommendations to the Board for approval.

Committee Activity in 2014:

(1) The Committee held one meeting in 2014 during which it reviewed the remunerations for Board Members for 2013, the remunerations for CEO and Vice CEO for 2013, the percentage and type of dividends to be distributed to shareholders for 2103. The Committee submitted its recommendations to the Board in said matters.

(2) The Committee approved in 2012 the incentives and remunerations policy as shown below.

Remuneration and Incentives Policy
(Company staff rewards and incentives – Board remuneration – Higher Executive Management)

First: Company Staff Rewards and Incentives:

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

(1) Long-term company performance.

(2) Beneficial targeted growth of the Company.
(3) Achieve the minimum action plan indices, most important of which the net revenues, net profit and the Economic Added Value (EVA).

(4) Company cash flow.

(5) Shareholders dividends and revenue.

The Staff Rewards and Incentives policy is also based on the following specific criteria:
(1) Responsibilities and duties.

(2) Staff individual performance.

(3) Collective performance of the Company and the business units.

As for the subsidiaries and the business units, the rewards and incentives policy shall primarily rely onthe following criteria:

(1) The long-term performance of the Company or concerned business unit.

(2) Cash flow situation of the Company or the business unit.

(3) The contribution of the subsidiary or businessunit in the cumulative profits.

(4) Responsibilities and duties.

(5) Staff individual performance.

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

The policy is based on the annual individual performance evaluation, taking into consideration the relative weights of each of the skills, behavior and quality objectives: It should be noted that the rewards andincentives shall not be earned if the assessment evaluation result is less than 80%.
The evaluation and assessment shall be done by the Human Resources Department at the Company based upon the adopted staff assessment system. This system in turn is based upon the balanced performance card. Hence, the merit for incentives shall not only be dependent of profitability criteria. It will depend on the overall assessment of staff performance, which will vary in focus and targets from one individual to another.

Second: Board Remuneration:

(1) The Ordinary General Assembly shall determinethe remuneration of the Board members. The total of such remuneration must not exceed (10%) of the net profits, after deducting the depreciation, reserves and distributing dividends of no less than 5% of the capital to the shareholders. In all cases, the remuneration may not exceed the maximum limit allowed by law or specified in a Ministerial decree in this regard.

(2) No Board member shall be entitled to a remuneration for attending the Board meetings. However, he shall be entitled to an annual remuneration related to his performance after obtaining the approval of the General Assembly.

(3) The Board members may get a lump sum amountas remuneration in the years where the Company fails to realize profits. In such a case, the approval of the concerned authority in the Ministry of Business and Trade as well as that of the Company's General Assembly shall be required.

Third: Higher Executive Management:

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

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

Fourth: Committees Remuneration
It is permitted that Committee members obtain a lump sum amount as remuneration as a reward for attending and participating in the Committee affairs, as per the discretion of the Board.

The above-mentioned policy has been presented to the shareholders at the General assembly convened on 27/03/2013. The General Assembly has approved the annual Corporate Governance report inclusive of the incentives and remunerations policy. The Company has posted the said policy on its website, in implementing Article 16 of the Corporate Governance Code.

2-14-c **Nomination Committee** (Committee Composition, Framework and Bylaws,Committee Activity)

Committee Composition:
The Committee comprises the following gentlemen:

Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani
Chairman

Mr. Nasser Suleiman Haidar Mohammed Al-Haidar
Member

Sheikh Ali Bin Ghanem Al-Thani
Member

Dr. Adnan Ali Steitiehwas assigned as acts
Committee Secretary

Committee Framework and Bylaws:

First: Committee Structure, Composition and Workflow System:

(1) The Committee shall be formed of three independent Board members, presided by one of them.

(2) The quorum shall be present with the attendance of two thirds of its members.

(3) The resolutions of the Committee shall be taken in agreement with the members; in case that fails, the positions of the members shall be documented and decisions shall be issued with a two-thirds majority.

(4) The Committee members shall, at its first meeting, set out and approve the Committee action plan, setting forth its role and key responsibilities, in addition to appointing its Secretary.

(5) The Committee shall publish its framework after obtaining the validation of the Board.

(6) The minutes of the meetings and resolutions of the Committee shall be recorded in a log, a copy thereof shall be sent to the Secretary of the Board. The Committee minutes and resolution shall be signed by all the Committee members.

(7) The Committee Secretary shall coordinate and document its work, save all the minutes of the meetings and guarantee access to information, documents and meeting minutes to all Committee members in a complete and prompt manner.

(8) It is permitted that the Committee hold its meetings remotely, using CCTV, conference calls or by exchanging emails, provided that such meetings be documented and signed by its attending members; otherwise, they shall be deemed void. Attendance may be by proxy, however it is not permitted that one member represents more than one member, and that the number of attendees is no less than the majority of the Committee members.

(9) The Committee shall convene at least once a year, and whenever need arises.

Second: Committee Framework and Jurisdiction:
The Committee shall handle the following tasks:

(1) Prepare the nominations list for the Board Members and recommend to the General Assembly to elect Board Members from the list.

(2) Nomination by the Committee does not mean jeopardizing the shareholder's rights as stipulated in the law and does not deprive any shareholder from his right to nominate other or run for election.

(3) The Membership Committee shall nominate the candidates for Board membership, taking into consideration the conditions of nominating the Board members as stipulated in the Company Statute and Board Charter. Furthermore, the Committee shall check that the candidate meets the guiding standards for Board membership nomination, including the required skills, knowledge, expertise, professional, technical and academic qualifications as well as sound character.

(4) The Membership Committee shall determine whether the member is independent, executive or non-executive, taking into consideration the minimum requirements for each category.

(5) The Committee shall conduct an annual, objective self-assessment for Board performance following specific standards, including the following:

a) Number of annual meetings.

b) Compliance with the periodic frequency of the meetings.

c) Attendance percentage at the meetings.

d) Promptness and efficiency of handling the topics listed on the Board agenda.

e) Compliance with the transparency and disclosure requirements with regards to the decisions of the Board.

f) The extent of interaction with the various committees emanating from the Board and the implementation of their recommendations.
g) Achieving the objectives and plans and implementation of the adopted policies.

h) Any other standards required for the objective self-assessment.

Committee Activity in 2014:
(1) The Committee held two meetings in 2014, during which it evaluated the Board performance during the first half of 2014 and also for the entire 2014, in accordance with the adopted Board evaluation criteria.

(2) The Committee has adopted in 2012 the Board annual performance assessment system as follows:

Board Performance Assessment
Salam International Investment Limited
The Committee shall rely, in its assessment of the Board performance, on the fact that the Board is jointly responsible for effective management of the Company. In particular, the Board shall be responsible for developing strategic goals and policies and for the effective control of the performance ofthe Company and its subsidiaries, and ensure the management succession planning, in addition to protecting and developing the rights of the shareholders

in the long term. The Nomination Committee has relied in the preparation of the annual performance assessment of the Boardon the standards in the adopted Nomination Committee framework in particular, as shownbelow:

a) Number of annual meetings.

b) Compliance with the periodic frequency of the meetings.

c) Attendance percentage at the meetings.

d) Promptness and efficiency of handling the topics listed on the Board agenda.

e) Compliance with the transparency and disclosure requirements with regards to the decisions of the Board.

f) The extent of interaction with the various committees emanating from the Board and the implementation of their recommendations.

g) Achieving the objectives and plans and implementation of the adopted policies.

h) Any other standards required for the objective self-assessment.

2-15: 2014 Board Performance Assessment:

The Nomination Committee performed a self and subjective evaluation of the Board performance in 2014, via adopting the approved criteria of the evaluation system, as follows:

The Board held nine meetings in 2014. Board members recorded an attendance rate of 98%, 89% in person and 9% in proxy. The Board was committed to the periodicity of the meetings. No two consecutive meetings were more than two months apart. The Board reviewed, studied and discussed the quarterly and semi-annual for 2014 and the closing final data for 2013. The Board reviewed the respective auditors reports and ratified the same. The Board whilst performing his duties has taken into account the recommendations of its Committees, the Board adopted the recommendations of the Remunerations Committee regarding Board remunerations, higher management remunerations and committees remunerations.

The Board within 2014 has passed 32 resolutions regarding investment opportunities and operational matters for the Company and its subsidiaries, only one resolution was taken by passing and it was approved at the next following meeting. All resolutions were issued after extensive debate and passed unanimously. There was no reservations expressed by any single Board member on any of the Board resolutions. The Board followed up the implementation of its resolution at subsequent Board meetings.

The Board has decided to adjourn some items on the agenda due to insufficient information in order to take the suitable resolution. It has backed out from several previously approved investment opportunities due to changes in the market conditions and the data on which previous approvals were made, in order to protect the interests of the Company and shareholders. The Board has completed discussing and handling all items present on its agendas during 2014. The Board is fully committed to open disclosure regarding the results of its work and any other incidents and important information that is of interest to shareholders and potential investments. The Board has issued 9 press releases and 14 disclosure statements in 2014 regarding updates to certain projects and the cases at courts of law.

Hence, the Board has been in full compliance with the Law, the Company Statue, the Governance Code, the Transparency system and any other systems or rules that govern the Board work.

2-16: Remuneration of the Board of Directors:

No Board member shall be entitled to a remuneration for attending the Board meetings. However, he shall be entitled to an annual remuneration related to his performance after obtaining the approval of the GeneralAssembly. The remuneration shall be counted as apercentage of the net profits, pursuant to the provisions of Article 118 of the Commercial Companies Law No.(5) for the year 2002, in accordance with paragraph2-14-b above of the Remuneration Policy.

Chapter Three

3. Risk Management

3-1: Risk Management Policy

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

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

3-2: The Measures Taken with Respect to Risk Management:

As mentioned in the previous report for 2012, the Company appointed an independent consultant to review and assess all internal processes and procedures, with a view to determining the weaknesses, potential risks, offer the required recommendations to limit and prevent those risks when they arise. The tasks of the independent consultant covers finance, human resources, strategic planning, marketing and communication, information technology and legal affairs. In addition, the Company periodically assesses the operational risks. Such risks shall include, among others: defects in products and services, interruption of work, performance gap, efficiency and productivity, customer satisfaction, health and safety, unexpected changes in the market and the periodic nature of business.

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

Chapter Four

4. Internal Control and External Audit

4-1 Internal Control:

The internal control is designed to ascertain the extent of compliance with the approved regulations and procedures, compliance with the policies, plans, systems and laws in force, in addition to asset protection and the efficient use of resources. The Company's internal control is done through several individual units including Financial Department, Department of Legal Affairs, Human Resources Department and Development Department. However, the company will aggregate all the activities of the Internal Control in a separate department, which will be either one of the major departments of the Company, or via an expert external firm.

4-2: Internal Control Procedures:

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

- Prepare the internal audit charter to specify the powers and responsibilities.
- Assess the risks of the Company activities and accounting processes.
- Determine the main business risks in terms of importance and possibility of occurrence.
- Internal Audit Plan to assess the risks and help achieve the strategic goals.
- Internal audit policies and procedures to ensure the safety ofthe internal control.

• Internal controls and/or workflow review to determine the accuracy and efficiency of the internal controls in treating the determined risks.

• Comprehensive fiscal audit to ensure there is no material defects in the financial statements.
• Check the processes and comply with the systems, procedures and legal requirements.

• Review the organizational structure and governance of the Company.

• Review the performance of the Company.

• Review the public computer controls and systems.

4-3: Compliance Manager:
To reinforce and enable the communication with control authorities, as mentioned in earlier Corporate Governance Reports, the Company appointed a Compliance Manager to coordinate between the Company, the Authority and any other control authority, with regards to the compliance with the provisions of the Code and its applications.

• Compliance Manager - Dr. Adnan Ali Steitieh
• Capacity: Executive Manager & Board Secretary
• Phone: +974 44830439
• Email: a.steitieh@salaminternational.com

4-4 Failures to Internal Control and Violations:
The Internal Control did not register during 2014 any violation or substantial failure with regards to the financial performance of the Company. In addition, no defaults or substantial violations have emerged in the Company management.

4-5: External audit:
The General Assembly annually appoints an external auditor from one of the top Ministry accredited external auditors. His tasks include auditing the Company according to the International Accounting Standards, which consists of assessing the following: the consolidated financial position at the end of each financial year, theconsolidated income, the consolidated comprehensive income,the consolidated changes in equity, the consolidated cashflows for the ended year in addition to the inclusion of notes containing a summary of significant accounting policies and other explanatory comments.

Chapter Five

5. Shareholders Rights, Capital Structure and Minority Rights

5-1: Shareholders Rights:
Shareholders shall have all the rights bestowed upon them by the relevant laws and bylaws, including the Company Statute, mainly:

5-1-a : **Right to participate in the decision-making process** by attending the General Assemblies, right to discuss the topics proposed to the Assembly, right to vote on the General Assembly decisions, vote and impeach members of the Board, right to reserve and object to the decisions of the General Assembly and right to approve or abstain from giving the approval for Board members' remunerations.

5-1-b : **Right to control the management of the Company**,i.e. the right to debate the topics listed on the agenda, address questions to the Board members and auditor, discuss matters that are not listed on the agenda but relate to serious facts revealed during the meeting, right to list specific matters on the agenda by many shareholders, right to resort to the General Assembly if the shareholder deems the reply inadequate, right of the shareholder to be informed of all the amounts received by the Chairman and every member Board, whether as remuneration, fees, salaries, in-kind benefits, and the amounts allocated to each member of the Board as pension or end of service compensation, as well as the operations which may cause a potential conflict of interests.

5-1-c: **Right to Complain and Litigate** i.e. the right of the shareholders who have a certain percentage of the capital to request inspection of the Company, or the right of the shareholder to sue, by himself, for the damage he incurred as a shareholder, or the right of the General Assembly to prosecute every party who may have caused damage to the interests of the Company or the equities of the shareholders,
and claim compensation for any illegal act, as per the provisions of the law.

5-1-d : The shareholder shall have the right to peruse the shareholders register at QE, as per the applicable QE Statute.

5-1-e : The Company shall publish on its website the Memorandum of Association and the Statute of the Company, the information related to the Board members, the quarterly, semi-annual and annual financial data, disclosures, annual report of the Board and annual governance report.

5-1-f: Any shareholder(s) owning at least 10% of the capital of the company may call the Ordinary General Assembly to convene.

5-1-g: Shareholders that represent at least 25% of the capital may call for the extraordinary General Assembly to convene.

5-1-h: Any shareholder(s) representing at least 10% of the capital of the Company may request the inclusion of new topics on the agenda of the General Assembly.

5-1-i: Every share shall have the same right as all other shares of the same category.

5-1-j: The shareholder may vote by proxy, provided the proxy is purpose-specific and proven in writing. The number of shares with the procurator may not exceed 5% of the Company shares and no Board member may act as proxy.

5-1-k: No Board member, as shareholder at the Company, may participate in the voting for the General Assembly decisions related to his release of liability.

5-2: Dividends Policy:
The Board has adopted a policy for dividends aimed at the conformity between sustainable growth and the best revenues for shareholders, as set forth below:

Dividends Policy Adopted by SIIL

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

5-3 Capital Structure
The total number of Company shareholders on 31/12/2014 has reached 5334.

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

Name	Number of Shares	Ownership Percentage
Mr. Issa Abdulsalam Abu Issa	23'156'223	20.26%
Mr. Hussam Abdulsalam Abu Issa	9'835'297	8.60%
Al Hussam Holding Co.	10'972'500	9.60%

5-4 Minority Rights and Major Deals

The Company will amend is Statue in synchronization with amendments to the legal framework. It shall include in the Statue provisions for protecting the rights of minority shareholders, in case of approval to major deals whereby the minority shareholders have voted against such deals. These will include finding a mechanism to release sales of shares to the public or the right of synchronous sale in case of changes to the ownership of Company capital exceeding a predefined percentage.

Chapter Six

6. Transparency, Disclosure and Non-Conflict of Interests

6-1: The disclosure of the law case:

6-1-a: In 2010, one individual shareholder filed a lawsuit requesting to invalidate the proceedings of 2002 and 2005 mergers. Court of First Instance reached a decision that was approved by the Court of Appeal in 2011. The court ruling invalidated the legal, administrative and financial procedures of implementing the resolutions of the Extraordinary General Assembly to merge a number of companies in 2002 and 2005.

6-1-b: The decision stipulated in its relevant causes that the case is "…. not a request for the invalidity of resolutions the General Assembly of the third defendant (the Company) issued in the years 2002 and 2005 about merging the companies mentioned in the 2 resolutions by the defendant, and there is no fault affecting the validity of these decisions and the legality of the substance or form …"

It should be noted into that the shareholder that filed the case wasn't a shareholder in the Company, neither at the time of the first merger in 2002, nor at the time of the second merger in 2005. The first time he bought shares in the company was when he purchased one thousand shares on 06/01/2010. He was also the defense lawyer of another shareholder that the company sued. He bought those shares after he started defense process of the aforementioned shareholder and examined the facts and documents of the Company.

6-1-c: The General Assembly convened on 18/01/2012. It was briefed about the causes and text of the ruling of the Court of First Instance No. 650/2010, supported by the ruling of the Court of Appeal No. 71 and 104/2011. It took decisions and actions to ensure protecting the rights of shareholders and the interests of the Company. The General Assembly decided to call for an extraordinary meeting and develop a backup action plan to deal with the ruling in case the Cassation was rejected, enforcement is requested and the executive form is issued. The contingency plan calls for approval to amend of the resolutions of the Extraordinary General Assembly in 2002 and 2005 to acquire a number of companies by means of mergers, and to acquire these companies by means of acquisition, in the same dates and values adopted for the rights as evaluated at that time. The Ordinary General Assembly convened on 27/03/2013 has renewed approval to the a/m mechanism to amend the Capital.

6-1-d: The Court of Cassation has again ruled on 04/06/2013,to accept the appeal submitted by the Company and to subject the ruling of the Courts of Appeals to Cassation. The case was referred to the Court of Cassation with a new court body in order to settle the case all over again.

