

**Salam International Investment Limited Q.S.C.**  
**Condensed consolidated interim financial statements**  
**30 June 2015**

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

**Condensed consolidated interim financial statements  
For the six months ended 30 June 2015**

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<b>Contents</b>	<b>Page(s)</b>
Independent auditors' report on review of condensed consolidated interim financial statements	1-2
<b>Condensed consolidated interim financial statements</b>	
Condensed consolidated statement of financial position	3-4
Condensed consolidated statement of profit or loss	5
Condensed consolidated statement of profit or loss and other comprehensive income	6
Condensed consolidated statement of changes in equity	7-8
Condensed consolidated statement of cash flows	9-10
Notes to the condensed consolidated interim financial statements	11-20



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## **Independent auditors' report on review of condensed consolidated interim financial statements**

To the Board of Directors of Salam International Investment Limited Q.S.C.  
Doha, State of Qatar

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Salam International Investment Limited Q.S.C. (the "Company") as at 30 June 2015, the condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Basis of qualified conclusion*

One of the Company's subsidiaries (the "Subsidiary") owns 30% interest in a Joint Operation. IFRS 11, Joint Arrangements, requires a joint operator to recognise its interest in assets, liabilities, revenue and expenses in a joint operation at each reporting date. Joint Operations' assets and liabilities for the year ended 31 December 2013 were recognised in these condensed consolidated interim financial statements. Since no financial statements were prepared for this Joint Operation for the year ended 31 December 2014 and for the six month period ended 30 June 2015, the Subsidiary did not recognise its share of the joint operation's assets, liabilities and results of operations for the year ended 31 December 2014 and for the six month period ended 30 June 2015 respectively. As a result of this, we were unable to determine whether any adjustments might be necessary to the amounts shown in the condensed consolidated interim financial statements.

### *Qualified conclusion*

Based on our review, except for the possible effects on the condensed consolidated financial statements of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

*Emphasis of matter*

Without further qualifying our conclusion, we draw attention to note 17 of the condensed consolidated interim financial statements with regard to a court verdict issued by the Court of Cassation on 4 June 2013 overturning the Court of Appeal's verdict issued on 23 January 2013 which invalidated the merger procedures involving the Company in 2002 and 2005, without compromising the authenticity and legality of these decisions in terms of subject or form. Furthermore, the Court of Cassation requested the Court of Appeal for a retrial with a new committee of different judges. The new Court of Appeal appointed a committee of experts to study and report about the mergers referred to above. The new committee has set 22 November 2015 as the date for the next session, during which the report is to be presented. Currently, the accompanying condensed consolidated interim financial statements are prepared on a similar basis, as in prior periods, including its subsidiaries acquired in the mergers referred to above.

*Other matter*

The condensed consolidated interim financial statements as at and for the six month period ended 30 June 2014 / consolidated financial statements for the year ended 31 December 2014 of the Company were reviewed / audited by another auditor, whose review report / audit report dated 24 July 2014 / 5 February 2015, respectively expressed a modified conclusion / modified opinion on those statements regarding non recognition of the Company's 30% interest in assets, liabilities, revenue and expenses from its Joint Operation through a Subsidiary.

29 July 2015  
Doha  
State of Qatar



Yacoub Hobeika  
KPMG  
Qatar Auditor's Registry No. 289

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

**Condensed consolidated statement of financial position  
As at 30 June 2015**

In Qatari Riyals

	Note	30 June 2015 (Reviewed)	31 December 2014 (Audited)
<b>Assets</b>			
Property, plant and equipment	6	489,868,813	499,466,061
Investment properties	7	1,481,106,780	1,486,173,191
Intangible assets	8	104,920,142	105,508,212
Investments in associates		100,365,301	104,426,891
Investments in joint ventures		52,888,770	37,458,418
Available-for-sale investments	9	160,861,287	164,566,684
Retention receivables		74,553,559	63,840,107
Loan to associate companies		19,338,918	19,338,918
Other assets		8,951,987	7,200,342
<b>Non-current assets</b>		<b>2,492,855,557</b>	<b>2,487,978,824</b>
Inventories		490,978,249	472,536,763
Other assets		140,725,226	128,332,517
Due from related parties		204,070,584	178,011,221
Retention receivables		65,918,120	64,558,101
Excess of revenue over billings from contract works		520,681,282	483,807,937
Investments at fair value through profit or loss		2,358,918	2,621,020
Trade and other receivables		459,059,563	441,077,410
Cash and cash equivalents	10	337,040,092	378,971,392
<b>Current assets</b>		<b>2,220,832,034</b>	<b>2,149,916,361</b>
<b>Total assets</b>		<b>4,713,687,591</b>	<b>4,637,895,185</b>

