

ANNUAL REPORT 2014 31 DECEMBER 2014

PARTNERS IN VALUE CREATION





HIS HIGHNESS THE FATHER EMIR SHEIKH HAMAD BIN KHALIFA AL THANI



HIS HIGHNESS
SHEIKH TAMIM BIN HAMAD AL THANI
EMIR OF THE STATE OF QATAR



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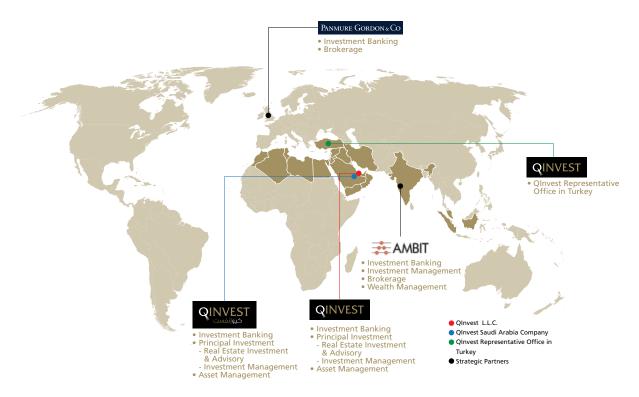
QInvest is Qatar's leading investment bank and, with operations across the Middle East, Africa and Europe, is one of the most prominent Islamic financing institutions in the world. QInvest has built world class investment and advisory capabilities, with the highest standards of governance and transparency underpinning its client-focused approach. The firm's priority is to deliver high-value propositions, considered solutions and tangible results for its clients and shareholders.

QInvest's three business divisions are Investment Banking, Principal Investments and Asset Management. It has unrivalled expertise in structuring Islamic products and provides clients with Sharia'a compliant solutions quickly and competitively.

The firm has offices in Doha, Riyadh and Istanbul, as well as affiliates in India and the UK. Its team of investment professionals is the largest in the MENA region and provides a blend of broad international experience, deep regional knowledge and unparalleled relationships in Qatar. This reach and

range of skills uniquely positions the firm to facilitate the flow of business between Qatar, the region and global markets, making it a key institution in Qatar's international investment plans.

QInvest was licensed by the Qatar Financial Centre Authority in April 2007 and is authorised by the Qatar Financial Centre Regulatory Authority. QInvest's shareholders include Qatar Islamic Bank and other institutional investors, as well as high-net-worth individuals. The firm has authorized capital of US\$ 1 billion and paid up capital of US\$ 750 million.





Vision

Our vision is to become the world's leading Sharia'a compliant investment group.

Mission

To provide a wide range of high value services covering advisory, financing and investment needs; creating enduring relationships built on trust, which put our shareholders and clients at the heart of everything we do.

To continuously enhance our capabilities while adhering to the highest standards of governance and transparency.

To always act in the best interests of our clients, shareholders, employees and the societies in which we operate.

Values

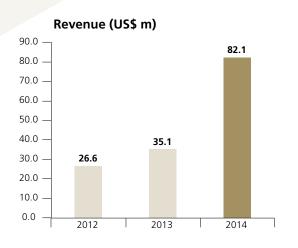
Our core values, The Six Cs, were built to shape and define the culture of the bank and were developed over time with an understanding that business success is built upon an appreciation of the needs of all our stakeholders. Underpinning all of these values is a Sharia'a compliant approach to delivering our investment banking, principal investments and asset management services.

- 1. **Commitment** We are committed to understanding the needs of our stakeholders and always strive to exceed their expectations.
- 2. Clarity We are open and honest in everything we do.
- 3. **Confidence** Mutual trust is essential for us to perform at our best in any market conditions. It is our responsibility to earn this trust so we can make the best decisions for our clients.
- 4. **Cohesion** Our people are critical to our success. We strive to create an environment where our people work together and enhance their effectiveness, so we can better serve our clients.
- 5. **Community** We treat all our stakeholders with respect and keep them at the centre of every business decision we make.
- 6. **Creativity** In order to remain at the forefront of the Islamic finance industry, we are constantly seeking to develop more effective solutions and services for our clients.