6-1-e The General Assembly has decided on 25/11/2013 to reiterate approval to the mechanism of amending Capital increase regarding approval to ownership of some companies by mergers in 2002 and 2005, and replace that with ownership of said companies by capital increase in type, at the same dates and valued as evaluated at the time.

It is worth mentioning that texts of all aforementioned rulings and disclosures are posted on Company's website and the website of Qatar Exchange. The Company's General Assembly has reviewed the a/m rulings, their causes and texts at General Assembly Meetings convened on 18/01/2012, 27/03/2013 and 25/11/2013.

It is worth mentionioning that the court of Cassation has also settled a case which requested voiding the aforementioned two mergers which was raised by another investor. This investor is in fact the principal to the other investor who raised the previously mentioned case. The court of Cassation has ruled to reject the appeal on the ruling of the court of first instance in which it declined to entertain the case raised by him. This ruling by the case of Cassation is considered final, conclusive, decisive and assertor for this case.

6-2: Integrity and Non-Conflict of Interest:

6-2-a: The Company prohibits the Chairman, members of its Board of Directors, and all its employees from taking advantage of any information they may have come to know, as a result of dealing in shares of the Company, for their own interest or the interest of their immediate relatives. Pursuant to the above policy, the Company issues a regular circular to the members of the Board of Directors and Executives prior to the announcement of the interim financial results. This circular shall include the announcement for the period of restriction of the sale and purchase of shares provided for in Article (173) of the QE bylaws, with an emphasis on the need for informing the QE in advance about any sale or purchase when there is no restriction period so asto ensure fairness in trading and equal opportunities.

The company is also committed to the provisions of the Commercial Companies Law No. (5)/ 2002 relating to conflict of interest, particularly the provisions of Article 108 of the Law.

6-2-b: Once elected, each member of the Board of Directors shall sign an undertaking to keep the confidentiality of the information and data and abstain from disclosing, leaking or revealing them to third parties or using them for their own benefit or any of their relatives.

6-2-c: **Actual practice:** Pursuant to the practical enforcement principles of transparency, disclosure and equality of opportunities, and in order to avoid any conflict of interest, any member of the Board of Directors shall withdraw from the meetings of the Board or General Assembly where a topic or matter is discussed and that topic or matter is related to the concerned Board member. After making sure that the mentioned member had left the meeting hall, the General Assembly vote on the relevant topic. The Company applied this principle on more than one occasion and case.

6-3: Adherence to the Rules and Conditions Governing the Disclosure and Listing in Qatar Exchange:

6-3-a: The Company shall commit to the rules and conditions governing the disclosure and listing in Qatar Exchange, "QE"and shall comply with all disclosure requirements, including disclosure of the number of shares owned by the Board of Directors, executives and top or influencing shareholders.

6-3-b: The Company shall also commit to disclose any key information related the company's current projects, projects that the Company intends to undertake or any projects or information influencing the share price.

6-3-c: The Company released in 2014 a total of 23 press releases that included the disclosure of important and relevant information such as the disclosure of financial results, new projects and strategic partnerships, the disclosure of a court case and the relevant court decision.

6-3-d: Financial reports are prepared in accordance with the international accounting standards IFRS, IAS, ISA. The company is publishing those reports in local newspapers, on QE websiteand on the Company website.
6-3-e: The Company has disclosed the names of the members of the committees emanating from the Board as well as their frameworks and bylaws.

6-3-f: The Company has disclosed in 2013 the remunerations policy, the external auditor recruitment policy, risks evaluation policy and the policy to evaluate Board performance.

6-3-g: The Company has designed and implemented a website that contains general information about the Company, its activities and investments, in addition to a dedicated window for shareholders affairs, including:

• The Amiri Decree on the establishment of the Company.

• Memorandum of Association and the Statute of the Company and any amendments thereof.

• The financial statements of the Company.

• The disclosures and press releases.

• Calls of the General Assembly on a periodic basis and the annual report.

• Information on how the shareholders can buy and sell stocks in general, in addition to the names of brokerage firms accredited by Qatar Exchange.

The Company will continue to publish all information, disclosures and data periodically and / or when available.

6-3-h: The Company places at the shareholders' disposal an annual report that includes a detailed account of financial data related to members of the Board of Directors, including the following:

• All amounts received by the Chairman and members of the Board of Directors.

• Benefits in kind enjoyed by the Chairman and members of the Board of Directors.
• Remuneration of the Board members.

• Operations in which one of the Board members ordirectors might have an interest that is conflicting with the company's interest.

6-3-i: The Company publishes annually its budget, profit and loss account, the report of the Board of Directors and the auditors' report in full, including the notes, and the company's disclosures contained therein.

6-3-j: The Company publishes annually the Governance Report on the website. Copies of the Corporate Governance report are being distributed at the General Assembly Meeting.

Chapter Seven

7. Human Resources Public Policies and General Regulations:

The company continued during 2014 implementing the adopted human resources regulations and policies, which includes general policies such as work ethics, protecting the company's assets and facilities and non-disclosure of the secrets of the work. These policies also include the right of reporting, by all staff without fear of any consequences.

Chapter Eight

8. Company Plan for 2015

The Company, having adopted adopt the Charter of the Board, policy of remuneration and incentives, dividends distribution policy, external auditors selection policy and risk policies, Board performance evaluation policy shall continue to work on meeting the requirements of the Code and comply to its rules and other provisions, in conjunction with the QFMA's efforts to update the Code, enforce it in part or in full and adjust the legal framework to eliminate any conflicts andalign the Code provisions with the provisions of the CommercialCompanies Law No. 5/2002. Therefore, the Company shall amend the Statute of the Company in the future so as to ensure total compliance with the provisions of the Governance Code, and without conflict with the applicable law in the State of Qatar.

Finally, the Board of Directors of Salam International wishes to reaffirm its commitment and complete compliance with the rules of governance in the past, present and future. The Board does look forward to being enabled to fully comply with the provisions of appropriate amendments to the legal framework. As Salam International considers corporate governance a good management system and way to settle the conflict between the various stakeholders and distribute the equities and responsibilities, in accordance with a public framework of transparency and integrity in transactions, disclosures and equal opportunities.

Furthermore, Salam International heritage reinforces institutionalized culture which motivates the Board members as well as all Company staff to act as pioneering business entrepreneurs and comply with the rules of transparency, integrity and righteous behavior, and seek to achieve efficient and sustainable growth and further benefits for all shareholders.

Issa Abdulsalam Abu Issa
Chairman

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

COMPANY OVERVIEW

Salam International Investment Limited (SIIL) is a leading conglomerate pursuing a highly focused approach of establishing, incorporating, acquiring, and owning enterprises. As an inheritor to a rich, over 60 year heritage, SIIL has enjoyed a track record of consistent entrepreneurship, innovation, performance, reliability and total customer satisfaction. Underpinning SIIL's success is its many activities which are horizontally, vertically, and geographically diversified.

SIIL specializes in five lines of business:

- Contracting (Construction, Metal, Interior Solutions)
- Energy & Industry
- Technology
- Retail Distribution and Hospitality
- Salam Bounian, real estate arm

SIIL owns and manages its business units in five sectors operating across Qatar, the United Arab Emirates, Palestine, Saudi Arabia, Oman, Bahrain, Jordan and Lebanon. SIIL is currently focusing on expansions in the pan-Arab area. Building on the strength and growth dynamics of the region and combining its approach with international best practice management disciplines, SIIL is an organization possessing a regional expertise enhanced by local knowledge.

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

The consolidated final accounts for the fiscal year ending on 31/12/2014 has shown net profits around QR 86.8 million. Deducting the negative minority rights, the rights of Salam International Investment Limited shareholders shall be QR 78.2 million. SIIL has made strategic & carefully planned investments in Qatar & the region, perfectly in line with the company's philosophy of sustained profitable growth. One of the key profit generating streams for SIIL is the investment portfolio owned and managed by SIIL – based on a corporate investment strategy - where again multi-level protection is generated by the diversification of the type and geographical spread of shares, locally, regionally and internationally.

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

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

The force that propels SIIL forward is its people. The achievement of SIIL's strategies can be directly attributed to the performance of the people who operate the company. It is the hard work, commitment and dedication of Salam's people that has resulted in consistent growth and success over 5 decades. Attracting, maintaining, developing and harnessing talent is one of the key objectives of SIIL's corporate strategy. At SIIL, talent pool capabilities are defined through core competencies required to achieve the corporate strategy. SIIL's expertise and knowledge in the different pillars of its businesses provides it with unique capabilities to participate in projects requiring all or part of its expertise to deliver key solutions in the economies in which SIIL operates.

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

CORPORATE SOCIAL RESPONSIBILITY

MOHAMED ABU ISSA, DAKAR RALLY 2014 – SALAM INTERNATIONAL

SIIL is delighted to announce that our champion rider, sponsored by us, secured 1st place in the Rookie Qualification and earned the respect of the world by finishing 4th in his first ever Dakar attempt.

The Dakar race began on January 5, 2014 and competition ran for 14 consecutive days, traversing a distance of 8,700 km in three countries: Argentina, Bolivia and Chile. The Dakar Rally is renowned for being one of the world's toughest rallies, where riders compete off-road on craggy terrains and through high sand dunes – not to mention the long and elevated distances inside Bolivia, which rise to 4,000 m above sea level, throwing an extra burden on the contestants' shoulders. To prepare for the Dakar challenge Mohamed Abu Issa underwent an intensive program in the United Arab Emirates' desert, as it is one of the world's toughest deserts for this category. He has also continued with fitness and readiness programs in the United Kingdom to get him geared up for high altitudes, especially in the Bolivian territory, the most difficult stretch in the race, where riders have to face the lack of oxygen and thus decrease of concentration.

Mohamed Abu Issa is the first Qatari to take part in the quads category in the Dakar Rally and second in all categories to Qatar's world champion Nasser Al-Attiyah, who generously offers Mohamed the needed advices and guidance. SIIL is Mohamed Abu Issa's main sponsor through sponsorship agreement to provide him with the necessary support, in addition to the logistics and technical support provided by the Dutch MAXXIS SUPER B team. Mohamed Abu Issa also has never been short on the highly appreciated incessant support of the Qatar Motor and Motorcycle Federation (QMMF), headed by Mr. Nasser Khalifa Al- Attiyah, through all stages experienced in previous tournaments. The QMMF has pledged to continue its support for Mohamed in future competitions. Mohamed receives great support from his family – mainly from his father, our Chairman and CEO Mr. Issa AbdulSalam Abu Issa and his uncle Mr. Hussam AbdulSalam Abu Issa. Mohamed works relentlessly, aiming to reach high rankings on the podium and proudly carry the flag of his homeland Qatar. He also hopes that his achievements together with the other Qatari athletes and champions will contribute to turning Qatar into a world sports capita.

MOHAMMED ABU ISSA, SEALINE CROSS COUNTRY RALLY 2014 – SALAM INTERNATIONAL

Mohammed Abu Issa reached another milestone in his career as an international quad bike champion rider proudly sponsored by SIIL. Riding under the Number 102 for Qatar Mohammed contested at the Qatar Sealine Cross Country Rally on the 19th of April 2014. The Sealine Cross Country Rally forms round 4 of the 2014 FIA World Cup for Cross Country Rallies and lasts till the 25th of April. The rally brought out five days and 1,739.55km of punishing off-road competition through the deserts of Qatar. Mohammed Abu Issa comprehensively conquered the challenge as well coming in first in Qatar and securing a win on the toughest terrain. SIIL is proud of the achievements we are promoting in sports.

GCC TRAFFIC WEEK– SALAM INTERNATIONAL

SIIL was a proud sponsor of Qatar's efforts to commemorate the unified GCC Traffic week. The Unified GCC Traffic Week this year was held under the theme 'Your Safety is Our Goal.'

SIIL was happy to step forward as a sponsor of the events planned under the banner and gave its full support to activities, including a traffic exhibition, workshops, educational lectures, entertainment and contests related to traffic safety. At the event Qatar honoured veteran drivers and those supporting road safety. SIIL's Deputy COO Mr. AbdulSalam Abu Issa received a certificate of appreciation from Brigadier Mohammed Saad Al Kharji, Director of the Traffic Department. SIIL's contribution was valued by the Brigadier who told a press conference that the Traffic Week this year complements previous such events and reflects experiences that contribute to the overall development of the country.

NATIONAL SPORT DAY – SALAM INTERNATIONAL

For National Sport Day, SIIL was delighted to join Qatar's national drive for an active healthy lifestyle. We celebrated Qatar National Sport Day with multiple, exciting activities at a variety of locations. Among our activities were; walking events at the Corniche, Bowling, Cricket, Table Tennis and a Basketball Tournament. We are pleased to report that our celebrations drew support from the Salam family and the effort was indeed a great success.

EMIR CUP BASKETBALL - SALAM INTERNATIONAL

As a staunch supporter of sports SIIL was proud to come forward as a sponsor of the Emir Cup. The championship was hosted in Doha from the 1st to the 25th of April 2014 at the Al Gharrafa gym.

FENCING GRAND PRIX - SALAM INTERNATIONAL

SIIL was happy to host the 2014 fencing Grand Prix. The competitions of the prestigious Qatar 2014 Fencing Grand Prix began at the Aspire Academy from the 16th – 19th of Jan. 2014 and the finals took place at The Gate Mall on the 17th, 18th, 19th Jan. Championship Director, Mr. Khalid Al Yazidi confirmed that the prestigious event brought together 315 fencers (men and women) representing 50 countries from across the world. The Qatar Fencing Federation (QFF) has been organising the Grand Prix since 2005 in accordance with the Federation Internationale D'Escrime (FIE) and SIIL was pleased to open the doors of The Gate Mall, to host the finals.

TAKREEM – SALAM INTERNATIONAL

This year, the regional Arab Achievement Award body Takreem continued to receive SIIL's support. Launched with the goal of identifying and rewarding Arabs who have excelled in their fields Takreem is set to inspire others in their quest for cultural, educational, scientific, environmental, humanitarian, social and economic developments, particularly in the Arab world. As such SIIL unhesitatingly stepped forward to support the endeavor.

Takreem's Jury Board convened in London this quarter and deliberated on the 2014 laureates in the following fields: Young Entrepreneur, Humanitarian and Civic Services, Environmental Development and Sustainability, Scientific and Technological Achievement, Innovation in Education, Cultural Excellence, Arab Woman of the Year, Outstanding Corporate Leadership and Exceptional International Contribution to Arab Society.

SIIL was among other companies such as CCC, Renault-Nissan Alliance, AMEC, NESMA Holding, TOTAL, Barclays, and Falcon who also offered Takreem their support.

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

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


NATIONAL SPORT DAY – SALAM INTERNATIONAL


VCU 15th FASHION SHOW – THE GATE MALL

BLOOD DONATION DRIVE – SALAM INTERNATIONAL


FAMILY BUSINESS NETWORK (GCC) –SALAM INTERNATIONAL

CHARITY EVENT FOR AL SHIFA HOSPITAL – SALAM INTERNATIONAL

SIIL gladly extended its support to Al Shifa Hospital by sponsoring a charity event under the title "In Solidarity with the Palestinian Resilience; Palestinian Art." The event was organised by a young committee of Arabs who have come together following the latest tragedy in Gaza. They have partnered with the Qatar Red Crescent. All proceeds went directly to Al Shifa Hospital in Gaza.

QATAR CHARITY – SALAM INTERNATIONAL

Qatar Charity (QC) is a non-government organisation which was established in 1992 in order to support Qatari society and other needy communities abroad. Its mission is to support the abilities of needy groups to fulfill human dignity and social justice in cooperation with partners. Its vision is to be an example, a pioneering, distinguished Islamic institution which combines originality, creativity and professionalism in the field of humanitarian aid and development. Salam International donated funds to Qatar Charity for rebuilding a number of houses in Gaza. Gaza is starting the task of rebuilding its devastated homes, stores and schools that suffered damage during the war in 2008.

REACH OUT TO ASIA (ROTA) – SALAM INTERNATIONAL

Reach Out To Asia (ROTA) is a Qatari non-governmental organisation founded in November 2005 under the auspices of the heir apparent, His Highness Sheikh Tamim bin Hamad Al Thani. Guided by its Chairperson, Her Excellency Sheikha Mayassa bint Hamad Al Thani, ROTA operates within the framework of Qatar Foundation. SIIL was pleased to support a ROTA gala dinner at the palace of Sheikh Ali Bin Abdulla Al Thani on November 15, 2014. Salam International greatly values the efforts of ROTA and considers it a privilege to partner ROTA in some of its outreach initiatives.

UNITE LEBANON YOUTH PROJECT (ULYP) – SALAM INTERNATIONAL

Unite Lebanon Youth Project (ULYP) is a non-profit organisation founded in 2010 to break down social barriers caused by years of civil conflict and political instability within Lebanon. Salam International was happy to make a donation to the Unite Lebanon Youth Project. ULYP aims to end the marginalisation of underprivileged children, youth and women by providing access to educational and recreational programs. Through these programs the participants learn about conflict resolution, peace building and human rights, and are encouraged to respect, understand and accept each other. Ultimately, ULYP aims to return the children, youth and women empowered with new skills and values, and capable of being positive agents of change to their communities. SIIL supports initiatives of this nature without reserve.

QATAR SOCIETY FOR REHABILITATION OF PEOPLE WITH SPECIAL NEEDS – SALAM INTERNATIONAL

The Qatar Society for Rehabilitation and Special Needs is a non-government funded organisation that primarily provides integrated care for children and young adults with special needs and disabilities. Its objectives are numerous and diverse, depending on the requirements of the individual, and the centre welcomes all abilities. Salam International made donations to the Qatar Society for Rehabilitation of People with Special Needs. Resulting from our support the organisation was able to conduct workshops, training programmes related to media and information, for the members who were part of the rehabilitation process.