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on its behalf by the following on 29 July 2015:

Hussam Abdul Salam Abu Issa  
Vice Chairman and Chief Operating Officer

Hekmat Abdel Fattah Younis  
Chief Financial Officer

The notes on pages 11 to 20 form an integral part of these condensed consolidated interim financial statements.

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

**Condensed consolidated statement of financial position  
As at 30 June 2015**


In Qatari Riyals

	Note	30 June 2015 (Reviewed)	31 December 2014 (Audited)
<b>Equity</b>			
Share capital		1,143,145,870	1,143,145,870
Legal reserve		408,441,263	408,441,263
Fair value reserve		(2,825,876)	5,207,526
Proposed cash dividend		-	68,588,752
Retained earnings		70,559,836	25,583,412
<b>Equity attributable to owners of the Company</b>		<b>1,619,321,093</b>	1,650,966,823
Non-controlling interests		184,721,946	179,055,269
<b>Total equity</b>		<b>1,804,043,039</b>	1,830,022,092
<b>Liabilities</b>			
Borrowings		1,256,853,383	1,314,087,213
Employees' end of service benefits		65,274,616	64,008,874
Retentions payable		10,016,301	15,636,101
Other liabilities		8,460,540	8,561,000
<b>Non-current liabilities</b>		<b>1,340,604,840</b>	1,402,293,188
Due to related parties		4,462,855	1,489,968
Bank overdrafts	10	52,296,179	63,352,687
Borrowings		774,434,796	625,044,125
Notes payable		7,600,482	7,850,029
Retention payables		18,939,246	19,688,096
Advances from customers		150,945,543	130,565,141
Excess of billings over revenue from contract works		58,900,649	49,122,694
Other liabilities		192,775,657	211,655,076
Trade and other payables		308,684,305	296,812,089
<b>Current liabilities</b>		<b>1,569,039,712</b>	1,405,579,905
<b>Total liabilities</b>		<b>2,909,644,552</b>	2,807,873,093
<b>Total equity and liabilities</b>		<b>4,713,687,591</b>	4,637,895,185

These condensed consolidated interim financial statements were approved by the Board of Directors and signed on its behalf by the following on 29 July 2015:

PP

  
Hussam Abdul Salam Abu Issa  
Vice Chairman and Chief Operating Officer

  
Hekmat Abdel Fattah Younis  
Chief Financial Officer

The notes on pages 11 to 20 form an integral part of these condensed consolidated interim financial statements.

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

**Condensed consolidated statement of profit or loss  
For the six months ended 30 June 2015**

In Qatari Riyals

	Note	For the six months ended 30 June	
		2015 (Reviewed)	2014 (Reviewed)
Operating income		1,254,586,997	1,175,676,661
Operating cost		(951,825,206)	(858,955,470)
<b>Gross profit</b>		<b>302,761,791</b>	<b>316,721,191</b>
Investment income	13	68,516,352	71,044,692
Other operating income		3,342,807	2,132,310
Service and consultancy income		2,654,765	1,073,581
Other income		8,585,872	12,267,424
		<u>385,861,587</u>	<u>403,239,198</u>
Salaries and staff benefits		(157,889,281)	(161,191,093)
General and administrative expenses		(93,843,091)	(103,508,061)
Amortisation of intangible assets		(2,564,349)	(2,324,617)
Depreciation of investment properties		(13,231,474)	(13,610,303)
Depreciation of property, plant and equipment		(37,507,480)	(35,163,797)
Share of profit from investment in associates		1,432,077	(237,345)
Share of profit from investment in joint ventures		4,499,659	3,601,523
Finance costs		(34,705,175)	(40,759,587)
Profit before executive and general managers' bonus		<u>52,052,473</u>	<u>50,045,918</u>
Executives and general managers' bonus		(1,656,560)	(1,396,566)
<b>Profit for the period</b>		<b><u>50,395,913</u></b>	<b><u>48,649,352</u></b>
<b>Profit attributable to:</b>			
Owners of the Company		44,936,853	43,818,185
Non-controlling interests		<u>5,459,060</u>	<u>4,831,167</u>
<b>Profit for the period</b>		<b><u>50,395,913</u></b>	<b><u>48,649,352</u></b>
<b>Earnings per share</b>			
Basic and diluted earnings per share	15	<u><b>0.39</b></u>	<u>0.38</u>