Financial Highlights

	Full year	Full year	Full year
	31 December		31 December 2014
	201		
(USD '000)	(Audited)	(Audited)	(Audited)
Revenue	26,629	35,147	82,096
Net Profit / (Loss)	(57,208)	3,136	24,156











HIS EMINENCE DR. SHEIKH WALID BIN HADI CHAIRMAN

> HIS EMINENCE SHEIKH DR. ABDUL SATTAR ABU GHUDDA

BOARD MEMBER

HIS EMINENCE SHEIKH NIZAM YACOUBY

BOARD MEMBER















H.E. Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani

CHAIRMAN

H.E. SHEIKH MUBARAK BIN ABDULLAH M. ALKHAFRAH

BOARD MEMBER

MR MOHAMED ABDULLATIF AL MANAA

BOARD MEMBER

BRIGADIER Khamis Mubarak Al-Kuwari

BOARD MEMBER

MR SALAH MOHAMMED JAIDAH

BOARD MEMBER

Mr Bassel Gamal

Board Member

MR GOURANG Hemani

BOARD MEMBER





2014 was a year of very strong performance for QInvest. Despite subdued markets in the first half of the year and heightened volatility in Q3 and Q4, all of our three revenue-generating business lines continued to win new business. We also advised on a significant number of high-profile transactions around the world, reinforcing the QInvest brand in the region and further afield. Meanwhile, I am particularly pleased that we have been able to further develop existing client relationships across the group.

We are proud to have reported revenue growth of 70% in the first quarter, 152% in the second quarter, 137% in the third quarter and 122% in the fourth quarter. The strong top-line growth, 134% year-on-year, has been complemented by prudent cost management and resulted in net profit for the year increasing by more than US\$21 million on 2013 to US\$24.2 million. These results are testament to the success of the strategy that we launched in 2013, which we will continue focusing on in order to achieve consistent growth and maintain our position

as Qatar's leading investment bank and one of the world's prominent Islamic financial institutions.

Accomplishments in 2014

During 2014, we strengthened our platform, launched a number of successful strategic and product initiatives and advised on numerous transactions. Additionally, our capital deployment initiative, which is now effectively sourced and executed, performed well and generated attractive investment opportunities.

Please allow me now to provide you with a bit more detail on our achievements in 2014 across our three business lines.

Investment Banking

Looking at our Investment Banking business, our debt capital markets franchise continued to generate significant global mandates. We completed Sukuk transactions worth an aggregate value of US\$3.5 billion, which represented approximately 20% of the international Sukuk market in 2014. So far in 2015, we are already acting on a number of exciting mandates.

In 2014, we closed over US\$200 million of structured finance transactions. We also successfully recycled US\$217 million of balance sheet assets. This is indicative of strong regional and international demand for our financing book, which continues to grow within the firm's risk-return profile, providing stable recurring income as well as immediate returns for the firm.

Additionally, our M&A franchise executed transactions with a total value of over US\$3 billion and we are currently working on transactions across a number of sectors.

Principal Investments

Turning to Principal Investments, we continued to see significant interest from our clients in our real estate investments. These are currently at various stages of completion in Europe and the US and we are continually assessing and securing both equity and financing opportunities in Europe and the US.

During the year, we exited two real estate investments and we are looking to redeploy that capital into opportunities which are aligned with the firms overall risk-return profile.

Asset Management

2014 was a robust year for our Asset Management business, with the team capitalising on the processes, infrastructure and resources that have been put in place over the last two years.

Our QMAP capability was expanded into fixed income through the addition of a new inhouse managed Sukuk fund. Additionally, the team launched and rolled out "Shiraa Funds" for our main shareholder Qatar Islamic Bank, offering clients a strong risk adjusted return.

We also completed the acquisition of the former Qatar Islamic Bank United Kingdom Asset Management unit. This migration allows us to offer our clients a wide range of highly successful fund series, and customised Sukuk and income portfolios.



Our Qatar portfolio delivered a full year return of 29%, which is significantly higher than both the market and its peers. The division will be launching fund versions of our existing Qatar equity and GCC equity discretionary portfolios in 2015; in addition to a European fund and other funds.

Local and International Reach

A significant component of our success is the strength of our international reach and growth of our presence in key markets. Our offices in Saudi Arabia and Turkey, along with our affiliates in India and the UK, are critical to our activities and are increasingly involved in securing mandates.

The service that we are able to offer to clients across the region and beyond is reinforced by the support of our respected shareholders, especially our largest shareholder Qatar Islamic Bank, who we have been closely working with.

Strategic Vision for 2015 and Beyond

As discussed earlier, 2014 was a year of very strong performance for the bank. Despite the on-going volatility across global markets, we continued to source many new opportunities, strengthen our brand and deliver positive returns.

Looking to 2015, we expect equity and commodity markets to stabilise as we move through the year. However, there is still much uncertainty, so we will remain prudent and focused on executing our healthy pipeline of deal flow, taking advantage of our unique market positioning to leverage opportunities and deliver value for all of clients and shareholders.