QITCOM 2014 – SALAM INTERNATIONAL

QITCOM is an event, which ran for the 3rd year in Qatar with an aim to connect forward-thinking businesses, innovators and industry leaders to consumers, entrepreneurs, students, and enthusiasts, while supporting the development of Qatar as a global example of social and economic development predicated on a knowledge-based economy. Youth Hub Qatar, was a QITCOM initiative that SIIL stepped forward to partner. Youth Hub is a new set of smart spaces and concepts for young people, which announced the beginning of its operation at QITCOM. The initiative is focused on being Collaborate Entrepreneurship Support Platform. Youth Hub Qatar has developed their own way to help start-ups and SMEs to network. During all three days of the QITCOM exhibition, held from the 26th to the 28th

TAKREEM – SALAM INTERNATIONAL

FENCING GRAND PRIX - SALAM INTERNATIONAL

MOHAMED ABU ISSA, SEALINE CROSS COUNTRY RALLY 2014 – SALAM INTERNATIONAL of May 2014, visitors of joint booths could pin down their business cards onto a networking wall grid, numbered 1 to 100. Behind certain numbers, the lucky ones could find different prizes from Youth Hub Qatar, and its partner, Salam International. Writing to us to express their appreciation Youth Hub Director Evgenia Berestneva said "I would like to find time to thank SIIL for your support of Youth Hub Qatar during QITCOM.

It was a really productive initiative and we managed to get in touch with several individuals and organisations, with whom we are hoping to establish fruitful cooperation. We have received good feedback for the concept of co-working space and we are using the Youth Hub to promote potential knowledge partnerships for a start-up entrepreneurship competition we are currently developing." SIIL is pleased that our support is contributing towards the development of a youthful cadre of entrepreneurs in Qatar.

VIRGINIA COMMONWEALTH UNIVERSITY 15th FASHION SHOW – THE GATE MALL

Held under the theme, 'Center Front' the fashion show brought out the work of VCUQatar's fashion design sophomores, juniors and 16 seniors featuring a range with components of the ethnic, handcrafted, modern, eclectic and glamorous.

The Salam Fashion Award, introduced last year by Salam International Investments Chairman and CEO Issa Abu Issa, to support a graduate's transition from student designer to a career in design was presented to Maha Khalifa Al-Subaey this year. The award included mentoring in the development and design of two bespoke collections, which will be sold exclusively within a dedicated space in Salam Stores, Doha.

BLOOD DONATION DRIVE – SALAM INTERNATIONAL

On the 23rd of April 2014, SIIL made a meaningful contribution to Qatar's blood donation drive launched by Hamad Medical Corporation. SIIL encouraged the group's employees and visitors alike to donate blood at its retail shopping destination, The Gate Mall, West Bay.

This campaign resulted in donations from amongst Salam's employees and visitors. SIIL is glad to have contributed in this manner to Hamad Medical Corporation's desire to save lives and support those who suffer from blood diseases or need blood during surgery.

BREAST CANCER AWARENESS – 4U

4U offered its support to the Breast Cancer Awareness Month through "Pink Together", a creative event held at the Gate Mall. The goal was to raise awareness of the disease, its detection, its treatment, and the need for a reliable, permanent cure.

"Pink Together", was born last year in collaboration with ABODE magazine. This year, through the help of 3 notable speakers: Nicola Simpson, a cancer survivor; Nicole Van Hattem, a detox specialist and Carla Tabet, a beauty expert the event contributed towards a better understanding of the journey of a survivor; a way of life from healthy lifestyle ; and a boost of positivity and
confidence though beauty.

MILIPOL QATAR – SALAM TECHNOLOGY

In support of Qatar's security future Salam Technology participated wholeheartedly at Milipol 2014 and was proud to have been among Milipol's official sponsors. Salam Technology also stepped forward as one of Milipol's key exhibitors, installing a dedicated booth to show off our security services and solutions. The exhibition was held from the 20th to the 22nd of October. Working hand in hand with partners (Barco, Evans, Motorola) and Harris Salam, Salam Technology showcased its latest and most advanced technologies in control rooms, security systems, crisis management centers, emergency operations centers for security, surveillance and other systems displaying our strength to provide solutions for mission critical operations.

FAMILY BUSINESS NETWORK (GCC) –SALAM INTERNATIONAL

Family Business Network (FBN), the world's leading not for profit international network recently held its 25th global summit in Dubai. FBN operates with the aim of strengthening family business success over generations. Today with over 8,363 individual members from 2,869 family businesses across 58 countries, FBN is one of the key forums across the globe dedicated to exchanging best practices, new ideas and the peer-to-peer learning activities within its network. Coinciding with the 25th global summit, FBN GCC chose SIIL as one of the two organisations from across the world, as inspiring family business examples. Consequently they invited SIIL to welcome an FBN group of delegates to Qatar for a Learning Journey, taking them through SIIL's past, its present and future.

SIIL's Chairman and CEO Mr. Issa Abu Issa and SIIL's Executive Director Mr. Bassam Abu Issa, personally guided attending delegates on a full learning journey, through SIIL, sharing our beginnings and growth through our 63 year history, right up to SIIL's current standing and future aspirations. The experience was both inspiring and educative to attending delegates, who witnessed not just SIIL's growth but also the strategic leaps the company has taken over its lifetime. At the end of the Learning Journey Mr. Abu Issa presented each FBN member an album containing the most prized collection of photographs taken by our Founder. A FBN Gala Dinner was held at the close of the summit and SIIL was represented at the event by our Deputy COO Mr. AbdulSalam Abu Issa and Mr. Bassam Abu Issa.

THE YOUTH COMPANY (TYC) –SALAM INTERNATIONAL

SIIL was happy to become an Elite Sponsor to The Youth Company. TYC is a grass-rooted organization established in Qatar. They operate as a social enterprise, where the aim is to create social value through empowering the youth in an efficient, effective and sustainable manner. TYC programs and services target both youth and professional organizations within private, public and non-profit sectors, and are aligned with the Qatar National Vision 2030.

BREAST CANCER AWARENESS – 4U

MILIPOL QATAR – SALAM TECHNOLOGY

FUTURE DIRECTION

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

Corporate Overview and Direction for 2015-2017

Overview

Driven by our innate entrepreneurial culture and the overarching corporate strategy value creation and sustained profitable growth, Salam further reinforced our position as a major regional conglomerate during the year 2014.In the future we will pursue both organic growth in terms of adjacencies, and enter into new business frontiers that would be complementary to our existing business activities; new businesses that suit our culture and value system, while offering long term growth potential.

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

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

Strategic Business Planning Process

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

All operating business units provide Salam Head Office with 3 year strategic plans on standard templates, which form part of the Corporate Strategic Plan. The basic guiding principles of our strategic planning process are as follows:

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

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

At the same time, preparing for EXPO 2020 in UAE, the business units located in that region will strive to prepare their business operations to remain as competitive as before and equip themselves to win bigger projects.

SIIL generates profits through three broad sources, namely:

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

Corporate Restructuring Initiatives

The Salam management realises that in order to sustain and build on its profitable growth, there are certain pre-requisites:

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

In order to achieve these, we have been carefully restructuring our organisation, while ensuring that such changes are managed and implemented successfully. Some of the key aspects of this restructuring are:

- Logical grouping of the operational business units into four broad sectors, viz, Salam Energy and Industry, Salam Contracting, Salam Technology and Salam Retail Distribution and Hospitality, Salam Bounian- Real Estate
- Appointment of Managing Directors for each of the sectors of operation, who will provide strategic direction to the business units under their purview
- Decentralisation of Accounting & Personnel activity at Business Unit/Divisions level, with the central Finance & HR departments continuing to provide strategic & policy directions
- The centre will directly look after acquisition and management of profit generating assets, investment portfolio management and management of mega projects and JVs, besides the corporate support functions like Corporate Finance, Corporate Business Development, Corporate Legal Affairs, Corporate Development (HR, Personnel, Marketing & Communications and Strategic Planning)

Our Diversified Investments Types

Investment in Operation

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

SIIL has secured itself from the effects of the global economic crisis so far, thanks to the diversity of its operations both geographically and across several sectors, which helps Salam balance the investment risk and also increase return in areas of competence and clear value added services. The company aims to tide over any further effects of the crisis by exploiting available resources, enhancing performance, optimising expansion in the region and by carefully seizing strategic investment opportunities resulting from this crisis. SIIL intends to keep its technical & specialised workforce intact, as they represent one of the most important intangible assets of the company. SIIL will also continue enhancing & empowering its human capital to ensure optimal performance standards and enhanced competitive advantage.

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

Investment Portfolio

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

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

The Indirect portfolio consists of the broad-based equity shares held by Salam in the local, regional, and international stock markets. As a result of the Global economic crisis the market value of local shares portfolio decreased. In this regard, appropriate provisions have been taken into the financial statements for the period ending on 31/12/2014 based on IAS.

Real Estate Sector:

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

SUBSIDIARIES & HEAD OFFICE

Corporate Central Functions

Office of the Chairman & CEO

Salam Tower, 16th Floor
TEL: +974 44831415
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Office of the Vice Chairman & COO

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Email: h.abuissa@salaminternational.com

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FAX: +974 44833576
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Corporate Finance

Office of the Chief Financial Officer

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FAX: +974 44981225 (Qatar)
TEL: +9714 3470060 (UAE)
FAX: +9714 3470026 (UAE)
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Email: h.alyounis@salaminternational.com

Corporate Information Technology

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FAX: +974 44838732
P.O. BOX: 15224, DOHA-QATAR
E-mail: it.helpdesk@salaminternational.com

Salam Tower

Salam Tower 3rd Floor
TEL: +974 44832241
FAX: +974 44833546
P.O. BOX: 15224, DOHA-QATAR
Email: i.ahmad@salaminternational.com

Corporate Development

(Corporate Human Resources, Corporate Personnel, Marketing & Communications & Corporate Strategic Planning)

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FAX: +974 44838732
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Email: s.alkhateeb@salaminternational.com

Corporate Legal Affairs

(Corporate Legal Litigation, Corporate Commercial & Contracting)

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Investment

(Investor Relations)

Salam The Gate Mall Tower 1, 3rd Floor
TEL: +974 44832913
FAX: +974 44128675
P.O. BOX 12026, DOHA-QATAR
Activity: Investments & Real Estate
Email: a.stetieh@salaminternational.com

Contracting Sector

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

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

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

Salam Enterprises - DUBAI

TEL: +9714 2896289 FAX: +9714 2896089
P.O. BOX 28326, DUBAI-UAE
Activity: Construction & Environment Specialists
Email: mail@salamenterprisesllc.com

Construction

International Trading & Contracting

TEL: +974 44581842 FAX: +974 44693833
P.O. BOX: 23924, DOHA-QATAR
Activity: General Contracting
Email: info@itcqatar.com

Qatar Gardens

TEL: +974 44581842 FAX: +974 44693833
P.O. BOX: 23924, DOHA-QATAR
Activity: General Contracting
Email: info@qatargardens.com

Metal

Alu Nasa - Qatar

TEL: +974 44602791 FAX: +974 44601905
P.O. BOX 22120, DOHA-QATAR
Activity: Aluminum Fabrication
Email: info@alu-nasa.com

Alu Nasa - Dubai

TEL: +9714 8804500 FAX: +9714 8804501
P.O. BOX 5560, DUBAI-UAE
Activity: Aluminum Fabrication
Email: mail@alu-nasa.com

Gulf Steel & Engineering

TEL: +974 44503832 FAX: +974 44602497
P.O. BOX 22028, DOHA-QATAR
Activity: Structural Steel Fabrication
Email: info@gulf-steel.com

Interior Solutions

Salam Industries

TEL: +974 44600692 FAX: +974 44602073
P.O. BOX 22120, DOHA- QATAR
Activity: Interior Decorators
Email: info@salamindustries.com

Atelier 21

TEL: +9714 3474752 FAX: +9714 3479559
P.O. BOX 50797, DUBAI-UAE
Activity: Interior Designs
Email: mail@atelier-salam.com

Modern Decoration Company

TEL: +9714 3470060 FAX: +9714 3470026
P.O. BOX 10497, DUBAI-UAE
Activity: Specialized Joinery Manufacturers
Email: mail@mdc-salam.com

Salam Enterprises - QATAR

TEL: +974 44878921 FAX: +974 44878924
P.O. BOX 18419, DOHA-QATAR
Activity: General Trading
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Salam Enterprises - ABU DHABI

TEL: +9712 6396863 FAX: +9712 6396864
P.O. BOX 32767, Abu Dhabi UAE
Activity: General Trading
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Salam Enterprises - BAHRAIN

TEL: +973 17230950 FAX: +973 17231776
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Activity: General Trading
E-mail: h.gomaa@salamenterprises.com

Energy & Industry Sector

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

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

SIIL's Energy & Industry Sector competencies include industrial engineering, trading, procurement and construction while specializing in downstream projects and services in petrochemicals, metals and steel, cement and utilities. The sector also offers products and engineering services to the upstream oil & gas industry. This includes consumables in chemicals, safety and environment, instrumentation and automation supplies, as well as engineering services that cover all aspects from feed stages to comprehensive EPC contracts, consultancy, project management and maintenance. SIIL's Energy & Industry Sector has a further business unit engaged in the manufacture, assembly, import and distribution of switchgear panels.

Qatari German Switchgear

TEL: +974 44601992 Fax: +974 44601676
P.O. Box 23661, DOHA - QATAR
Activity: Switchgear Manufacturing
Email: info@qgc-qatar.com

Stream Industrial & Engineering

TEL: +974 44365458 FAX: +974 44322193
P.O. BOX 22647, DOHA-QATAR
Activity: Electro Mechanical Contracting
Email: info@stream-qatar.com

Salam Petroleum Services

TEL: +974 44864941 FAX: +974 44862721
P.O. BOX 22084, DOHA-QATAR
Activity: Oilfield Equipment Products & Services
Email: sales@salam-petrol.com

Technology Sector

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

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

Salam Technology

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Activity: Information Technology Solutions, Office Systems
Email: info@salamtechnology.com

Retail, Distribution & Hospitality Sector

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

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

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

On the branding and communication front, SIIL Group owns a communication group that combines global vision with local insight and a bold spirit that delivers outstanding creative work to an established list of high profile clients.
The business units comprise a traditional and agency, an online/interactive business unit, a fully equipped photographic studio and, a successful independent film company with comprehensive A/V production facilities, a lare scale events arm, a public relations agency and environmental space design.

Salam Stores - Qatar

TEL: +974 44485555 FAX: +974 44832103
P.O. BOX 121, DOHA-QATAR
Activity: Luxury Retail
Email: info@salams.com

Salam Stores - Dubai

TEL: +9714 7048484 FAX: +9714 3279595
P.O. BOX 4199, DUBAI-UAE
Activity: Luxury Retail
Email: sss@salams.ae

Salam Stores - Abu Dhabi

TEL: +9712 6456999 FAX: +9712 6459994
P.O. BOX 417, ABU DHABI-UAE
Activity: Luxury Retail
Email: sss@salams.ae

Salam Stores - Al Ain

TEL: +9713 7515000 FAX: +9713 7511190
P.O. BOX 1342, AL AIN-UAE
Activity: Luxury Retail
Email: sss@salams.ae

Salam Stores - Oman

TEL: +968 24564071 FAX: +968 24564075
P.O. BOX 438, MUSCAT-OMAN
Activity: Luxury Retail
Email: salam-oman@salams.com

Salam Hospitality

TEL: +974 44184787 Fax: +974 4483 2471
P.O. BOX 15224, DOHA-QATAR
Activity: Hospitality Services
Email:alan.massouh@salamhospitality.com

ADabisc

TEL: +974 44227222 FAX: +974 44353429
P.O. BOX 23177, DOHA-QATAR
Activity: Marketing & Advertising Agency
Email: info@adabisc.com

Real Estate

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

Salam Bounian

TEL: +974 44932524 FAX: +974 44932526
P.O. BOX 10805, DOHA-QATAR
Activity: Investments & Real Estate
Email: info@salam-bounian.com

Salam Globex

TEL: +974 4020 6000 Fax: +974 4020 6006
P.O. BOX 14023, DOHA-QATAR
E-mail: l.kamal@salaminternational.com

Joint Ventures & Franchises

PRETECT

TEL: +974 44182572 FAX: +974 44869931
P.O. BOX 22084, DOHA-QATAR
Activity: Instrumentation & Engineering Services for Oil & Gas Industry
Email: g.shirreffs@rbgme.com

Gulf Facility Management

TEL: +974 44850656 FAX: +974 44850657
P.O. BOX 10805, DOHA-QATAR
Activity: Facility Management
Email: f.bagdadia@gfm-co.com

Salam SICE Tech Solutions

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E-mail: d.quilacio@salaminternational.com

PC DEAL NET

TEL: +974 44181901 FAX: +974 44880693
P.O. BOX 22658 Industrial Area QATAR
Email: info.qatar@pcdealnet.com

OFITECO

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Harris-Salam

TEL: +974 44874968 Fax: +974 44874980
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E-mail: kenny.grant@harris.com

SAS Systems Engineering

TEL: +974 401 62111 Fax: +974 401 62106
P.O. BOX 15224, DOHA-QATAR

Shiftpoint

TEL: +974 4418 4739 FAX: +974 44184773
P.O. BOX 15224, DOHA-QATAR
Email: darren.bance@shiftpoint.qa

New Image

TEL: (974) 33971317
P.O. BOX 15224, DOHA-QATAR
E-mail: johnezzo@newimagebldg.com

4 Homes

TEL: +9714 3807611 Fax: +9714 3807612
P.O. BOX 16816, DUBAI-UAE
E-mail: saab@4homes.ae

FINANCIAL STATEMENT

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Salam International Investment Limited Q.S.C. (the "Company" or "SIIL") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of Qatar Commercial Companies Law, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Basis for a qualified opinion

One of the Group's subsidiaries (the "Subsidiary") owns 30% interest in a joint operation. IFRS 11 requires proportionate consolidation of the joint operation's financial position and results at each reporting date. Since no financial statements were prepared for this joint operation, the Subsidiary did not include its share of the joint operation's assets, liabilities and results of operations for the year then ended. In light of the above, we are unable to determine the effect of not proportionately consolidating the joint operation on the accompanying consolidated financial statements.