The notes on pages 11 to 20 form an integral part of these condensed consolidated interim financial statements.

**Salam International Investment Limited Q.S.C.****Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the six months ended 30 June 2015**

In Qatari Riyals

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
<b>Profit for the period</b>	<b>50,395,913</b>	<b>48,649,352</b>
<b>Other comprehensive income:</b>		
Net movement in cumulative changes in fair value of available-for-sale investments	(8,033,402)	977,595
Transfer to profit on disposal of available-for-sale investments	-	(188,983)
<b>Total other comprehensive income for the period</b>	<b>(8,033,402)</b>	<b>788,612</b>
<b>Total comprehensive income for the period</b>	<b>42,362,511</b>	<b>49,437,964</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	36,903,451	44,606,797
Non - controlling interest	5,459,060	4,831,167
<b>Total comprehensive income for the period</b>	<b>42,362,511</b>	<b>49,437,964</b>

The notes on pages 11 to 20 form an integral part of these condensed consolidated interim financial statements.

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

**Condensed consolidated statement of changes in equity  
For the six months ended 30 June 2015**

In Qatari Riyals

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Legal reserve (1)	Fair value reserve	Proposed cash dividends	Retained earnings	Total			
Balance at 1 January 2015 (Audited)	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	
<i>Total comprehensive income for the period</i>	-	-	-	-	44,936,853	44,936,853	5,459,060	50,395,913	
Profit for the period	-	-	(8,033,402)	-	-	(8,033,402)	-	(8,033,402)	
Total other comprehensive income	-	-	(8,033,402)	-	-	(8,033,402)	-	(8,033,402)	
Total comprehensive income for the period	-	-	(8,033,402)	-	44,936,853	36,903,451	5,459,060	42,362,511	
<i>Transactions with owners of the Company</i>									
Cash dividends paid (Note 12)	-	-	-	(68,588,752)	-	(68,588,752)	-	(68,588,752)	
Acquisition of additional shares of subsidiary	-	-	-	-	39,571	39,571	(925,557)	(885,986)	
Total transactions with owners of the Company	-	-	-	(68,588,752)	39,571	(68,549,181)	(925,557)	(69,474,738)	
Net movement in non-controlling interests	-	-	-	-	-	-	1,133,174	1,133,174	
<b>Balance at 30 June 2015 (Reviewed)</b>	<b>1,143,145,870</b>	<b>408,441,263</b>	<b>(2,825,876)</b>	<b>-</b>	<b>70,559,836</b>	<b>1,619,321,093</b>	<b>184,721,946</b>	<b>1,804,043,039</b>	

The notes on pages 11 to 20 form an integral part of these condensed consolidated interim financial statements.