We are very proud of these results and we are confident that Qlnvest, under our current leadership team, is well positioned to maintain its strong performance and continue generating value for our shareholders. We will strive to maintain our position as the leading investment bank in Qatar and one of the word's prominent Islamic financial institutions.

Summary

On behalf of the Board, I would like to thank all of our shareholders for their support. I would also like to extend my thanks to the team at QInvest for their professionalism and commitment to the success of the business.

And lastly, I extend warm gratitude to our Sharia'a Supervisory Board for their wise counsel and guidance on our activities during the year.



Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani

Chairman





2014 was a year of strong performance for QInvest. I am pleased to report that we were able to drive strong top-line and bottom-line growth, ending the 12 month period with revenues up 134% and net profit increasing by eight times on 2013.

We are very proud of these results as they are testament to the success of the strategy that we launched in 2013; the strategy we will continue focusing on in order to deliver results worthy of your aspirations.

We were particularly pleased with growth being achieved consistently throughout the year. In the first quarter of the year we reported 70% growth, 152% growth in the second quarter, 137% growth in the third quarter and 122% in the fourth quarter.

We made good progress in 2014 by continuing to build our platform and generate strong revenues across the bank while focusing on winning new business and solidifying relationships with existing clients.

We also launched a number of successful strategic and product initiatives and worked on numerous financing and advisory transactions. In parallel, we continued to make significant progress in developing our internal culture and enhancing the profile and reputation of the bank.

We believe that the bank's future success is dependent on its unique combination of permanent capital and regional execution capabilities, while building and strengthening our world class team and unparalleled geographic reach.

During 2014, regional financial markets continued to be subdued. Nonetheless, all of our three revenue-generating business lines continued to cultivate new business and develop existing relationships.

In the Investment Banking division, our debt capital markets business continued to generate significant global mandates. We completed Sukuk transactions with an aggregate value of US\$3.5 billion, which represented approximately 20% of the international Sukuk market in 2014; including transactions for Goldman Sachs, the governments of Hong Kong and Luxembourg, Kuveyt Turk, Dar El Arkan, Turkiye Finans and Al Baraka Turk.

In 2014 we closed over US\$200 million of structured finance transactions, successfully syndicating to top tier Islamic financial institutions. These included a number of industry firsts in terms of structure complexity and financial innovation. We also successfully recycled US\$217 million of balance sheet assets, indicating strong regional and international demand for our financing book,

which continues to grow within the firm's risk-return profile, providing stable recurring income as well as immediate returns for the firm

Additionally, our M&A franchise executed transactions with a total value of c.US\$3.1 billion and we are currently working on transactions in the education, pharmaceutical, real estate, infrastructure and financial institutions sectors. We have also collaborated with in best-in-class regional private equity firms, on a co-investment basis, to develop products and bolster the advisory business flow.

Our Principal Investments unit continues to see significant interest from our shareholders and clients in our real estate investments, which are currently at various stages of completion in Europe and the US. We are continually assessing and securing both equity and financing opportunities in Europe and the US, although there are clear signs of an excess of capital and yields are compressing in both markets. We exited two real estate investments in 2014 and are looking to redeploy that capital into opportunities which are aligned with the firms overall risk-return profile.

We invested capital into a portfolio of retail assets in France and Spain, with France providing stable yields whilst Spain offers capital and rental growth. Additionally, the team is assessing yielding equity value add investments in London and the US, on a coinvestment basis, with a view to syndicating in the second half of 2015.



In keeping with our strategy of investing in higher yielding asset backed real estate opportunities, we are continuing to assess mezzanine investments in in a number of markets. We are also deploying capital in the Sukuk market, capitalising on opportunities arising from the global and regional macroeconomic conditions.

The unit also continues to actively manage its existing investments with the dual objective of optimising returns and reducing balance sheet risk exposure. We have exited our investment in FIITJEE, VLCC and a significant proportion of SUEZ Environment. We will continue to monitor the bank's other investments with the objective of maximising value and realizing exits at opportune times.

As for Asset Management, 2014 was a robust year, with the unit able to capitalise on the processes, infrastructure and resources which we have put in place over the last two years.

Our QMAP capability was expanded into fixed income through the addition of a new inhouse managed Sukuk fund. Additionally, the team launched and rolled out "Shiraa Funds," offering clients a strong risk adjusted return.