Qualified opinion

In our opinion, except for the matter discussed under "basis for qualified opinion" above, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Salam International Investment Limited Q.S.C., and its subsidiaries, as of December 31, 2014 and its consolidated financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to Note 37 to the accompanying consolidated financial statements with regard to a court verdict issued by the Court of Cassation on June 4, 2013 overturning the Court of Appeal's verdict issued on January 23, 2013 which invalidated the executive merger procedures involving SIIL in 2002 and 2005, without compromising the authenticity and legality of these decisions in terms of subject or form. Furthermore, the Court of Cassation requested the Court of Appeal for a retrial with a new committee of different judges. The new Court of Appeal appointed an expert committee to study and report on the mergers referred to above, to validate the amendment of capital increase mechanism and the general assembly's approval thereon. The new committee has set February 16, 2015 as the date for the next session, during which the experts' report is to be presented. Currently, the accompanying consolidated financial statements are prepared on a similar basis, as in prior years, including its subsidiaries acquired in the mergers referred to above.

Report on Other Legal and Regulatory Requirements

We are also of the opinion that proper books of account were maintained by SIIL and physical inventory has been duly carried out. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. We further confirm that the consolidated financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of SIIL. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Qatar Commercial Companies Law No. 5 of 2002 and SIIL's Articles of Association were committed during the year which would materially affect the Group's activities or its consolidated financial position.

Doha – Qatar
February 5, 2015
For Deloitte & Touche
Qatar Branch

Muhammad Bahemia
Partner
License No. 103

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2014

	Note	2014 QR.	2013 QR.
ASSETS			
Non-current assets			
Property, plant and equipment	5	**499,466,061**	486,113,573
Investment properties	6	**1,486,173,191**	1,983,646,073
Intangible assets	7	**105,508,212**	103,864,825
Investments in associates	8	**104,426,891**	102,848,091
Investments in joint ventures	9	**37,458,418**	40,680,586
Available for sale investments	10	**164,566,684**	148,895,972
Retentions receivable	11(a)	**63,840,107**	52,409,388
Loans to associate companies		**19,338,918**	18,061,691
Other assets	12	**7,200,342**	4,035,218
Total non-current assets		**2,487,978,824**	2,940,555,417
Current assets			
Inventories	13	**472,536,763**	416,344,090
Other assets	12	**128,332,517**	132,976,224
Excess of revenue over billings from contract works		**483,807,937**	333,460,066
Retentions receivable	11(a)	**64,558,101**	71,258,592
Due from related parties	14(a)	**178,011,221**	122,369,939
Trade and other receivables	15	**441,077,410**	366,966,412
Investment at fair value through profit or loss	16	**2,621,020**	--
Cash and bank balances	17	**378,971,392**	402,244,949
Total current assets		**2,149,916,361**	1,845,620,272
TOTAL ASSETS		**4,637,895,185**	4,786,175,689

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2014

	Note	2014 QR.	2013 QR.
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**1,143,145,870**	1,143,145,870
Legal reserve	19	**408,441,263**	400,612,925
Fair value reserve	10.3	**5,207,526**	279,313
Proposed cash dividends	32	**68,588,752**	114,314,587
Retained earnings		**25,583,412**	25,331,444
Total equity attributable to the Owners of the Parent		**1,650,966,823**	1,683,684,139
Non-controlling interests	20	**179,055,269**	184,559,327
Total equity		**1,830,022,092**	1,868,243,466
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	21	**64,008,874**	56,135,259
Other liabilities		**8,561,000**	9,793,947
Retentions payable	11(b)	**15,636,101**	13,001,684
Notes payable		**--**	321,740
Borrowings	22	**1,314,087,213**	1,512,976,734
Total non-current liabilities		**1,402,293,188**	1,592,229,364
Current liabilities			
Other liabilities	23	**211,655,076**	208,930,528
Advances from customers		**130,565,141**	128,385,441
Excess of billings over revenue from contract works		**49,122,694**	54,723,943
Retentions payable	11(b)	**19,688,096**	15,984,464
Due to related parties	14(b)	**1,489,968**	15,000,685
Notes payable		**7,850,029**	7,443,356
Trade and other payables		**296,812,089**	302,617,124
Bank overdrafts	17	**63,352,687**	28,646,668
Borrowings	22	**625,044,125**	563,970,650
Total current liabilities		**1,405,579,905**	1,325,702,859
TOTAL LIABILITIES		**2,807,873,093**	2,917,932,223
TOTAL EQUITY AND LIABILITIES		**4,637,895,185**	4,786,175,689

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf on February 5, 2015 by the following:

Issa Abdul Salam Abu Issa
Chairman and Chief Executive Officer

Abdul Salam Issa Abu Issa
Board member and Deputy Chief Operating Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended December 31, 2014

	Note	2014 QR.	2013 QR.
Operating income	25	**2,373,133,128**	2,046,538,166
Operating cost	26	**(1,773,688,206)**	(1,481,229,503)
Gross profit		**599,444,922**	565,308,663
Investment income	27	**148,915,150**	204,484,007
Other operating income		**5,247,970**	4,928,545
Service and consultancy income		**1,709,354**	2,873,257
Other income	28	**28,710,028**	9,353,357
Share of results in joint ventures, net	9	**7,708,525**	6,912,398
Share of results in associates, net	8.2 (ii)	**(945,331)**	(14,058,913)
Salaries and other staff benefits		**(297,862,524)**	(277,500,902)
General and administrative expenses	29	**(216,105,342)**	(192,232,297)
Amortisation of intangible assets	7 (ii)	**(5,031,598)**	(3,163,438)
Depreciation of property, plant and equipment	5(iii)	**(70,559,729)**	(62,376,338)
Depreciation of investment properties	6	**(26,913,893)**	(33,635,990)
Impairment loss on available for sale investments	10.1	**--**	(5,330,771)
Impairment of goodwill	7 (i)	**(5,500,452)**	--
Finance costs		**(76,677,928)**	(90,451,292)
Profit before executive managers' bonus		**92,139,152**	115,110,286
Executive managers' bonus	14(d)	**(4,227,763)**	(4,959,281)
Proposed Board of Directors' remuneration	14(d)	**(1,100,000)**	(4,400,000)
Profit for the year		**86,811,389**	105,751,005
Attributable to:			
Owners of the Parent		**78,283,384**	113,784,325
Non-controlling interests	20	**8,528,005**	(8,033,320)
Profit for the year		**86,811,389**	105,751,005
Basic and diluted earnings per share	31	**0.68**	1.00

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2014

	2014 QR.	2013 QR.
Profit for the year	**86,811,389**	105,751,005
Other comprehensive income:		
Net movement in fair value reserve	**5,132,887**	14,278,228
Revaluation reserve realised	**--**	(3,671)
Transfer to profit on sale of available for sale investments	**(204,674)**	(4,076,518)
	4,928,213	10,198,039
Total comprehensive income for the year	**91,739,602**	115,949,044
Attributable to:		
Owners of the Parent	**83,211,597**	123,982,364
Non-controlling interests	**8,528,005**	(8,033,320)
Total comprehensive income for the year	**91,739,602**	115,949,044

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2014

	Total equity attributable to the Owners of the Parent							Non-controlling interest QR.	Total QR.
	Share capital QR.	Legal reserve QR.	Fair value reserve QR.	Proposed cash dividends QR.	Property revaluation reserve QR.	Retained earnings QR.	Total QR.		
Balance as at January 1, 2013	1,143,145,870	389,234,492	(9,922,397)	80,020,211	3,671	40,186,985	1,642,668,832	192,285,536	1,834,954,368
Total comprehensive income for the year	--	--	10,201,710	--	(3,671)	113,784,325	123,982,364	(8,033,320)	115,949,044
Cash dividends declared	--	--	--	(80,020,211)	--	--	(80,020,211)	(5,508)	(80,025,719)
Proposed cash dividends	--	--	--	114,314,587	--	(114,314,587)	--	--	--
Transfer to legal reserve	--	11,378,433	--	--	--	(11,378,433)	--	--	--
Provision for social contribution	--	--	--	--	--	(2,844,608)	(2,844,608)	--	(2,844,608)
Purchases of partially owned subsidiary shares	--	--	--	--	--	--	--	856,710	856,710
Revaluation reserve realised	--	--	--	--	--	3,671	3,671	--	3,671
Additional purchase of subsidiary shares	--	--	--	--	--	(105,909)	(105,909)	(544,091)	(650,000)
Balance at December 31, 2013	1,143,145,870	400,612,925	279,313	114,314,587	--	25,331,444	1,683,684,139	184,559,327	1,868,243,466
Total comprehensive income for the year	--	--	4,928,213	--	--	78,283,384	83,211,597	8,528,005	91,739,602
Cash dividends declared	--	--	--	(114,314,587)	--	--	(114,314,587)	--	(114,314,587)
Proposed cash dividends	--	--	--	68,588,752	--	(68,588,752)	--	--	--
Transfer to legal reserve	--	7,828,338	--	--	--	(7,828,338)	--	--	--
Provision for social contribution	--	--	--	--	--	(1,957,085)	(1,957,085)	--	(1,957,085)
Additional purchase of subsidiary shares (Note 24)	--	--	--	--	--	342,759	342,759	(10,002,023)	(9,659,264)
Net movement in non-controlling interest	--	--	--	--	--	--	--	(4,030,040)	(4,030,040)
Balance at December 31, 2014	1,143,145,870	408,441,263	5,207,526	68,588,752	--	25,583,412	1,650,966,823	179,055,269	1,830,022,092

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2014

	2014 **QR.**	2013 QR.
Operating activities		
Profit for the year	**86,811,389**	105,751,005
Adjustments for:		
Provision for doubtful receivables	**1,975,719**	5,245,333
Provision for slow moving inventories	**7,120,083**	4,457,504
Impairment loss on available for sale investments	**--**	5,330,771
Gain on sale of available for sale investments	**(265,060)**	(6,818,568)
Gain on sale of investments at fair value through profit or loss	**--**	(18,694)
Unrealised gain on revaluation of investments at fair value through profit or loss	**(994,180)**	--
Share of results from investments in associates, net	**945,332**	14,058,913
Share of results from investments in joint venture	**(7,708,525)**	(6,912,398)
Amortisation of intangible assets	**5,031,598**	3,163,438
Impairment of goodwill	**5,500,452**	--
Depreciation of investment properties	**26,913,893**	33,635,990
Depreciation of property, plant and equipment	**83,445,575**	72,316,153
(Gain) / loss on sale of property, plant and equipment	**(959,654)**	27,041
Loss from disposal of intangible assets	**321,144**	727,058
Gain on sale of investment properties	**(4,635,060)**	(99,981,785)
Provision for employees' end of service benefits	**14,691,366**	13,152,535
Finance costs	**76,677,928**	90,451,292
Interest income	**(14,559,730)**	(3,917,962)
Dividend income from available for sale investments	**(3,171,611)**	(1,893,638)
	277,140,659	228,773,988
Changes in working capital		
Excess of revenue over billings from contract works	**(150,347,871)**	(141,466,141)
Other assets	**1,478,583**	(3,473,280)
Inventories	**(63,312,756)**	(52,939,231)
Retentions receivable	**(4,730,228)**	(3,518,314)
Due from related parties	**(55,462,563)**	(19,057,503)
Trade and other receivables	**(76,086,717)**	(28,582,921)
Trade and other payables and other liabilities	**(6,270,519)**	43,316,462
Due to related parties	**(13,510,717)**	11,784,496
Excess of billings over revenue from contract works	**(5,601,249)**	(10,927,270)
Retentions payable	**6,338,049**	(32,265,809)
Advances from customers	**2,179,700**	52,890,043
Cash (used in) / generated from operating activities	**(88,185,629)**	44,534,520
Employees' end of service benefits paid	**(6,817,751)**	(5,689,204)
Net cash (used in) / generated from operating activities	**(95,003,380)**	38,845,316

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2014

	2014 QR.	2013 QR.
Investing activities		
Purchases of property, plant and equipment	**(85,610,352)**	(112,699,635)
Proceeds from sale of property, plant and equipment	**13,138,146**	2,075,118
Proceeds from sale of investment properties	**456,274,436**	311,412,630
Purchases of investment properties	**(4,446,590)**	(31,047,092)
Purchases of available for sale investments	**(11,525,575)**	(20,398,675)
Proceeds from sale of available- for- sale investments	**1,048,136**	17,965,724
Purchases of intangible assets	**(12,496,581)**	(15,482,564)
Proceeds from sale of investments at fair value through profit or loss	**--**	397,890
Purchase of investment at fair value through profit or loss	**(1,626,840)**	--
Net cash outflow on acquisition of subsidiaries' shares	**(9,659,264)**	(654,980)
Purchase of investments in associate companies	**(8,549,636)**	--
Net cash outflow on investment in joint ventures	**--**	(33,768,188)
Dividends received from joint ventures	**10,930,693**	--
Dividends received from associates, net	**4,569,558**	5,424,043
Interest received	**14,559,730**	3,917,962
Dividends received from available for sale investments	**3,171,611**	1,893,638
Net cash from investing activities	**369,777,472**	129,035,871
Financing activities		
Net movement in borrowings	**(137,816,046)**	133,471,151
Net movement in notes payable	**84,933**	(2,165,851)
Net movement in non-controlling interests	**(4,030,040)**	201,202
Finance costs paid	**(76,677,928)**	(90,451,292)
Dividends paid	**(114,314,587)**	(80,020,211)
Net cash flows used in financing activities	**(332,753,668)**	(38,965,001)
Net (decrease) / increase in cash and cash equivalents	**(57,979,576)**	128,916,186
Cash and cash equivalents at the beginning of the year	**373,598,281**	244,682,095
Cash and cash equivalents at the end of the year (Note 17)	**315,618,705**	373,598,281

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. LEGAL STATUS AND OPERATING ACTIVITIES

Salam International Investment Limited Q.S.C. (the "Company") or ("SIIL") is a public shareholding company incorporated in the State of Qatar under Amiri Decree No. (1) on January 14, 1998.

These consolidated financial statements comprise the assets, liabilities, and results of operations of SIIL, its subsidiaries and jointly controlled entities (together referred to as the "Group").

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

SUBSIDIARIES:

I. Change in a subsidiary:

Salam Bounian Development Company P.S.C. ("Salam Bounian"):

During the year, the Group increased its interest in Salam Bounian, one of its subsidiaries, from 62.63% to 64.70%. Refer to Note 24 for the details on the additional shares purchased.

II. Details of the subsidiaries as at December 31, 2014 are as follows:

Name of the subsidiary	Ownership interest (%)	Principal activities
Salam Technology O.P.C.	100	Office equipment trading and information technology
Stream Industrial & Engineering Company O.P.C.	100	Mechanical services
Qatari German Switchgear Company W.L.L.	100	Switchgear Manufacturing
Salam Petroleum Services O.P.C.	100	Trading in chemical materials and maintenance of oil equipment
Gulf Steel and Engineering O.P.C.	100	Steel works
International Trading & Contracting Company O.P.C. (v)	100	Civil contracting
Salam Enterprise Company O.P.C	100	Furniture trading
Salam Industries O.P.C.	100	Civil contracting
Alu Nasa Company O.P.C.	100	Aluminium works
Gulf Industries For Refrigeration and Catering Company O.P.C	100	Trading and maintenance of refrigerators, water coolers and air conditioners
Holmsglen, Qatar W.L.L.	98	Consulting and managerial studies
Qatar Transformers Company W.L.L.	100	Manufacture of transformers
Salam Hospitality W.L.L.	100	Restaurants and bakeries management
Salam Bounian Development Company P.S.C.	64.70	Real estate
Gulf Facility Management W.L.L.	64.70	Facility management
Salam Enterprises L.L.C. (i)	100	Trading in water equipment
Atelier 21 L.L.C. (i)	100	Interior design
Modern Decoration Company L.L.C. (i)	100	Furniture and interiors manufacturing

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.

1. LEGAL STATUS AND OPERATING ACTIVITIES (Continued)

II. Details of the subsidiaries as at December 31, 2014 are as follows:

Name of the subsidiary	Ownership interest (%)	Principal activities
Alu Nasa Aluminium Industry L.L.C. (i)	100	Aluminium works
Salam Group O.P.C.	100	General contracting and trading - Intermediary holding company
Salam Studio & Stores O.P.C. – Doha	100	Retail and wholesale of luxury consumer products
Salam Studio & Stores L.L.C. – Dubai (i)	100	Retail and wholesale of luxury consumer products
Salam Studio & Stores W.L.L. – Muscat (iii)	100	Retail of luxury consumer products
Salam Arabia Trading Establishment – Kuwait (ii)	100	General trading
Adabisc Future Qatar W.L.L.	60	Computer programming and software and database development
Salam Trading Enterprises – Jordan (iv)	100	Office equipment trading
Salam Enterprise Company – Bahrain	80	Furniture trading
Salam Amwal Holding S.A.L.	100	Investments
Salam Capital Holding S.A.L.	100	Investments
Salam Globex O.P.C.	100	Marketing and offices facilities
Prevent and Protect W.L.L. (formerly RBG Middle East – Qatar O.P.C.)	90	Oil and gas services
RBG Middle East – Bahrain	90	Oil and gas services
RBG Middle East – Oman	90	Oil and gas services
New Image Building Services Gulf States	33	Building and facilities Management
Blink Co. W.L.L.	60	Photography trading and related services

(i) 99 % of the share capital of these companies are commercially registered under the name of SIIL and 1% is registered in the name of Salam Group O.P.C., a subsidiary of SIIL.

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

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

(iv) 50% of the share capital of Salam Trading Enterprises Jordan was commercially registered in the name of a Jordanian national. The ownership structure of this entity changed during the year to become 50% owned by Salam Group O.P.C. and Salam Studio and Stores W.L.L. – Jordan, both subsidiaries wholly owned by SIIL. The operations and activities of Salam Trading Enterprises recommenced during 2013. The accounts of Salam Trading Enterprises – Jordan were consolidated and these consolidated financial statements based on the unaudited accounts prepared by management.