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

**Condensed consolidated statement of changes in equity  
For the six months ended 30 June 2015**

In Qatari Riyals

	Attributable to owners of the Company						Total equity	
	Share capital	Legal reserve (1)	Fair value reserve	Proposed cash dividends	Retained earnings	Total		Non-controlling interests
Balance at 1 January 2014 (Audited)	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
<i>Total comprehensive income for the period</i>	-	-	-	-	43,818,185	43,818,185	4,831,167	48,649,352
Profit for the period	-	-	788,612	-	-	788,612	-	788,612
Total other comprehensive income	-	-	788,612	-	-	788,612	-	788,612
Total comprehensive income for the period	-	-	788,612	-	43,818,185	44,606,797	4,831,167	49,437,964
<i>Transactions with owners of the Company</i>								
Cash dividends paid (Note 12)	-	-	-	(114,314,587)	-	(114,314,587)	-	(114,314,587)
Acquisition of additional shares of subsidiary	-	-	-	-	320,593	320,593	(9,355,209)	(9,034,616)
Total transactions with owners of the Company	-	-	-	(114,314,587)	320,593	(113,993,994)	(9,355,209)	(123,349,203)
Net movement in non-controlling interests	-	-	-	-	-	-	(4,047,583)	(4,047,583)
Balance at 30 June 2014 (Reviewed)	1,143,145,870	400,612,925	1,067,925	-	69,470,222	1,614,296,942	175,987,702	1,790,284,644

**(1) Legal reserve**

The legal reserve will be accounted for at the year end.

The notes on pages 11 to 20 form an integral part of these condensed consolidated interim financial statements.

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

**Condensed consolidated statement of cash flows  
For the six months ended 30 June 2015**

In Qatari Riyals

	Note	For the six months ended	
		2015 (Reviewed)	2014 (Reviewed)
<b>Cash flows from operating activities</b>			
Profit for the period		50,395,913	48,649,352
<i>Adjustments for :</i>			
- Provision for doubtful receivables		2,515,971	2,071,652
- Provision for slow moving inventories		1,439,426	1,067,251
- Unrealised loss / (gain) on investments at fair value through profit or loss	13	262,102	(637,179)
- Amortization of intangible assets		2,564,349	2,324,617
- Depreciation of investment properties		13,231,474	13,610,303
- Depreciation of property, plant and equipment		42,435,129	38,281,069
- Loss / (profit) on sale of property, plant and equipment		101,648	(89,210)
- Other adjustments on property, plant and equipment		(181,482)	-
- Gain on sale of available-for-sale investment	13	-	(245,808)
- Gain on sale of subsidiaries	13	-	(1,338,990)
- Employees' end of service benefits		7,742,200	7,265,307
- Finance costs		34,705,175	40,759,587
- Interest income	13	(6,633,608)	(8,274,904)
- Dividend income	13	(1,630,693)	(3,053,729)
- Share of profit from investment in joint ventures		(4,499,659)	(3,601,523)
- Share of (profit) / loss from investments in associates		(1,432,077)	237,345
		<u>141,015,868</u>	<u>137,025,140</u>
- Change in inventories		(19,880,912)	(43,349,724)
- Change in other assets		(14,144,354)	(17,725,223)
- Change in due from related parties		(26,059,363)	(7,467,164)
- Change in retentions receivables		(12,073,471)	(2,097,089)
- Change in excess of revenue over billings from contract works		(36,873,345)	(42,730,042)
- Change in trade and other receivables		(20,498,124)	(19,495,871)
- Change in trade and other payables and other liabilities		(6,905,162)	(2,645,005)
- Change in due to related parties		2,947,466	(1,252,895)
- Change in retention payables		(6,368,650)	776,480
- Change in advances from customers		20,380,402	23,723,034
- Change in excess of billings over revenue from contract works		9,777,955	3,164,902
Cash generated from operating activities		<u>31,318,310</u>	<u>27,926,543</u>
Employees' end of service benefits paid		(6,476,458)	(2,900,512)
<b>Net cash from operating activities</b>		<u><b>24,841,852</b></u>	<u><b>25,026,031</b></u>

The notes on pages 11 to 20 form an integral part of these condensed consolidated interim financial statements.

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

**Condensed consolidated statement of cash flows  
For the six months ended 30 June 2015**

In Qatari Riyals

	Note	For the six months ended	
		2015	30 June
		(Reviewed)	2014 (Reviewed)
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(32,947,538)	(56,862,639)
Proceeds from sale of property, plant and equipment		189,491	813,967
Acquisition of investment properties		(8,165,063)	(3,623,768)
Proceeds from sale of investment properties		-	452,978,366
Acquisition of available-for-sale investment		(4,328,005)	(4,187,725)
Proceeds from sale of available - for - sale investments		-	1,012,631
Acquisition of investments at fair value through profit or loss		-	(1,626,840)
Acquisition of intangible assets		(1,976,279)	(925,198)
Purchase of shares in associates		(546,440)	-
Dividends received from associates		5,837,606	1,797,553
Investment in joint venture		(10,930,693)	-
Net outflow on acquisition of subsidiary – net of cash		(860,565)	(9,034,616)
Fixed deposits placed during the period		-	(132,032,636)
Dividends received from available for sale investments and investments at fair value through profit or loss	13	1,630,693	3,053,729
Interest received	13	6,633,608	8,274,904
<b>Net cash (used in)/from investing activities</b>		<b>(45,463,185)</b>	<b>259,637,728</b>
<b>Cash flows from financing activities</b>			
Net movement in borrowings		92,156,841	(258,012,172)
Net movement in notes payable		(249,547)	3,735,714
Net movement in non-controlling interests		1,133,174	(4,047,583)
Dividends paid		(68,588,752)	(114,314,587)
Finance costs paid		(34,705,175)	(40,759,587)
<b>Net cash used in financing activities</b>		<b>(10,253,459)</b>	<b>(413,398,215)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(30,874,792)</b>	<b>(128,734,456)</b>
Cash and cash equivalents at the beginning of the period		315,618,705	373,598,281
<b>Cash and cash equivalents at the end of the period</b>	10	<b>284,743,913</b>	<b>244,863,825</b>

The notes on pages 11 to 20 form an integral part of these condensed consolidated interim financial statements.

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

### Notes to the condensed consolidated interim financial statements For the six months ended 30 June 2015

#### 1 Reporting entity

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

The accompanying condensed consolidated interim financial statements (“consolidated interim financial statements”) of the Company as at and for the six months ended 30 June 2015 comprises the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities.

The main activities of the Company are to establish, incorporate, acquire, and own enterprises in the contracting, energy and industry, luxury retail, technology, real estate and investment sectors.

The structure of the Group entities is as follows:

Name of subsidiary	Principal activities	Ownership interest (%)	
		30 June 2015	31 December 2014
Salam Technology O.P.C.	Office equipment trading and information technology	100	100
Stream Industrial and Engineering Company O.P.C.	Mechanical services	100	100
Qatar German Switchgear Company W.L.L.	Switchgear manufacturing	100	100
Salam Petroleum Services O.P.C.	Trading in chemical materials and maintenance of oil equipment	100	100
Gulf steel and Engineering O.P.C.	Steel works	100	100
International Trading and Contracting Company O.P.C.	Civil contracting	100	100
Salam Enterprises Company O.P.C.	Furniture trading	100	100
Salam Industries O.P.C.	Civil contracting	100	100
Alu Nasa Company O.P.C.	Aluminium works	100	100
Gulf Industries for Refrigeration and Catering Company O.P.C.	Trading and maintenance of refrigerators, water coolers and air conditioners	100	100
Holmsglen Qatar W.L.L.	Consulting and managerial studies	98	98
Qatar Transformers Company W.L.L.	Manufacture of transformers	100	100
Salam Hospitality W.L.L.	Restaurants and bakeries management	100	100
Salam Bounian Development Company P.S.C.	Real estate	64.88	64.70
Gulf Facility Management W.L.L.	Facility management	64.88	64.70
Salam Enterprises L.L.C.	Trading in water equipment	100	100
Atelier 21 L.L.C.	Interior design	100	100
Modern Decoration Company L.L.C.	Furniture and interiors manufacturing	100	100
Alu Nasa Aluminium Industry L.L.C.	Aluminium works	100	100