1. LEGAL STATUS AND OPERATING ACTIVITIES (Continued)

(v) This company has a 30% interest in a joint operation, which was proportionately consolidated until December 31, 2013 and was not proportionately consolidated for the year ended December 31, 2014.

Prior to the change in capital structure with regard to (iii) and (iv) above, SIIL took all legal procedures necessary to secure its right through signed irrevocable affidavits that Salam International Investment Limited (Q.S.C.) fully owned those companies.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs affecting amounts reported in the consolidated financial statements

The following are the revised IFRSs that were effective in the current year and have been applied in the preparation of these consolidated financial statements:

(i) Revised Standards:

Effective for annual periods beginning on or after January 1, 2014

• IAS 32 (Revised)	Financial Instruments: Presentation – Amendments to clarify existing application issues relating to the offsetting requirements.
• IFRS 10, IFRS 12 and IAS 27 (Revised)	Amendments to introduce an exception from the requirement to consolidate subsidiaries for an investment entity.
• IAS 36 (Revised)	Amendments arising from recoverable amount disclosures for non-financial assets.
• IAS 39 (Revised)	Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

(ii) New Interpretation:

Effective for annual periods beginning on or after January 1, 2014

• IFRIC 21	Levies

The adoption of these new and revised Standards and Interpretation had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2014, other than certain presentation and disclosure changes.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed)

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

(i) New Standards:

Effective for annual periods beginning on or after January 1, 2016	
• IFRS 14	Regulatory Deferral Accounts.
Effective for annual periods beginning on or after January 1, 2017	
• IFRS 15	Revenue from Contracts with Customers.
Effective for annual periods beginning on or after January 1, 2018	
• IFRS 9	Financial Instruments.

(ii) Revised Standards:

Effective for annual periods beginning on or after July 1, 2014	
• IAS 19 (Revised)	Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.
• Annual improvements to IFRSs 2010-2012 cycle	Amendments to issue clarifications on IFRSs- IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
• Annual Improvements 2011-2013 Cycle	Amendments to issue clarifications on IFRSs- IFRS 1, IFRS 3, IFRS 13 and IAS 40.

Effective for annual periods beginning on or after January 1, 2016	
• Annual Improvements 2012-2014 Cycle	Amendments to issue clarifications and add additional/specific guidance to IFRS 5, IFRS 7, IAS 19 and IAS 34.
• IFRS 10 & IAS 28 (Revised)	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture
• IFRS 11 (Revised)	Amendments regarding the accounting for acquisitions of an interest in a joint operation.

Effective for annual periods beginning on or after January 1, 2016	
• IAS 16 (Revised)	Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16.
• IAS 38 (Revised)	Amendments regarding the clarification of acceptable methods of depreciation and amortisation.
• IAS 41 (Revised)	Amendments bringing bearer plants into the scope of IAS 16.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

Effective for annual periods beginning on or after January 1, 2016	
• IAS 27 (Revised)	Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity>s separate financial statements.

Effective for annual periods beginning on or after January 1, 2018 (on application of IFRS 9)	
• IFRS 7 (Revised)	Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9
• IAS 39 (Revised)	Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the "own use" scope exception.

Management anticipates that the adoption of these new and revised Standards in future periods will have no material financial impact on the consolidated financial statements of the Group in the period of initial application, other than certain presentation and disclosure changes.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the applicable provisions of the Qatar Commercial Companies' Law No. (5) of 2002.

Basis of preparation

These consolidated financial statements have been prepared under the historical cost basis except for investments which are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

These consolidated financial statements are presented in Qatari Riyal (QR.) which is the Group's functional and presentational currency.

Subsidiaries

Subsidiaries are those entities controlled directly or indirectly by the Group. Control exists when a company has the power, directly or indirectly, to govern the financial and operating policies of another company so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases.

The financial statements of the subsidiary companies are prepared for the same reporting year as the parent company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

Changes in SIIL's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of SIIL.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Investments in associates and joint ventures

Associates are those entities in which the Group has direct or indirect significant influence, but not control, over the financial and operating policies of the investees.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. If a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, then Group also reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation under the proportionate consolidation method.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire which are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sale of goods (Continued)

- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales represent the value of products sold during the year, net of freight and other related charges.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

(i) installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;

(ii) servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing of the product sold; and

(iii) revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

Dividend and Interest revenue

Dividends from investments are recognised when the Group's right to receive payment has been established. Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and the receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable that will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as excess of revenue over billings from contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as excess of billings over revenue from contract works. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances from customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Rental income

Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the lease term on an accrual basis.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset,

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. The rates of depreciation are based upon the following estimated useful lives:

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Investment properties

Land and buildings are considered as investment properties only when they are held to earn rentals and/or for long term capital appreciation. Investment properties are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. The cost of property 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. Depreciation is provided on a straight-line basis over the estimated useful lives as follows:

Buildings	10-20 years
Salam Tower	50 years
Salam Plaza	10-20 years
Joumana Tower	50 years
The Gate Towers and Mall	50 years
Offices at Grosvenor Tower, Dubai	50 years

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss in the year the asset is derecognised.

Capital work in progress

Capital work in progress represents properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined. Capital work in progress is classified as property, plant and equipment or investment properties based on the intended use once construction is complete. It is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy and any other direct cost attributable to the asset being constructed to bring it to its intended use. Depreciation of these assets, on the same basis as other property, plant and equipment and investment properties commences when the assets are ready for their intended use.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets – research and development expenditure.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from development phase of an internal project) is recognised if, and only if, the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available-for-use or sale;
- the intention to complete the intangible asset;
- the ability to use or sell the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria above. When no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statements of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets are classified into the following specified categories:

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

(i) it has been acquired principally for the purpose of selling in the near future;

(ii) on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

(ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in the consolidated statement of profit or loss. The net gain or loss recognised in the statement of profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 36.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available for sale (AFS) investments

AFS investments are non-derivative financial assets that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets. Interest income on AFS debt instruments, if any, is calculated using the effective interest method and dividends on AFS equity investments are recognised in the consolidated statement of profit or loss in accordance with the Group's accounting policies. Other changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value reserve in equity. When the investment is disposed of or is determined to be impaired, the related gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and loans to associates) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. The amortisation is included in 'interest income' in the consolidated statement of profit or loss. The losses arising from impairment are recognised in the consolidated statement of profit or loss.

Cash and cash equivalents

Cash and bank balances consist of cash on hand, bank balances and short term deposits with an original maturity of less than three months, net of bank overdrafts and blocked deposits, if any.

Trade and retention receivables

Accounts and retention receivable are stated at original invoice amount, which approximates its fair value, less any impairment for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty;

(ii) default or delinquency in interest or principal payments;

(iii) it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

(iv) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statement of profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statement of profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade and retention payable

Trade and retention payable are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the year in which they are incurred. In the event of ceasing construction, intentionally or unintentionally, all borrowing costs are recognised in the consolidated statement of profit or loss in the year in which the construction is ceased.

Borrowing costs include interest on bank overdrafts, short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Employees' end of service benefits

A provision is made for employees end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salaries and accumulated periods of service as at the reporting date.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currencies

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Qatari Riyal using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive potential shares.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements:

Classification of investments

The management decides on the acquisition of an investment whether to classify it as available for sale or financial assets at fair value through profit or loss. The Group classifies investments as financial assets at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the Group as at fair value through profit or loss.

Classification of properties

Management classifies properties carried for capital appreciation or revenue generation as investment properties. All other properties are classified as property, plant and equipment.

For the purpose for financial reporting, properties that are used for both purposes are split between investment properties and property, plant and equipment on the basis of space (square meters).

Accounting policy for measurement of investment properties

Management of the Group is required to choose for the measurement of investment properties either the fair value model or the cost model and shall apply this policy to all of its investment properties, except if it holds an investment property as a lessee under an operating lease, under which it is required to hold these investment properties only at fair value.

The Group has chosen to adopt the cost model for the purposes of measuring its investment properties in the consolidated statement of financial position.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Classifications of joint arrangements

4 Homes FZCO L.L.C. and Shift Point L.L.C are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the company themselves. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, 4 Homes FZCO L.L.C. and Shift Point L.L.C are classified as joint ventures of the Group. See Note 9 for details.

Advance payment for the purchase of a plot of land

Salam Bounian disbursed an advance payment of QR. 20,257,119 (equivalent to AED 20,394,784) which represents 30% of the purchase price of the island plot named Uruguay Island-Dubai (the full value of the land being AED 67,982,613) and a sum of QR. 994,000 (equivalent to AED 1,000,000) which represent 60% purchase of proposed combination of assets. Due to uncertainty around the project, the Group has decided to withdraw from this investment and requested the return of its advance payment from the project developer. The latter refused the repayment of the said amount and as a result, the Group filed a case with Dubai Courts seeking a court order to recover its funds. The project developer has filed a counterclaim against the Group claiming the payment of the purchase price balance with interest until September 24, 2014. At the time when these consolidated financial statements were authorised for issuance, these cases were still under deliberation in Dubai Courts. Management believes the advance payment will be recovered.

Key sources of estimation uncertainty

The following are 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:

Impairment of tangible and intangible assets

The Group's management tests when indication exists whether tangible and intangible assets have suffered impairment in accordance with accounting policies stated in Note 3. The recoverable amount of an asset is determined based on value-in-use method or fair value less cost to sell, whichever is higher. This value in use method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The cash flow projections are based on financial budgets approved by the directors covering a five year period. These projections were determined through the consideration of several factors. Those factors include sensitivity to growth rates, EBITDA margin, working capital requirements, capital expenditures, the general business trend in the country of operation and the actual historical performance of the CGUs to which goodwill was allocated.

Management used growth rates ranging between 3% and 20%, depending on the industry which the CGU operates in, to arrive at the projected cash flows. Management also used discount rates ranging between 10% and 16% per annum to discount these estimated cash flow projection to their net present value.

Management believes that goodwill balance is not impaired as of the reporting date.

Tangible assets' useful lives

The Group's management determines the useful lives and related depreciation or amortisation charge. The depreciation or amortisation charge for the year will change significantly if actual life is different from the estimated useful life of the Group's assets.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of financial assets

The Group's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the consolidated statement of profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

An estimate of the uncollectible receivable amount is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant but which are past due are assessed collectively and a provision applied according to the length of time past due based on historical recovery rates.

Impairment of inventories

The Group's management has estimated the amount of provision for slow moving inventories. This estimate is based on the age of items in inventories. This provision is subject to change depending on the consumption / sale of these goods.

Investment in an associate

The Group did not obtain audited financial statements of one of its associates, "Serene Real Estate (S.A.L)", for the year ended December 31, 2014. The Group used the available information of the associate for the six month period ended June 30, 2014 and booked losses amounting to QR. 5.64 million (2013: QR. 7.36 million) that represent its share of the associate's losses for that period. Furthermore, management has used its best estimate of the expected financial results for the six month period ended December 31, 2014 and booked additional losses amounting to QR. 4.82 million (2013: QR. 4.67 million), based on its past experience with the associate's operations.

Revenue recognition from long term contracts

In calculating revenue on long term contracts, management has estimated the cost to complete for each of the projects, in order to ensure an appropriate profit percentage is accrued each year. In the process of calculating the cost to complete, management conducted regular and systematic reviews of actual results and future projection with comparison against budgets. This process requires monitoring controls including financial and operational controls, identifying major risks facing the group and developing and implementing initiatives to manage those risks.

Management is confident that the costs to complete for the various projects are fairly estimated.

Fair value measurements

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in respective notes.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2014

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings QR.	Land and buildings QR.	Leasehold improvement QR.	Furniture and fixtures QR.	Motor vehicles QR.	Equipment and tools QR.	Capital work in progress QR.	Total QR.
Cost:								
Balance – January 1, 2013	86,571,401	97,138,122	46,530,011	285,445,464	39,516,227	142,942,412	102,674,767	800,818,404
Additions	5,616,089	--	1,842,514	8,091,764	3,835,997	32,893,355	60,419,916	112,699,635
Disposals / write-offs	(106,880)	--	(2,489,803)	(2,524,250)	(3,382,913)	(5,427,308)	(56,958)	(13,988,112)
Transfers	42,660,998	12,103,824	23,242,396	41,405,170	83,450	3,862,574	(123,358,412)	--
Acquisition through business combination	--	--	--	182,593	--	3,667,393	--	3,849,986
Balance – December 31, 2013	134,741,608	109,241,946	69,125,118	332,600,741	40,052,761	177,938,426	39,679,313	903,379,913
Additions	102,650	36,750	930,002	10,985,394	3,275,393	21,515,037	48,765,126	85,610,352
Disposals / write-offs	(90,786)	(776,172)	(1,674,966)	(2,383,091)	(1,796,576)	(3,336,331)	(10,040,500)	(20,098,422)
Transferred from investment properties (iv)	--	27,677,128	--	--	--	--	--	27,677,128
Transfers	--	--	28,129,288	17,672,159	595,000	17,476,816	(63,873,263)	--
Balance – December 31, 2014	**134,753,472**	**136,179,652**	**96,509,442**	**358,875,203**	**42,126,578**	**213,593,948**	**14,530,676**	**996,568,971**
Accumulated depreciation:								
Balance – January 1, 2013	27,460,514	10,939,683	36,030,835	159,250,711	29,292,985	92,476,089	--	355,450,817
Charge for the year (iii)	8,063,213	2,067,311	4,755,319	34,027,015	4,120,763	19,282,532	--	72,316,153
Disposals	(84,022)	--	(2,155,189)	(2,012,554)	(2,989,017)	(4,645,171)	--	(11,885,953)
Acquisition through business combination	--	--	--	83,513	--	1,301,810	--	1,385,323
Balance – December 31, 2013	35,439,705	13,006,994	38,630,965	191,348,685	30,424,731	108,415,260	--	417,266,340
Charge for the year (iii)	8,381,992	2,842,726	7,298,285	37,142,602	3,853,096	23,926,874	--	83,445,575
Disposals	(90,767)	--	(1,656,641)	(2,219,534)	(1,473,389)	(2,479,599)	--	(7,919,930)
Transferred from investment properties (iv)	--	4,310,925	--	--	--	--	--	4,310,925
Balance – December 31, 2014	**43,730,930**	**20,160,645**	**44,272,609**	**226,271,753**	**32,804,438**	**129,862,535**	**--**	**497,102,910**
Net carrying value:								
At December 31, 2014	**91,022,542**	**116,019,007**	**52,236,833**	**132,603,450**	**9,322,140**	**83,731,413**	**14,530,676**	**499,466,061**
At December 31, 2013	99,301,903	96,234,952	30,494,153	141,252,056	9,628,030	69,523,166	39,679,313	486,113,573
	(i)	(ii)						

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(i) Included in Buildings are properties with original cost of QR. 132,287,889 (2013: QR. 132,287,889) constructed on land leased from the Governments of Qatar and Dubai, UAE.

(ii) This represents part of Salam Plaza Building and Land that is being utilised by the Group companies. This property along with Salam Plaza Land under investment properties (Note 6 (iv)) are mortgaged in favor of one of the local banks as security for term loans.

(iii) Depreciation charge has been allocated as follows:

	2014 QR.	2013 QR.
Operating cost	**12,885,846**	9,939,815
Depreciation expenses	**70,559,729**	62,376,338
	83,445,575	72,316,153

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

Management believes that the recoverable amounts of the property, plant and equipment are significantly higher than their carrying amounts.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

6. INVESTMENT PROPERTIES

	Land in Palestine QR.	Land and Building in United Arab Emirates QR.	Land and buildings in Qatar					Total QR.
			Salam Tower QR.	Salam Plaza QR.	Jumana Tower QR.	The Gate Towers and Mall QR.	Property under development QR.	
Cost:								
Balance – January 1, 2013	4,795,529	161,465,022	87,088,451	285,817,715	418,693,650	1,024,947,414	267,353,235	2,250,161,016
Additions	--	25,948,600	--	--	657,483	--	4,441,009	31,047,092
Disposals	--	--	--	--	--	--	(211,528,332)	(211,528,332)
Transfers	--	--	--	--	--	15,854,814	(15,854,814)	--
Balance – December 31, 2013	4,795,529	187,413,622	87,088,451	285,817,715	419,351,133	1,040,802,228	44,411,098	2,069,679,776
Additions	--	--	--	--	--	--	4,446,590	4,446,590
Transferred to property, plant and equipment (note 5(iv))	--	--	--	(27,677,128)	--	--	--	(27,677,128)
Disposals	--	--	--	--	(419,351,133)	--	(43,766,000)	(463,117,133)
Transfers	--	--	--	--	--	1,758,723	(1,758,723)	--
Balance – December 31, 2014	**4,795,529**	**187,413,622**	**87,088,451**	**258,140,587**	**--**	**1,042,560,951**	**3,332,965**	**1,583,332,105**
Accumulated depreciation:								
Balance – January 1, 2013	--	8,147,612	16,257,090	3,763,250	3,705,065	20,622,183	--	52,495,200
Depreciation adjustment	--	--	--	--	(97,487)	--	--	(97,487)
Charge for the year	--	3,367,836	1,663,042	547,675	7,327,583	20,729,854	--	33,635,990
Balance – December 31, 2013	--	11,515,448	17,920,132	4,310,925	10,935,161	41,352,037	--	86,033,703
Transferred to property, plant and equipment (note 5(iv))	--	--	--	(4,310,925)	--	--	--	(4,310,925)
Disposals	--	--	--	--	(11,477,757)	--	--	(11,477,757)
Charge for the year	--	3,669,264	1,663,042	--	542,596	21,038,991	--	26,913,893
Balance – December 31, 2014	**--**	**15,184,712**	**19,583,174**	**--**	**--**	**62,391,028**	**--**	**97,158,914**
Net carrying value:								
At December 31, 2014	**4,795,529**	**172,228,910**	**67,505,277**	**258,140,587**	**--**	**980,169,923**	**3,332,965**	**1,486,173,191**
At December 31, 2013	4,795,529	175,898,174	69,168,319	281,506,790	408,415,972	999,450,191	44,411,098	1,983,646,073
	(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	

- Items in (iii), (iv) and (vi) are mortgaged as securities against term loans (Note 22 (I)).
- Included in item (vii) are five plots of land located in Lusail Area having a cost of QR. 250 million. Four of these plots of land were sold during 2013 and the fifth was sold during the year 2014 (Note 27).