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

### Notes to the condensed consolidated interim financial statements For the six months ended 30 June 2015

#### 1 Reporting entity (continued)

Name of subsidiary	Principal activities	Ownership interest (%)	
		30 June 2015	31 December 2014
Salam Group O.P.C.	General contracting and trading - intermediary holding company	100	100
Salam Studio & Stores O.P.C. – Doha	Retail and wholesale of luxury consumer products	100	100
Salam Studio & Stores L.L.C. – Dubai	Retail and wholesale of luxury consumer products	100	100
Salam Studio & Stores W.L.L. – Muscat	Retail of luxury consumer products	100	100
Salam Arabia Trading Establishment – Kuwait	General trading	100	100
Future Qatar for Business Development W.L.L.	Computer programming and software and database development	60	60
Salam Trading Enterprises – Jordan	Office equipment trading	100	100
Salam Enterprise Company – Bahrain	Furniture trading	80	80
Salam Amwal Holding S.A.L.	Investments	100	100
Salam Capital Holding S.A.L.	Investments	100	100
Salam Globex O.P.C.	Marketing and offices facilities	100	100
Prevent and Protect W.L.L. – Qatar	Oil and gas services	90	90
Prevent and Protect S.P.C. – Bahrain	Oil and gas services	90	90
Prevent and Protect L.L.C. – Oman	Oil and gas services	90	90
Prevent and Protect L.L.C. – UAE	Oil and gas services	90	-
New Image Building Services Gulf States	Building and facilities management	48.7	33
Blink Company W.L.L.	Photography trading and related services	60	60
Qatar Garden – Branch of International Trading and Contracting Company O.P.C.	Construction of soft and hard landscaping and supply of related materials	100	100

#### 2 Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes to the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

## **Salam International Investment Limited Q.S.C.**

### **Notes to the condensed consolidated interim financial statements For the six months ended 30 June 2015**

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#### **3 Use of judgement and estimates**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

##### **a) Measurement of fair values**

The Group has an established control framework with respect to the measurement of fair values.

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

Significant valuation issues are reported to the Group's Audit Committee.

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### **4 Significant accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014, except for the adoption of the following amendments to standards, including any consequential amendments to other standards with a date of initial application of 1 January 2015.

- Amendments to IAS 19 "Defined benefits plans: Employee contributions"
- Annual improvements to IFRSs 2010-2011 cycle – various standards
- Annual improvements to IFRSs 2011-2013 cycle – various standards

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

**Notes to the condensed consolidated interim financial statements  
For the six months ended 30 June 2015**

In Qatari Riyals

**5 Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

**6 Property, plant and equipment**

	<b>30 June 2015 (Reviewed)</b>	31 December 2014 (Audited)
<b>Cost</b>		
Balance at the beginning of the period	996,568,971	903,379,913
Additions	32,947,538	85,610,352
Transfers from investment property	-	27,677,128
Disposals	(3,044,819)	(20,098,422)
Balance at	<u>1,026,471,690</u>	<u>996,568,971</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of the period	497,102,910	417,266,340
Depreciation	42,435,129	83,445,575
Transfers from investment properties	-	4,310,925
Disposals	(2,753,680)	(7,919,930)
Other adjustments	(181,482)	-
Balance at	<u>536,602,877</u>	<u>497,102,910</u>
<b>Carrying amounts</b>	<u><b>489,868,813</b></u>	<u>499,466,061</u>

The depreciation charge has been allocated as follows:

	<b>30 June 2015 (Reviewed)</b>	30 June 2014 (Reviewed)
Cost of sales	4,927,649	3,117,272
Depreciation of property, plant and equipment	37,507,480	35,163,797
	<u><b>42,435,129</b></u>	<u>38,281,069</u>

**7 Investment properties**

	<b>30 June 2015 (Reviewed)</b>	31 December 2014 (Audited)
<b>Cost</b>		
Balance at the beginning of the period	1,583,332,105	2,069,679,776
Additions	8,165,063	4,446,590
Transferred to property, plant and equipment	-	(27,677,128)
Disposals	-	(463,117,133)
Balance at	<u>1,591,497,168</u>	<u>1,583,332,105</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of the period	97,158,914	86,033,703
Depreciation	13,231,474	26,913,893
Transferred to property, plant and equipment	-	(4,310,925)
Disposals	-	(11,477,757)
Balance at	<u>110,390,388</u>	<u>97,158,914</u>
<b>Carrying amounts</b>	<u><b>1,481,106,780</b></u>	<u>1,486,173,191</u>

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

**Notes to the condensed consolidated interim financial statements  
For the six months ended 30 June 2015**

In Qatari Riyals

**8 Intangible assets**

	<b>30 June 2015 (Reviewed)</b>	31 December 2014 (Audited)
Goodwill	76,321,443	76,321,443
Development cost	28,598,699	29,186,769
	<b><u>104,920,142</u></b>	<b><u>105,508,212</u></b>

**9 Available-for-sale investments**

	<b>30 June 2015 (Reviewed)</b>	31 December 2014 (Audited)
Quoted shares at fair value – Qatar	21,794,398	22,822,989
Quoted shares at fair value – Outside Qatar	57,714,500	60,336,856
Unquoted shares and private equity	81,352,389	81,406,839
	<b><u>160,861,287</u></b>	<b><u>164,566,684</u></b>

**10 Cash and cash equivalents**

	<b>30 June 2015 (Reviewed)</b>	31 December 2014 (Audited)
Cash and cash equivalents in the condensed consolidated statements of financial position	337,040,092	378,971,392
Less: bank overdrafts	(52,296,179)	(63,352,687)
<b>Cash and cash equivalents in the condensed consolidated statements of cash flows</b>	<b><u>284,743,913</u></b>	<b><u>315,618,705</u></b>

**11 Related party disclosures**

**(a) Transactions with related parties**

Related party transactions represent transactions with major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

Amount due to related parties are unsecured, no fixed term of repayment has been arranged and bear no interest. However, in the opinion of the management, the balances are payable on demand and hence, classified the same as current assets and liabilities.

	<b>For the six months ended 30 June</b>	
	<b>2015 (Reviewed)</b>	2014 (Reviewed)
Revenue	<b><u>18,524,598</u></b>	8,858,824
Cost of sales	<b><u>5,462,375</u></b>	1,333,142
Rental income from investment properties	<b><u>1,106,790</u></b>	425,610
Other income	<b><u>167,790</u></b>	177,540
Other expense	<b><u>322,539</u></b>	86,778

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

**Notes to the condensed consolidated interim financial statements  
For the six months ended 30 June 2015**

In Qatari Riyals

**11 Related party disclosures (continued)**

**(b) Compensation to key management personnel**

	<b>For the six months ended 30 June</b>	
	<b>2015</b> <b>(Reviewed)</b>	<b>2014</b> <b>(Reviewed)</b>
Executive and General Managers' share of profit	1,656,560	1,396,566
Salaries and other short term benefits	19,267,940	16,737,701
End of service benefits	605,957	640,026
	<b>21,530,457</b>	<b>18,774,293</b>

**12 Dividends**

In their meeting held on 5 February 2015 the Board of Directors Proposed a cash dividends of 6% amounting to QR 68,588,752 for the year ended 31 December 2014 (2013: 10% amounting to QR 114,314,587). The proposal was approved for distribution by the shareholders at the General Assembly held on 25 February 2015.

**13 Investment income**

	<b>For the six months ended 30 June</b>	
	<b>2015</b> <b>(Reviewed)</b>	<b>2014</b> <b>(Reviewed)</b>
Rental income from investment properties	60,514,153	52,841,478
Unrealised (loss) / gain on investments at fair value through profit or loss	(262,102)	637,179
Realised gain on sale of land	-	4,652,604
Gain on sale of a subsidiary	-	1,338,990
Gain on sale of available-for-sale investments	-	245,808
Interest income	6,633,608	8,274,904
Dividend income	1,630,693	3,053,729
	<b>68,516,352</b>	<b>71,044,692</b>

**14 Contingent liabilities**

	<b>30 June 2015</b> <b>(Reviewed)</b>	<b>31 December</b> <b>2014</b> <b>(Audited)</b>
Letters of credit	176,271,464	185,841,314
Letters of guarantees	597,382,835	601,617,512
	<b>773,654,299</b>	<b>787,458,826</b>

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

### Notes to the condensed consolidated interim financial statements For the six months ended 30 June 2015

In Qatari Riyals

#### 15 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to equity holders of the parent by the number of ordinary shares outstanding at the statement of financial position date.

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

	<b>For the six months ended 30 June</b>	
	<b>2015</b> <b>(Reviewed)</b>	<b>2014</b> <b>(Reviewed)</b>
Profit attributable to the owners of the Company	44,936,853	43,818,185
Adjusted weighted average number of outstanding shares	<u>114,314,587</u>	<u>114,314,587</u>
<b>Basic and diluted earnings per share</b>	<b><u>0.39</u></b>	<b><u>0.38</u></b>

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

### Notes to the condensed consolidated interim financial statements For the six months ended 30 June 2015

In Qatari Riyals

#### 16 Operating segments

The Group has the following five strategic sectors, which are its reportable segments. These sectors offer different products and services, and are managed separately because they require different technology and marketing strategies.