6. 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 were authorised for issuance, this project has not commenced. The fair value of the land amounted to QR. 17,042,487 (2013: QR. 14,607,846) based on a valuation carried out on January 15, 2015 by an independent local valuer.

(ii) These properties comprise the following:

a. Four Plots of Land located in Dubai, UAE. One of these plots was valued at QR. 5,689,967 (2013: QR. 5,554,491) by independent local valuer on January 13, 2015. The original cost of this plot was QR. 3,760,793.

The remaining three plots were purchased during 2008 at a cost of QR. 85,247,436 from Salam Bounian Development Company P.S.C. ("Salam Bounian"), one of SIIL's associates at the time of purchase (currently, one of SIIL's subsidiaries).

In accordance with the three "sale and development" agreements (the "Agreements") entered between SIIL and Salam Bounian, SIIL paid the remaining instalments directly to the developer in Dubai.

According to the Agreements, should SIIL develop and sell these three plots, Salam Bounian retains the right to share 30% of the resulting net profit whereas if SIIL sells the three plots of land without development, Salam Bounian retains the right to share 60% of the resulting net gain from the sale of this property. The above transaction will not have an impact on the results of the Group as it will be eliminated on consolidation.

The original sale agreement with the developer is still in the name of Salam Bounian. As per the purchase and sale agreement, the title of these plots is still with the developer which will be transferred to the Salam Bounian once the development in that area is completed. This did not occur as of December 31, 2014.

The fair value of these three plots of land was QR. 87,722,446 (2013: QR. 86,688,630) based on a valuation carried out on January 13, 2015 by an independent local valuer.

b. Building at Dubai Investment Park – The building is being leased as business offices and warehouses. The fair value of this property amounted to QR. 75,247,525 (2013: QR. 74,257,426) based on a valuation carried out on January 13, 2015 by an independent local valuer. The net book value of this building is QR. 58,008,594 as of December 31, 2014 (2013: QR. 61,158,886).

c. Grosvenor Business Bay Tower 1 – This represents one floor business offices leased to third parties. The fair value of this property amounted to QR. 25,893,644 (2013: QR. 25,828,585) based on a valuation carried out on January 13, 2015 by an independent local valuer. The net book value of this building is QR. 25,212,087 as of December 31, 2014 (2013: QR. 25,731,059).

(iii) Salam Tower is located at West Bay, Doha – Qatar and is leased as office property. Salam Tower's fair value amounted to QR. 434,047,000 (2013: QR. 363,887,576) as of December 31, 2014 based on a valuation carried out by an independent local valuer, dated December 31, 2014.

(iv) This property represents a building and plot of land, over which "The Gate Towers and Mall" is erected (refer to (vi) below) in addition to other structures. The title deed of the land is registered in the name of SIIL. The property is being leased for both internal and external purposes whereby the portion of the property that is being utilised internally is classified under property, plant and equipment (Note 5 (ii)). The fair value of this property amounted to QR. 913,671,000 (2013: QR. 852,564,544) based on a valuation carried out on December 31, 2014 by an independent local valuer.

6. INVESTMENT PROPERTIES (Continued)

Additional information on the net book value and classification of this property is as follows:

	2014 QR.	2013 QR.
Portion of property leased to associates and/or third parties – Investment property	**258,140,587**	281,506,788
Portion of property used by the Group – Property, plant and equipment	**116,019,007**	96,234,952

This property is held as security by one of the local banks against a loan facility advanced to the Group. Refer to Note 22.I (i).

(v) Jumana Tower is a newly developed residential tower located at the Pearl Area, Doha–Qatar. This property was sold during the year 2014, which resulted in a gain on sale amounting to QR. 1,338,990 (Note 27 (ii)).

(vi) This property comprises three newly developed high-end towers targeted for leasing as business offices and a mall targeted for leasing as showrooms and shops, which have been transferred from property under development during 2012 to investment property. These properties are located at West Bay, Doha – Qatar having a total fair value of QR. 1,033,858,000 (2013: QR. 1,061,692,125) based on a valuation carried out on December 31, 2014 by an independent local valuer.

(vii) Property under development comprises the following:

a. A plot of land, located in the Lusail area, Doha – Qatar, having a cost of QR. 43,766,000, was sold during the year 2014, with a gain on sale amounting to QR. 4,635,060 (Note 27)

b. Capital work in progress with a carrying value of QR. 3,332,965 (2013: QR. 645,098) representing additional development being executed at The Gate Towers and Mall.

c. Four plots of land having a total cost of QR. 206,293,600 and fair value of QR. 483,949,978 in 2012 located in the Lusail area, Doha – Qatar were gradually sold during 2013. The sales transactions resulted in gain of QR. 99,981,785 (Note 27) during the year ended December 31, 2013.

The Group earned rental income of QR. 109.7 million from investment properties during the year ended December 31, 2014 (2013: QR. 91.8 million). These rentals are classified as investment income in the consolidated statement of profit or loss (Note 27).

7. INTANGIBLE ASSETS

	2014 QR.	2013 QR.
Goodwill (i)	**76,321,443**	81,821,895
Development cost (ii)	**29,186,769**	22,042,930
Total	**105,508,212**	103,864,825

(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 Group's CGU's (the subsidiary companies and branches) are as follows:

	Country of operations	2014 QR.	2013 QR.
Alu Nasa Company W.L.L. *	Qatar	**--**	4,229,639
Gulf Industries for Refrigration and Catering Company W.L.L. *	Qatar	**--**	1,270,813
International Trading & Contracting Company W.L.L., (I.T.C.)	Qatar	**4,845,447**	4,845,447
Qatar Gardens Company (a branch of I.T.C.)	Qatar	**4,646,571**	4,646,571
Salam Technology O.P.C.	Qatar	**9,596,160**	9,596,160
Salam Industries O.P.C.	Qatar	**7,531,543**	7,531,543
Salam Petroleum Services W.L.L.	Qatar	**12,937,048**	12,937,048
Stream Industries and Engineering Co. W.L.L.	Qatar	**15,178,083**	15,178,083
Salam Enterprises (a branch of I.T.C.)	Qatar	**1,615,149**	1,615,149
Atelier 21 L.L.C.	UAE	**10,711**	10,711
Modern Decoration Company L.L.C.	UAE	**6,193,199**	6,193,199
Salam Enterprises Company L.L.C.	UAE	**11,062,279**	11,062,279
Qatari German Switchgear Company W.L.L.	Qatar	**2,705,253**	2,705,253
		76,321,443	81,821,895

* During the impairment test performed by the Group, goodwill allocated to these CGUs were written off as they were deemed impaired.

7. INTANGIBLE ASSETS (Continued)

(ii) Development Cost

	2014 QR.	2013 QR.
Cost:		
At January 1,	**43,576,828**	28,821,322
Additions during the year	**12,496,581**	15,482,564
Disposals	**(321,144)**	(727,058)
At December 31,	**55,752,265**	43,576,828
Accumulated amortisation:		
At January 1,	**21,533,898**	18,370,460
Amortisation during the year	**5,031,598**	3,163,438
At December 31,	**26,565,496**	21,533,898
Net Book Value	**29,186,769**	22,042,930
Amortisation period	**3 to 10 years**	3 to 10 years

8. INVESTMENTS IN ASSOCIATES

8.1 Investments in associates are in the following entities:

	2014			
	Country of operations	**QR.**	**Ownership percentage**	**% share in profit or loss**
Serene Real Estate S.A.L. (i)	Lebanon	69,978,338	48.99%	48.99%
SAJ Emirates Trading L.L.C. (i)	UAE	3,310,471	43%	43%
PC Deal Net (i)	Qatar	397,600	51%	50%
Qatar Aluminium Extrusion Company P.S.C. (i)	Qatar	8,048,794	20%	20%
Canon Office Imaging Solutions L.L.C. (i)	Qatar	3,712,800	51%	40%
Salam Sice Tech Solutions W.L.L. (i)	Qatar	--	51%	51%
Salam Media Cast W.L.L. (i)	Qatar	4,853,101	20%	20%
Salam Media Cast L.L.C.	UAE	--	20%	20%
Meta Coat (previously known as United Metal Treatment W.L.L.) (i)	Qatar	4,000,000	51%	50%
Robert Abi Nader International Limited (i)	UAE	4,734,653	25%	25%
Technical Field Services Ltd. (i)	UAE	5,289,134	50%	50%
Technical Office for Studies and Monitoring Works W.L.L. (i)	Qatar	102,000	51%	50%
		104,426,891		

	2013			
	Country of operations	QR.	Ownership percentage	% share in profit or loss
Serene Real Estate S.A.L. (i)	Lebanon	80,437,645	48.99%	48.99%
SAJ Emirates Trading L.L.C. (i)	UAE	4,556,745	43%	43%
PC Deal Net (i)	Qatar	841,125	51%	50%
Qatar Aluminium Extrusion Company P.S.C. (i)	Qatar	7,508,187	20%	20%
Salam Sice Tech Solutions W.L.L. (i)	Qatar	--	51%	51%
Salam Media Cast W.L.L. (i)	Qatar	5,504,389	20%	20%
Salam Media Cast L.L.C. (i)	UAE	--	20%	20%
Meta Coat (previously known as United Metal Treatment W.L.L.) (i)	Qatar	4,000,000	51%	50%
Technical Office for Studies and Monitoring Works W.L.L. (i)	Qatar	--	51%	50%
		102,848,091		

The carrying values of investments in associates have been adjusted for the results of associates for the year ended December 31, 2014 which are based on the audited / reviewed financial information / management prepared financial statements.

(i) As per the shareholders' agreements and subsequent amendments thereto, the Group neither has control nor joint control over the investees.

8. INVESTMENTS IN ASSOCIATES (Continued)

8.2 The movement in investments in associates during the year is presented as follows:

	2014 QR.	2013 QR.
Balance at January 1,	**102,848,091**	120,100,076
Additions during the year (i)	**8,549,636**	--
Dividends received during the year	**(4,569,558)**	(5,424,043)
Amount transferred from equity to loan	**(1,277,227)**	--
Share of results of associates during the year, net (ii)	**(1,124,051)**	(11,827,942)
Balance at December 31,	**104,426,891**	102,848,091

(i) Details of major additions to the Group's associates were as follows:

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

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

c. Technical Field Services Ltd.
During 2013, the Group entered into an "Incorporation Agreement" with Unaroteq Pte. Ltd. (a company incorporated in Singapore) to establish a new limited liability entity named Technical Field Services Ltd. The Group's share in the capital is 50% but control of the operation and administrative matters will vest with Unaroteq Pte. Ltd. The first operating period for the company ended in December 31, 2014.

d. Meta Coat (previously named as United Metal Treatment W.L.L.)
During 2012, the Group entered into a "Shareholders Agreement" with Gulf Extrusions Company (a company incorporated in United Arab Emirates) to establish a new limited liability company named United Metal Treatment Company W.L.L, which was changed to Meta Coat. The new company is still under incorporation as of the reporting date awaiting the finalisation of the legal documentation.

8. INVESTMENTS IN ASSOCIATES (Continued)

(ii) Share of results from associates during the year:

In cases where the share of losses from the results of operations of associates exceed the investments, IFRS do not allow the recognition of further losses except when the Group has legal or constructive obligations from these investments or has made payments on behalf of the 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 loss applied to due from related parties 2014			
Associate company	**As of January 1, 2014 QR.**	**(Gain)/ loss during the year (a) QR.**	**Absorption of losses (b)**	**As of December 31, 2014 QR.**
Salam Media Cast L.L.C (U.A.E)	**750,317**	**407,023**	**--**	**1,157,340**
Salam Sice Tech Solutions W.L.L.	**1,326,426**	**(585,743)**	**--**	**740,684**
OFFITECO	**565,391**	**--**	**(565,391)**	**--**
	2,642,134	**(178,720)**	**(565,391)**	**1,898,024**

	Share of loss applied to due from related parties 2013		
Associate company	As of January 1, 2013 QR.	Loss during the year QR.	As of December 31, 2013 QR.
Salam Media Cast L.L.C (U.A.E	--	750,317	750,317
Salam Sice Tech Solutions W.L.L.	229,371	1,097,055	1,326,426
OFFITECO	181,792	383,599	565,391
	411,163	2,230,971	2,642,134

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

	2014 QR.	2013 QR.
Total share of loss applied to investment in associates (shown in 8.2 above)	**1,124,051**	11,827,942
Total share of (gain)/loss applied to amount due from related parties	**(178,720)**	2,230,971
Total (reported in the consolidated statement of profit or loss)	**945,331**	14,058,913

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

9. INVESTMENTS IN JOINT VENTURES

		2014		2013	
	Country of operations	**QR.**	**Interest percentage in net assets**	QR.	Interest percentage in net assets
4 Homes FZCO L.L.C.	UAE	**36,349,327**	**70%**	39,163,539	70%
Shift Point L.L.C.	Qatar	**1,109,091**	**51%**	1,517,047	51%
		37,458,418		40,680,586	

The carrying values of investments in joint ventures have been adjusted for the results of the joint ventures for the year ended December 31, 2014 which are based on the audited / reviewed financial information / management prepared financial statements.

9.1 The movement in the investments in joint ventures is presented as follows:

	2014 QR.	2013 QR.
Balance as of January 1,	**40,680,586**	--
Additions during the year	**--**	33,768,188
Share of results in joint ventures	**7,708,525**	6,912,398
Dividends received	**(10,930,693)**	--
Balance at December 31,	**37,458,418**	40,680,586

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

	2014 QR.	2013 QR.
Total assets	**72,757,525**	60,083,678
Total liabilities	**(16,290,710)**	(14,171,155)
Net assets	**56,466,815**	45,912,523

	2014 QR.	2013 QR.
Total revenue	**108,612,670**	90,546,030
Total net profit for the year	**10,795,059**	9,677,960
Proportion of Company's interest in joint venture's profit	**7,708,525**	6,912,398

10. AVAILABLE FOR SALE INVESTMENTS

	2014 QR.	2013 QR.
Quoted instruments		
Equity Securities – Qatar	**22,822,989**	22,928,637
Equity Securities – UAE	**555,681**	632,657
Equity Securities – Jordan	**36,535,003**	32,048,249
Equity Securities – Palestine	**--**	31,944
Equity Securities – Bahrain	**2,365,907**	2,492,957
Equity Securities – Cayman Islands	**20,880,265**	15,417,715
	83,159,845	73,552,159
Unquoted equity instruments (i)	**81,406,839**	75,343,813
	164,566,684	148,895,972

(i) The unquoted investments are stated at cost less impairment loss, if any, as the fair value of those investments could not be reliably measured. Information for such investments is usually restricted to periodic investment performance reports from the investment managers. Management has performed a review on the financial position and performance of its unquoted investments and assessed that no additional impairment loss is required as of December 31, 2014.

10.1 The movement in available for sale investments during the year was as follows:

	2014 QR.	2013 QR.
Balance at January 1,	**148,895,972**	134,773,514
Additions during the year	**11,525,575**	20,398,675
Disposals during the year	**(783,076)**	(11,147,156)
Change in fair value during the year	**4,928,213**	10,201,710
Impairment loss recognised during the year	**--**	(5,330,771)
Balance at December 31,	**164,566,684**	148,895,972

10.2 Available for sale investments are denominated in the following currencies:

Currencies	2014 QR.	2013 QR.
Qatari Riyals	**22,822,990**	22,928,637
US Dollars	**87,329,068**	75,962,487
Jordanian Dinars	**37,190,720**	32,703,965
Emirati Dirham	**555,681**	632,657
Bahraini Dinars	**--**	5,004,226
Saudi Riyals	**16,668,225**	11,664,000
	164,566,684	148,895,972

10. AVAILABLE FOR SALE INVESTMENTS (Continued)

10.3 The movement in investments' fair value reserve during the year is as follows:

	2014 QR.	2013 QR.
Balance at January 1,	**279,313**	(9,922,397)
Effect of change in fair value during the year	**5,132,887**	14,278,228
Realised in profit or loss during the year	**(204,674)**	(4,076,518)
Balance at December 31,	**5,207,526**	279,313

11. RETENTIONS

(a) Retentions receivable

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

(b) Retentions payable

Retentions payable represent amounts withheld from subcontractors' invoices as maintenance guarantees. A portion of the retention is paid at the completion date of the contract whilst 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.

No discounting on long term retention receivable or payable was recorded as the net effect is deemed immaterial to the consolidated financial statements for the years ended December 31, 2014 and 2013.

12. OTHER ASSETS

	Current		Non-Current	
	2014 QR.	2013 QR.	2014 QR.	2013 QR.
Prepayments	**24,801,978**	35,815,309	**--**	--
Advance payments	**32,751,563**	45,033,664	**--**	--
Accrued income	**6,984,607**	3,282,690	**--**	--
Other assets	**63,794,369**	48,844,561	**7,200,342**	4,035,218
	128,332,517	132,976,224	**7,200,342**	4,035,218

13. INVENTORIES

	2014 QR.	2013 QR.
Finished goods and goods for resale	**523,273,194**	470,599,403
Goods in transit	**7,601,128**	3,964,610
	530,874,322	474,564,013
Less: provision for slow moving inventories	**(58,337,559)**	(58,219,923)
	472,536,763	416,344,090

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

The movement in the provision for slow moving inventories was as follows:

	2014 QR.	2013 QR.
Balance as at January 1,	**58,219,923**	59,200,948
Charge during the year	**7,120,083**	4,457,504
Write-offs/reversals during the year	**(7,002,447)**	(5,438,529)
Balance as at December 31,	**58,337,559**	58,219,923

14. RELATED PARTIES

Related parties represent major shareholders, senior management of the Group, companies in which they are principal owners and entities which are controlled, jointly controlled or significantly influenced by such parties. The transactions with related parties consist principally of rents, purchase of computer software and accounting services. Pricing policies and terms of these transactions are performed and approved by management.

14. RELATED PARTIES (Continued)

(a) Due from related parties

	2014 QR.	2013 QR.
Serene Real Estate S.A.L.	**124,617,772**	80,680,737
Mr. Bassam Abu Issa	**80,583**	163,621
Salam Holdings W.L.L.	**202,865**	873,404
Salam Interconsult W.L.L.	**130,284**	130,284
Burhan ITC joint venture	**4,433,080**	4,380,164
PC Dealnet Qatar W.L.L.	**1,057,508**	578,979
Holmesglen Australia	**30,985,265**	30,971,934
Al Hussam Holding Company	**4,215,728**	1,489,096
Salam Sice Tech Solutions W.L.L.	**1,115,501**	775,675
Mr. John Steven Ezzo	**101,390**	64,754
Salam Media Cast – Doha	**--**	262,948
Salam Media Cast – Dubai	**--**	693
Meta Coat	**2,165,361**	1,147,420
OFFITECO W.L.L.	**--**	608,645
Real Jubail Investment W.L.L	**179,242**	79,240
Medical Gate Complex	**--**	11,673
Graeme Sherrif	**591,690**	--
Technical Field Services	**7,935,955**	--
Mr. Joseph Makdessi	**198,997**	150,672
	178,011,221	122,369,939

(b) Due to related parties

	2014 QR.	2013 QR.
Omnix International	**140,736**	9,185
Shift Point L.L.C.	**26,296**	131,201
Al Nooh Wood Industries	**202,361**	237,143
Luay Mahmoud Darwish	**543,232**	674,660
Riyadh George Magissi	**422,191**	1,178,238
Ven Invest Holding S.A.L.	**--**	12,770,258
Salam Media Cast - Doha	**95,586**	--
Salam Media Cast - Dubai	**821**	--
OFFITECO W.L.L.	**58,745**	--
	1,489,968	15,000,685

14. RELATED PARTIES (Continued)

(c) Related parties transactions

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

	2014 QR.	2013 QR.
Revenue	**30,152,709**	15,415,404
Cost of sales	**772,035**	8,731,203
Rent income from investment property	**629,230**	1,064,220
Interest income	**--**	694,334
Other income	**478,080**	355,080
Other expenses	**620,131**	255,084
Financing advances to a related party	**43,937,035**	18,029,013
Gain on sale of part of business in a subsidiary	**14,268,800**	--

(d) Compensation of key management personnel

	2014 QR.	2013 QR.
Executive managers' bonus	**4,227,763**	4,959,281
Proposed directors' remuneration	**1,100,000**	4,400,000
Salaries and other short-term benefits	**34,975,127**	31,050,444
Long-term benefits	**1,376,030**	1,239,543
	41,678,920	41,649,268

15. TRADE AND OTHER RECEIVABLES

	2014 QR.	2013 QR.
Trade receivables	**467,149,816**	407,610,748
Provision for doubtful debts	**(45,393,611)**	(50,941,614)
	421,756,205	356,669,134
Notes receivables	**19,321,205**	10,297,278
	441,077,410	366,966,412

15. TRADE AND OTHER RECEIVABLES (Continued)

(b) Aging of trade receivables neither past due nor impaired

	2014 QR.	2013 QR.
Less than 30 days	**250,001,250**	233,060,722
31 to 60 days	**24,426,834**	18,863,760
	274,428,084	251,924,482

(c) Aging of trade receivables past due but not impaired

	2014 QR.	2013 QR.
61 to 90 days	**25,718,421**	28,892,217
91 to 120 days	**39,146,728**	11,189,859
121 to 365 days	**48,136,487**	50,383,803
1 to 2 years	**34,326,485**	14,278,773
	147,328,121	104,744,652

(d) Aging of trade receivables past due and impaired

	2014 QR.	2013 QR.
1 to 2 years	**6,296,703**	7,404,914
More than 2 years	**39,096,908**	43,536,700
	45,393,611	50,941,614

(e) Movement of provision for doubtful debts

	2014 QR.	2013 QR.
Balance as at January 1,	**50,941,614**	47,273,751
Charge during the year	**1,975,719**	5,245,333
Write-offs/reversals during the year	**(7,523,722)**	(1,577,470)
Balance as at December 31,	**45,393,611**	50,941,614

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

16. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 QR.	2013 QR.
Listed Securities		
Equity securities – Qatar	**2,621,020**	--

17. CASH AND CASH EQUIVALENTS

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:

	2014 QR.	2013 QR.
Cash and bank balances	**378,971,392**	402,244,949
Less: bank overdraft (i)	**(63,352,687)**	(28,646,668)
Cash and cash equivalents	**315,618,705**	373,598,281

(i) Bank overdrafts carry interest rates ranging from 3.75% to 4.25% p.a. (2013: 4.5% to 6.25% p.a.).

18. SHARE CAPITAL

	2014 QR.	2013 QR.
Authorised, issued and fully paid up capital 114,314,587 shares @ QR. 10 each	**1,143,145,870**	1,143,145,870
	1,143,145,870	1,143,145,870

19. LEGAL RESERVE

In accordance with Qatar Commercial Companies Law No.5 of 2002 and SIIL's Articles of Association, 10% of the net profit for each year and the premium on shares issue by SIIL are to be transferred to legal reserve until the reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in circumstances specified in the above mentioned Law.

20. NON-CONTROLLING INTERESTS

	2014 QR.	2013 QR.
Balance as at January 1,	**184,559,327**	192,285,536
Additions due to purchases of partially owned subsidiaries	**--**	856,710
Sold during the year to the owners of SIIL (Note 24)	**(10,002,023)**	(544,091)
Share of profit/(loss) for the year	**8,528,005**	(8,033,320)
Distribution of prior years' gains/(losses)	**--**	(5,508)
Net movement in non-controlling interest	**(4,030,040)**	--
Balance as at December 31,	**179,055,269**	184,559,327

21. EMPLOYEES' END OF SERVICE BENEFITS

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

	2014 QR.	2013 QR.
Balance as at January 1,	**56,135,259**	48,524,511
Charge during the year	**14,691,366**	13,081,564
Addition due to business combination	**--**	218,388
Payments during the year	**(6,817,751)**	(5,689,204)
Balance as at December 31,	**64,008,874**	56,135,259

22. BORROWINGS

Borrowings comprise the following:

	2014		2013	
	Current QR.	**Non-current QR.**	Current QR.	Non-current QR.
Term loans (I)	**292,012,817**	**1,313,732,149**	215,819,895	1,512,451,462
Loans against trust receipts (II)	**270,319,018**	**355,064**	281,588,857	525,272
Projects finance (III)	**62,712,290**	**--**	66,561,898	--
	625,044,125	**1,314,087,213**	563,970,650	1,512,976,734

22. BORROWINGS (Continued)

I. Term loans represent the following:

	Maturity	2014 QR.	2013 QR.
Loan – 1 (i)	March 31, 2023	**857,445,090**	913,374,491
Loan – 2 (ii)	December 2, 2018	**127,452,500**	127,452,500
Loan – 3 (iii)	July 17, 2017	**105,411,842**	143,743,421
Loan – 4 (iv)	September 22, 2019	**100,105,606**	--
Loan – 5 (v)	March 31, 2019	**91,037,500**	--
Loan – 6 (vi)	January 20, 2018	**72,830,000**	--
Loan – 7 (vii)	September 30, 2020	**45,000,000**	--
Loan – 8 (viii)	May 1, 2018	**38,888,889**	50,000,000
Loan – 9 (ix)	October 1, 2018	**28,810,540**	35,264,987
Loan – 10 (x)	June 29, 2019	**25,000,000**	--
Loan – 11 (xi)	December 7, 2016	**22,759,375**	31,863,125
Loan – 12 (xii)	March 22, 2016	**18,065,689**	31,589,430
Loan – 13 (xiii)	November 25, 2015	**14,566,000**	29,132,000
Loan – 14 (xiv)	December 02, 2017	**14,000,000**	--
Loan – 15 (xv)	January 1, 2019	**13,059,888**	--
Loan – 16 (xvi)	March 31, 2018	**10,492,380**	13,471,586
Loan – 17 (xvii)	July 31, 2015	**6,375,000**	14,875,000
Loan – 18 (xviii)	February 1, 2019	**6,129,892**	--
Loan – 19 (xix)	June 1, 2017	**5,395,240**	7,797,463
Loan – 20 (xxi)	February 01, 2015	**2,800,479**	--
Loan – 21 (xxi)	April 5, 2018	**119,056**	--
Loan – 22 (xx)	June 12, 2023	**--**	293,769,125
Loan – 23 (xxii)	September 6, 2016	**--**	30,042,375
Loan – 24 (xxii)	March 15, 2014	**--**	2,913,200
Loan – 25 (xxii)	November 5, 2015	**--**	2,982,654
		1,605,744,966	1,728,271,357

(i) During 2013, SIIL entered into a term loan facility with one of the local banks for a total of QR. 1.1 billion as part of the Group's debt management and an amount of QR. 913,374,491 was drawn down. The loan has a grace period of one year. The loan is repayable in 36 quarterly instalments of QR. 25,633,351 each plus interest with final instalment due in March 2023.

(ii) A term loan of USD 35 million (equivalent QR. 127,452,500) was given to finance capital expenditure of various new businesses. The loan principal has a grace period of one year. The loan is repayable in 16 equal quarterly instalments of USD 2,187,500 each plus interest with final instalment due in December 2018.

(iii) A term loan of USD 50 million (equivalent QR. 182,075,000) was given to finance the repayment of some existing loans. The loan principal is repayable in 19 quarterly instalments of USD 2,631,579 each plus interest with final instalment due in July 2017.

22. BORROWINGS (Continued)

(iv) A Murabaha facility of QR. 100 million was entered into for general corporate purposes. The Murabaha has a grace period of one year during which profit accrued is being capitalised over the principal and repayable in 16 quarterly instalments of QR. 6,250,000 each plus profit with final instalment due in September, 2019.

(v) A term loan of USD 25 million (equivalent to QR. 91,037,500) was given to finance the long term working capital requirements. The loan principal is repayable in 16 quarterly instalments of USD 1,562,500 each plus interest being serviced quarterly with final instalment due in March, 2019.

(vi) A term loan of USD 20 million (equivalent to QR. 72,830,000) was given for general corporate purposes. The loan has a grace period of 6 months and is repayable in 6 semi-annual instalments of USD 3,333,333 each plus interest being serviced semi-annually with the final instalment due in January, 2018.

(vii) A term loan of QR. 45 million was given to finance general business operations. The loan is repayable in 20 quarterly instalments, including a grace period of 1 year, of QR. 2,250,000 each plus interest with final instalment due in September 2020.

(viii) A term loan of QR. 50 million was given for expansion of the business of one of SIIL's subsidiaries. The loan is repayable over a period of five years in 18 quarterly instalments of QR. 2,777,778 each plus interest with final instalment due in May 2018.

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

(x) A term loan of QR. 25 million was given to finance one of the subsidiaries of SIIL. The loan is repayable in 17 quarterly instalments of QR. 1,470,588 plus interest each with final instalment due in June 2019.

(xi) A term loan of USD 10 million (equivalent QR. 36,415,000) was given for general corporate purposes. The loan principal is repayable in 8 equal semi-annual instalments of USD 1,250,000 each plus interest with final instalment due in December 2016.

(xii) A term loan of QR. 50 million was given to finance working capital requirements. The loan is repayable in 45 monthly instalments of QR. 1,243,487 inclusive of interest, with a final instalment due in March 2016.

(xiii) A term loan of USD 12 million (equivalent QR. 43,698,000) was given to finance the refurbishment of five office floors in The Gate Towers and Mall. The loan principal is repayable in 12 quarterly instalments of USD 1,000,000 each plus interest with final instalment due in November 2015.

(xiv) A financing facility of QR. 35 million was given to one of SIIL's subsidiaries for acquisition of new business and general corporate purposes. During the year, QR. 14 million was given to finance one of the Group's joint venture. The loan is repayable in 6 semi-annual instalments of QR. 2,333,331 each plus profit with final instalment due in December, 2017.

(xv) A Murabaha facility of QR. 15 million was given 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.

22. BORROWINGS (Continued)

(xvi) A term loan of QAR 14.2 million was entered into to finance fit-out and mechanical, electrical and procurement works at The Gate Towers and Mall. The loan principal is repayable in 18 quarterly instalments of QR. 870,000 each inclusive of interest with the final instalment due in March 2018.

(xvii) A term loan of QR. 34 million was given to finance the renovation of Salam Plaza. The loan is repayable in 16 quarterly instalments of QR. 2,125,000 each plus interest with final instalment due in July 2015.

(xviii) A financing facility of QR. 12 million was given to finance acquisition of assets of one of the subsidiaries. During the year, an amount of QR. 6.1 million was utilised for asset acquisition. The loan is repayable in 48 monthly instalments of QR. 127,706 plus interest each with final instalment due in February, 2019.

(xix) A term loan of QR. 9.2 million was given to finance the expansion of infrastructure and purchase of machinery, equipment and furniture for new offices. The loan is repayable in 60 monthly instalments of QR. 196,000 each inclusive of interest with final instalment due in June 2017.

(xx) This Murabaha facility of QR. 293 million was entered into and withdrawn during 2013 to settle an existing Murabaha of QR. 265 million. This Murabaha was fully settled during the year 2014.

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

(xxii) During the year, the Group settled these loans as part of its debt management.

The above term loans are secured by the following:

- Cross corporate guarantees of the Group for the following amounts:
  - USD 152 million; and
  - QR. 1.5 billion.

- First rank mortgage over the following properties (Note 6):
  - Land and building of Salam Tower;
  - Land and building of Salam Plaza; and
  - Land and building of The Gate Towers and Mall.

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

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

The above term loans carry interest rate ranging from 2.99% to 5.50% per annum (2013: 2.99% to 5.50% per annum).

II. Import Credit Facilities

These represent import credit facilities obtained from local and foreign banks, secured by full corporate guarantee of Salam International Investment Limited Q.S.C. and carry interest rates ranging from 2.65% to 4.25% per annum (2013: 3.24% to 6.5% per annum). Those facilities are short term in nature and, mostly, are repayable within one fiscal year from the date of the facility.

III. Project Finances

These represent facilities obtained from local and foreign banks and secured by full corporate guarantee of Salam International Investment Limited Q.S.C. These facilities carry interest rates ranging from 3.75% to 4.25% per annum (2013: 4.5% to 5% per annum), to finance construction projects and operations of subsidiaries under the contracting, energy and power sectors. Those facilities are short term in nature with original repayment schedule of less than one year.

23. OTHER LIABILITIES - CURRENT

	2014 QR.	2013 QR.
Provision for supplier dues	**60,982,011**	55,650,875
Provision for completed jobs	**19,881,972**	30,716,669
Provision for social contribution	**1,957,085**	2,844,608
Dividend payable	**13,793,396**	11,048,745
Accrued expenses	**33,559,459**	33,205,285
Staff dues and incentives	**47,954,727**	47,074,929
Other payables	**33,526,426**	28,389,417
	211,655,076	208,930,528

24. BUSINESS COMBINATION

During the year 2014, SIIL purchased additional 1,136,384 shares in Salam Bounian to become the owner of 35,583,989 shares representing 64.7% of Salam Bounian's capital. The details of the additional purchase with the respective gain from the purchase recognised in equity are as follows:

	2014 QR.
Carrying value of additional shares purchased	**10,002,023**
Less: fair value of consideration paid	**(9,659,264)**
Gain from additional purchase recognised in the consolidated statement of changes in equity	**342,759**

25. OPERATING INCOME

	2014 QR.	2013 QR.
Contract revenue	**1,159,749,670**	944,768,062
Revenue from sale of goods	**1,148,670,762**	1,061,328,478
Service and other revenue	**64,712,696**	40,441,626
	2,373,133,128	2,046,538,166

26. OPERATING COST

	2014 QR.	2013 QR.
Contract cost	**984,587,963**	754,794,587
Cost of sold goods	**743,671,656**	692,831,098
Cost of service and other revenue	**32,542,741**	23,664,003
Depreciation charge	**12,885,846**	9,939,815
	1,773,688,206	1,481,229,503

27. INVESTMENT INCOME

	2014 QR.	2013 QR.
Gain on sale of investment property (Note 6)	**4,635,060**	99,981,785
Rental income from investment properties	**109,681,719**	91,853,361
Profit on sale of available for sale investments	**265,060**	6,818,567
Profit on sale of investments at FVTPL	**--**	18,694
Unrealised gain on revaluation investment of FVTPL	**994,180**	--
Interest income	**14,559,730**	3,917,962
Dividend income from available for sale investments	**3,171,611**	1,893,638
Gain on disposal of business in a subsidiary (i)	**14,268,800**	--
Gain on sale of a subsidiary (ii)	**1,338,990**	--
	148,915,150	204,484,007

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

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

Investment income earned is generated from the following items of financial and non-financial assets:

	2014 QR.	2013 QR.
Available for sale investments	**3,436,671**	8,712,205
Investments at fair value through profit or loss	**994,180**	18,694
Loans and receivables (including cash and bank balances)	**14,559,730**	3,917,962
Investment income earned on financial assets	**18,990,581**	12,648,861
Investment income earned on non-financial assets	**129,924,569**	191,835,146
	148,915,150	204,484,007

28. OTHER INCOME

	2014 QR.	2013 QR.
Gain/(loss) on sale of property, plant and equipment	**959,654**	(27,041)
Gain on foreign currency exchange rate fluctuation	**2,262,436**	1,258,190
Rent income from sub-lease arrangements	**2,473,367**	1,766,163
Miscellaneous income	**23,014,571**	6,356,045
	28,710,028	9,353,357

29. GENERAL AND ADMINISTRATIVE EXPENSES

	2014 QR.	2013 QR.
Office, showroom and warehouse rent	**77,018,620**	68,314,328
Advertising	**12,313,013**	13,347,892
Marketing*	**23,400,338**	22,556,141
Repairs and maintenance	**21,555,807**	20,346,581
Travel	**5,443,368**	6,271,554
Communication	**6,248,964**	6,476,860
Electricity and water	**12,181,212**	13,286,469
Business development	**2,119,788**	814,062
Entertainment	**2,287,870**	2,132,758
Tender fees	**1,762,366**	1,453,057
Insurance	**3,728,090**	3,815,801
Legal and registration charges	**7,171,139**	5,481,812
Printing and stationery	**3,657,565**	3,153,802
Professional fees	**3,788,365**	3,856,917
Meeting and conference	**835,480**	431,460
Fuel	**3,266,382**	2,794,003
Subscription and catalogues	**924,252**	837,032
Transportation	**1,341,561**	1,231,508
Donations	**2,028,218**	1,014,266
Provision for doubtful receivables	**1,975,719**	5,245,334
Provision for slow moving inventories	**7,120,083**	4,457,504
Write-off of property, plant and equipment	**9,614,563**	236,444
Others	**6,322,579**	4,676,712
	216,105,342	192,232,297

29. GENERAL AND ADMINISTRATIVE EXPENSES (continued)

* The details of net marketing expenses are as follows:

	2014 QR.	2013 QR.
Marketing expenses incurred during the year	**43,772,142**	42,679,168
Contribution granted from suppliers	**(20,371,804)**	(20,123,027)
Net	**23,400,338**	22,556,141

30. PROVISION FOR SOCIAL CONTRIBUTION

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

31. BASIC EARNINGS PER SHARE

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

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

	2014 QR.	2013 QR.
Profit for the year attributable to Owners of the parent	**78,283,384**	113,784,325
Weighted average number of outstanding shares	**114,314,587**	114,314,587
Basic earnings per share	**0.68**	1.00

32. PROPOSED DIVIDEND

In their meeting held on February 5, 2015, the Board of Directors proposed cash dividends of 6% amounting to QR. 68,588,752 (2013: 10% amounting to QR. 114,314,587). The proposed dividends distribution for the current financial year is subject to the approval of the shareholders at the General Assembly. The cash dividends for 2013 were approved by the shareholders at the General Assembly held on February 24, 2014.