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

30 June 2015 (Reviewed)	Contracting	Energy & industry	Luxury retail	Technology	Real estate and investments	Total
<i>Profit or loss</i>						
External revenue	361,243,391	142,910,037	562,481,837	166,014,040	21,937,692	1,254,586,997
Inter-segment revenue	7,566,105	2,432,643	3,333,645	259,969	15,999,352	29,591,714
Total revenue	<b>368,809,496</b>	<b>145,342,680</b>	<b>565,815,482</b>	<b>166,274,009</b>	<b>37,937,044</b>	<b>1,284,178,711</b>
Segment net profit/(loss)	(14,645,370)	1,633,121	7,919,875	12,192,241	43,296,046	50,395,913
<i>Statement of financial position</i>						
Segment assets	862,416,315	210,159,012	971,282,178	208,087,991	2,461,742,095	4,713,687,591
Segment liabilities	559,404,097	124,022,413	528,050,260	161,529,222	1,536,638,560	2,909,644,552
<i>Other segment information</i>						
Capital expenditures:						
Tangible assets	10,427,105	5,639,862	12,764,058	1,745,128	10,536,448	41,112,601
Intangible assets	-	-	77,029	-	1,899,250	1,976,279
Depreciation	10,427,105	5,639,862	12,841,087	1,745,128	12,435,698	43,088,880
Amortisation	5,490,022	4,429,871	25,248,451	661,362	19,836,897	55,666,603
	479,906	569,035	944,227	126,029	445,152	2,564,349

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

**Notes to the condensed consolidated interim financial statements  
For the six months ended 30 June 2015**

In Qatari Riyals

**16 Operating segments (continued)**

30 June 2014 (Reviewed)	Contracting	Energy & industry	Luxury retail	Technology	Real estate and investments	Total
<i>Profit or loss</i>						
External revenue	349,672,119	131,022,940	553,954,033	128,689,231	12,338,338	1,175,676,661
Inter-segment revenue	28,502,847	2,898,715	1,222,010	2,616,604	14,846,001	50,086,177
Total revenue	378,174,966	133,921,655	555,176,043	131,305,835	27,184,339	1,225,762,838
Segment profit or loss	(19,069,694)	5,572,293	23,435,064	10,437,821	28,273,868	48,649,352
<i>Statement of financial position</i>						
Segment assets	789,496,304	246,588,514	952,472,580	130,942,892	2,380,922,105	4,500,422,395
Segment liabilities	535,791,667	115,734,737	631,660,135	79,886,199	1,347,065,013	2,710,137,751
<i>Other segment information</i>						
Capital expenditures:						
Tangible assets	6,890,337	5,928,374	38,856,015	1,526,063	7,285,618	60,486,407
Intangible assets	-	696,946	276,124	-	-	973,070
Depreciation	6,890,337	6,625,320	39,132,139	1,526,063	7,285,618	61,459,477
Amortisation	5,724,252	4,484,325	21,633,283	1,144,107	18,905,405	51,891,372
	622,972	384,962	945,465	39,386	331,832	2,324,617

## **Salam International Investment Limited Q.S.C.**

### **Notes to the condensed consolidated interim financial statements For the six months ended 30 June 2015**

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#### **17 Litigation**

On 4 June 2013, the Court of Cassation overturned the Court of Appeal's verdict issued on 23 January 2013 which invalidated the merger procedures involving the Company in 2002 and 2005, without compromising the authenticity and legality of these decisions in terms of subject or form. Furthermore, the Court of Cassation requested the Court of Appeal for a retrial with a new committee of different judges. The new Court of Appeal appointed a committee of experts to study and report about the mergers referred to above. The new committee has set 22 November 2015 as the date for the next session, during which the report is to be presented. Currently, the accompanying consolidated interim financial statements are prepared on a similar basis, as in prior periods, including its subsidiaries acquired in the mergers referred to above.