33. CONTINGENT LIABILITIES AND COMMITMENTS

	2014 QR.	2013 QR.
Letters of credit	**185,841,314**	168,476,883
Letters of guarantee	**601,617,512**	447,740,269

Other contingent liabilities

- Salam Bounian disbursed an advance payment of QR. 20,257,119 (equivalent to AED 20,394,784) which represents 30% of the purchase price of the island plot named Uruguay Island-Dubai (the full value of the land being AED 67,982,613) and a sum of QR. 994,000 (equivalent to AED 1,000,000) which represent 60% purchase of proposed combination of assets. Due to uncertainty around the project, the Group has decided to withdraw from this investment and requested the return of its advance payment from the project developer. The latter refused the repayment of the said amount and requested the Group for the full payment. As a result, the Group created a provision of QR. 13.25 million against the advance and filed a case with Dubai Courts seeking a court order to recover its funds. The project developer filed a counterclaim against the Group claiming the payment of the purchase price balance with interest until September 24, 2014. The balance of the purchase price becomes due contingent on the court's verdicts which were still under deliberation in Dubai Courts when these consolidated financial statements were authorised for issuance.

Operating leases commitments

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

	2014 QR.	2013 QR.
Within one year	**77,649,872**	60,909,759
After one year but not more than five years	**217,932,027**	157,084,091
More than 5 years	**45,422,199**	55,645,708
	341,004,098	273,639,558

34. OPERATING SEGMENTS

The Group operates in the areas of contracting, energy and power, consumer and luxury products, technology and communications 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 tables show the distribution of the Group's revenue, expenditure and summary of assets and liabilities:

34. OPERATING SEGMENTS (continued)

(a) In terms of operating sectors:

December 31, 2014	Contracting QR.	Energy & power QR.	Consumer and Luxury products QR.	Technology and telecommunication QR.	Real estate and investments QR.	Total QR.
Operating income						
From external customers	728,758,775	259,385,539	1,089,829,973	263,296,190	31,862,651	2,373,133,128
Inter-segment	60,871,817	8,492,257	4,260,587	7,208,185	32,618,641	113,451,487
Total operating income	789,630,592	267,877,796	1,094,090,560	270,504,375	64,481,292	2,486,584,615
Segment results	(48,431,740)	1,642,446	43,170,388	42,957,720	47,472,575	86,811,389
Assets and liabilities						
Segment assets	785,585,378	247,145,870	928,441,173	210,588,861	2,466,133,903	4,637,895,185
Segment liabilities	529,271,119	142,254,922	478,077,211	128,239,362	1,530,030,479	2,807,873,093
Other segment information						
Capital expenditures:						
Tangible assets purchased during the year	9,719,870	8,046,110	58,011,734	5,268,654	9,010,574	90,056,942
Intangible assets purchased / developed during the year	--	1,390,072	7,821,127	--	3,285,382	12,496,581
Depreciation charge for the year	14,402,192	9,465,181	46,002,212	2,760,043	37,729,840	110,359,468
Amortisation charge for the year	1,122,572	1,193,202	1,915,820	39,386	760,618	5,031,598

34. OPERATING SEGMENTS (continued)

(b) In terms of operating sectors (continued)

December 31, 2013	Contracting QR.	Energy & Power QR.	Consumer and Luxury products QR.	Technology and telecommunication QR.	Real estate and investments QR.	Total QR.
Operating income						
From external customers	579,959,667	268,707,093	979,524,156	211,583,986	6,763,264	2,046,538,166
Inter-segment	26,895,649	18,057,359	8,151,404	3,439,522	27,331,906	83,875,840
Total operating income	606,855,316	286,764,452	987,675,560	215,023,508	34,095,170	2,130,414,006
Segment results	(15,163,928)	5,719,573	53,380,296	25,725,303	36,089,761	105,751,005
Assets and liabilities						
Segment assets	702,402,045	271,337,729	1,225,062,887	119,161,716	2,468,211,312	4,786,175,689
Segment liabilities	473,921,084	146,009,756	543,105,850	70,988,765	1,683,906,768	2,917,932,223
Other segment information						
Capital expenditures:						
Tangible assets purchased during the year	20,141,727	8,032,457	53,251,274	5,588,688	56,732,581	143,746,727
Acquired through business combinations	--	--	2,164,890	--	299,773	2,464,663
Intangible assets purchased / developed during the year	1,901,922	652,805	11,646,884	21,214	1,259,739	15,482,564
Depreciation charge for the year	13,920,541	8,165,799	41,725,904	2,002,345	40,137,554	105,952,143
Amortisation charge for the year	834,316	654,573	1,133,689	95,218	445,642	3,163,438

34. OPERATING SEGMENTS (continued)

(c) In terms of geographical location:

	2014				2013			
	Qatar	United Arab Emirates	Others	Total	Qatar	United Arab Emirates	Others	Total
	QR.	QR.	QR.		QR.	QR.	QR.	
Operating income								
From external customers	1,858,476,319	376,053,994	138,602,815	2,373,133,128	1,585,827,559	343,398,337	117,312,270	2,046,538,166
Inter-segment	72,110,127	41,341,360	--	113,451,487	73,049,498	10,826,342	--	83,875,840
Total operating income	1,930,586,446	417,395,354	138,602,815	2,486,584,615	1,658,877,057	354,224,679	117,312,270	2,130,414,006
Segment results	93,743,057	(8,293,021)	1,361,353	86,811,389	118,682,381	(7,508,345)	(5,423,031)	105,751,005
Assets and liabilities								
Segment assets	4,085,315,528	400,870,377	151,709,280	4,637,895,185	4,219,700,651	440,385,806	126,089,232	4,786,175,689
Segment liabilities	2,610,816,093	157,467,990	39,589,010	2,807,873,093	2,744,302,745	157,188,280	16,441,198	2,917,932,223
Other segment information								
Capital expenditures:								
Tangible assets purchased during the year	80,434,403	6,972,149	2,650,390	90,056,942	132,728,313	4,594,358	6,424,056	143,746,727
Acquired though business combination	--	--	--	--	2,464,663	--	--	2,464,663
Intangible assets purchased / developed during the year	12,490,330	6,251	--	12,496,581	14,999,402	467,668	15,494	15,482,564
Depreciation charge during the year	91,894,083	14,240,978	4,224,407	110,359,468	86,153,611	15,466,725	4,331,807	105,952,143
Amortisation charge during the year	4,801,429	221,705	8,464	5,031,598	3,030,719	127,045	5,674	3,163,438

35. FINANCIAL RISK MANAGEMENT

(i) Credit risk

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

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks in and outside Qatar.

The Group maintains a provision for doubtful accounts receivable; the estimation of such provision is reviewed periodically and established on a case by case basis. Please refer Note 15 for trade receivables ageing.

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

December 31, 2014	**Less than 90 days QR.**	**90-365 days QR.**	**Over 365 days QR.**	**Total QR.**
Bank balances and cash	**378,971,392**	**--**	**--**	**378,971,392**
Trade receivables, net	**300,146,505**	**87,283,215**	**34,326,485**	**421,756,205**
Due from related parties	**178,011,221**	**--**	**--**	**178,011,221**
Loan to associate companies	**--**	**--**	**19,338,918**	**19,338,918**
Total	**857,129,118**	**87,283,215**	**53,665,403**	**998,077,736**

December 31, 2013	Less than 90 days QR.	90-365 Days QR.	Over 365 days QR.	Total QR.
Bank balances and cash	402,244,949	--	--	402,244,949
Trade receivables, net	280,816,699	61,573,662	14,278,773	356,669,134
Due from related parties	122,369,939	--	--	122,369,939
Loan to associate companies	--	--	18,061,691	18,061,691
Total	805,431,587	61,573,662	32,340,464	899,345,713

35. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

December 31, 2014	**Carrying Amounts QR.**	**Gross un-discounted contractual cash out flows QR.**	**Less than 1 year QR.**	**1 – 5 Years QR.**
Due to related parties	**(1,489,968)**	**(1,489,968)**	**(1,489,968)**	**--**
Retention payables	**(35,324,197)**	**(35,324,197)**	**(19,688,096)**	**(15,636,101)**
Trade and other payables	**(296,812,089)**	**(296,812,089)**	**(296,812,089)**	**--**
Notes payables	**(7,850,029)**	**(7,850,029)**	**(7,850,029)**	**--**
Other liabilities	**(195,501,576)**	**(195,501,576)**	**(191,609,430)**	**(3,892,146)**
Bank overdrafts	**(63,352,687)**	**(63,352,687)**	**(63,352,687)**	**--**
Borrowings	**(1,939,131,338)**	**(1,939,131,338)**	**(625,044,125)**	**(1,314,087,213)**
	(2,539,461,884)	**(2,539,461,884)**	**(1,205,846,424)**	**(1,333,615,460)**

December 31, 2013	Carrying Amounts QR.	Gross un-discounted contractual cash out flows QR.	Less than 1 year QR.	1 – 5 Years QR.
Due to related parties	(15,000,685)	(15,000,685)	(15,000,685)	--
Retention payables	(28,986,148)	(28,986,148)	(15,984,464)	(13,001,684)
Trade and other payables	(302,617,128)	(302,617,128)	(302,617,128)	--
Notes payables	(7,765,096)	(7,765,096)	(7,443,356)	(321,740)
Other liabilities	(187,555,742)	(187,555,742)	(183,665,303)	(3,890,439)
Bank overdrafts	(28,646,688)	(28,646,688)	(28,646,688)	--
Borrowings	(2,076,947,384)	(2,076,947,384)	(563,970,650)	(1,512,976,734)
	(2,647,518,871)	(2,647,518,871)	(1,117,328,274)	(1,530,190,597)

35. FINANCIAL RISK MANAGEMENT (Continued)

(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. The Group's activities expose it primarily to the financial risks of changes in shares' prices, foreign currency exchange rates, interest rates and equity prices.

(a) Equity price risk

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

A 10% increase in market values of the Group's quoted portfolio of available for sale investments is expected to result in an increase in assets and other comprehensive income by QR. 8,315,985 as of December 31, 2014 (2013: QR. 7,355,216). An equal change in the opposite direction would result in decrease of assets and equity by QR. 8,315,985 as of December 31, 2014 (2013: QR. 7,355,216).

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. 262,102 in the assets and profit of the Group as of December 31, 2014 (2013: QR. Nil). An equal change in the opposite direction would result in a decrease of the assets and profit by QR. 262,102 as of December 31, 2014 (2013: QR. Nil).

(b) Interest rate risk exposure

Interest rate risk is the risk that the value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on its interest bearing securities.

The Group's interest risk policy requires managing interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The table below shows the Group's exposure to interest rate risk and effective interest rate on balances with financial institutions. All other financial assets and liabilities of the Group are non-interest sensitive.

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Interest rate risk exposure (continued)

	December 31, 2014				December 31, 2013			
	Fixed interest rate QR.	**Floating interest rate QR.**	**Non-interest bearing QR.**	**Total QR.**	Fixed interest rate QR.	Floating interest rate QR.	Non-interest bearing QR.	Total QR.
Financial assets								
Bank balances and cash	**247,481,797**	**32,275,795**	**99,213,800**	**378,971,392**	282,544,841	32,395,913	87,304,195	402,244,949
	247,481,797	**32,275,795**	**99,213,800**	**378,971,392**	282,544,841	32,395,913	87,304,195	402,244,949
Financial liabilities								
Interest bearing loans and borrowings	**(1,505,074,121)**	**(434,057,217)**	**--**	**(1,939,131,338)**	(1,711,800,763)	(365,146,621)	--	(2,076,947,384)
Bank overdrafts	**--**	**(63,352,687)**	**--**	**(63,352,687)**	--	(28,646,668)	--	(28,646,668)
	(1,505,074,121)	**(497,409,904)**	**--**	**(2,002,484,025)**	(1,711,800,763)	(393,793,289)	--	(2,105,594,052)
Net financial asset/(liabilities)	**(1,257,592,324)**	**(465,134,109)**	**99,213,800**	**(1,623,512,633)**	(1,429,255,922)	(361,397,376)	87,304,195	(1,703,349,103)
Average interest rate (p.a.)	**3.75% to 5.5%**	**2.99% to 3.74%**			4% to 6.25%	2.99% to 3.97%		

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Interest rate risk exposure (continued)

The analysis below is performed for reasonably possible movements in interest rate basis points with all other variables held constant, showing the impact on profit or loss:

	Changes in variables	2014 QR.	2013 QR.
Interest bearing financial liabilities	+50 basis points	**(10,012,420)**	(10,527,970)
Interest bearing financial liabilities	-50 basis points	**10,012,420**	10,527,970

(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 to the United States Dollar ("USD"). Further, the Group undertakes transactions denominated in other foreign currencies. Management is of the opinion that the Group's exposure to currency risk is minimal, and therefore does not hedge against this risk.

Capital risk management

The Group manages its capital to ensure that it will be able to continue on a going concern basis while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Groups' overall strategy remains unchanged from 2013.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 22, net of cash and cash equivalents and equity, comprising issued share capital, reserves and retained earnings.

Gearing Ratio

The Groups' 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.

	2014 QR	2013 QR
Debt (a)	**2,002,484,025**	2,105,594,052
Cash and cash equivalents (b)	**(378,971,392)**	(402,244,949)
Net debt	**1,623,512,633**	1,703,349,103
Equity (c)	**1,830,022,092**	1,868,243,466
Net debt to equity	**88.72%**	91.17%

35. FINANCIAL RISK MANAGEMENT (Continued)

Gearing Ratio (Continued)

(a) Debt is defined as long and short term borrowings (as detailed in Note 22) and bank overdrafts.

(b) Cash and cash equivalents include cash and bank balances, and blocked deposits against loans. Refer to Note 17.

(c) Equity includes all share capital, reserves and retained earnings of the Group.

36. FINANCIAL INSTRUMENTS

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. Financial assets comprise cash and bank balances, trade receivables, available for sale (AFS) investments, financial assets at fair value through profit or loss (FVTPL), retentions receivable, due from related parties, investments in and loans to associate companies, and investments in joint ventures. Financial liabilities comprise notes payable, trade and other payables, retentions payable, due to related parties, bank overdrafts and borrowings.

Fair value measurements

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined:

Financial assets/financial liabilities	**Fair value as at December 31,**		**Fair value hierarchy**
	2014 QR.	2013 QR.	
Available for sale investments*	**83,159,845**	73,552,159	Level 1
Investments at FVTPL	**2,621,020**	--	Level 1
	85,780,865	73,552,159	

* AFS investments as reported in the consolidated statement of financial position include investment amounting to QR. 81,406,839 that are carried at cost as of December 31, 2014 (2013: QR. 75,343,813), since their fair value cannot be reliably estimated.

Management is of the opinion that the fair values of the rest of the financial assets and financial liabilities approximate their carrying values.

37. LITIGATION

On June 4, 2013, the Court of Cassation overturned the Court of Appeal's verdict issued on January 23, 2013 which invalidated the merger procedures involving SIIL in 2002 and 2005, without compromising the authenticity and legality of these decisions in terms of subject or form. Furthermore, the Court of Cassation requested the Court of Appeal for a retrial with a new committee of different judges. The new Court of Appeal appointed a committee of experts to study and report about the mergers referred to above. The new committee has set February 16, 2015 as the date for the next session, during which the report is to be presented. Currently, the accompanying consolidated financial statements are prepared on a similar basis, as in prior years, including its subsidiaries acquired in the mergers referred to above.