We also completed the acquisition of the former Qatar Islamic Bank United Kingdom (QIB UK) Asset Management unit. This migration allows us to offer our clients the highly successful Luxembourg domiciled EFH fund series, including the EFH Global Sukuk Plus Fund and the EFH Islamic Financial Institutions Fund, and customised Sukuk and income portfolios.

Our Qatar portfolio delivered a full year return of 29%, which significantly outperformed both the market and its peers. The division will be launching fund versions of our existing Qatar equity and GCC equity discretionary portfolios in 2015; in addition to a European fund and other funds.

We are extremely pleased to have been awarded a number of prestigious awards this year, including "Best Investment Bank in Qatar" at the Euromoney Awards for Excellence; "Most Respected Islamic Fund Manager in Qatar, 20014" by Acquisition International Magazine for our QMAP platform; "Best Islamic Real Estate Finance Provider, 2014" by Global Finance Magazine for our cash deployment in the GCC real estate market; "Best Local Investment Bank, 2014" by EMEA Finance for a significant achievements in 2014; "Best Sukuk Structuring House in the Middle East" at the London Sukuk Summit; "Best Sukuk House, Qatar", "Best Islamic Asset Management House in Qatar" and "Best Deal in Qatar" all by the Asset Triple A.

2014 was a year of very strong performance for the bank, despite the on-going volatility across global markets. We continued to source many new opportunities, strengthen our brand and delivered positive returns. In light of this, the Board of Directors will be proposing to the Annual General Assembly to initiate dividend payments for financial year 2014.

Looking to 2015, we expect volatile market conditions to continue. However, we will remain focused on executing our exciting pipeline of deal flow, taking advantage of our unique market positioning to leverage opportunities and deliver value for clients and shareholders alike.

Thank you all for your commitment and continued support.

Kind regards,

Tamim Hamad Al-Kawari
Chief Executive Officer













MR TAMIM HAMAD AL-KAWARI

CHIEF EXECUTIVE Officer

MR MICHAEL KATOUNAS

DEPUTY CHIEF EXECUTIVE OFFICER & HEAD OF INVESTMENT BANKING

MR BERNARD BARBOUR

HEAD OF LEGAL & SHARIA'A AFFAIRS BOARD SECRETARY

Dr Ataf Ahmed

Head of Asset Management

Mr Duncan Walker

CHIEF OPERATING OFFICER

MR CRAIG COWIE

Head of Real Estate Investment & Advisory

MANAGEMENT TEAM BIOGRAPHIES



Mr Tamim Hamad Al-Kawari Chief Executive Officer

Tamim joined QInvest in 2012 from Goldman Sachs, where he was a Managing Director and Country Head for Qatar. In addition his role as CEO, Tamim also heads the Principle Investments team.

Prior to joining Goldman Sachs, Tamim was the Chief Financial Officer for Qatargas' Transport Company, Nakilat, where he successfully implemented an US\$ 8 billion program to finance 27 liquefied natural gas (LNG) vessels that ship LNG from Ras Laffan to customers worldwide.

Prior joining Nakilat, Tamim served as the treasurer for the Qatargas Company. Earlier in his career he also worked as a trader at Qatar National Bank, where he traded a range of financial products.

Tamim has over 18 years of experience in investment banking and executing transactions, having worked at a number of leading Qatari and international institutions.

He holds a BA in International Business with a minor in Political Science from George Washington University and an MBA from the American University - Washington, D.C.



Mr Michael Katounas Deputy Chief Executive Officer & Head of Investment Banking

Michael joined QInvest in 2013 from Credit Suisse, where he built the MENA investment banking team. At Credit Suisse, he was responsible for leading some of bank's largest transactions across the MENA and Europe regions.

Michael has over 16 years of experience having worked in leading financial institutions in London, Dubai, Amsterdam and Athens.

Throughout his career, Michael has executed private equity, M&A, corporate finance, debt and equity capital raising and restructuring transactions with a total value of more than US\$50bn.

He holds a Master of Science from the London School of Economics and is a CFA charter holder.



Dr Ataf Ahmed Head of Asset Management

Dr Ataf joined QInvest in 2010 from UBS, where he was a Director at UBS Wealth Management's Hedge Funds team, based in Zurich.

At UBS, Dr Ataf was the key contact point from the investment team for all sales and marketing coverage for the group's multi-billion dollar fund of funds product lines.

Prior to UBS, Dr Ataf served as an Investment Strategist at Barclays Wealth in London with responsibilities as Head of Strategic Asset Allocation for the group. Prior to that, he was managing the Performance and Risk Analytics unit for Barclays Wealth. His responsibilities at Barclays included the structural asset allocation of the multi-billion pound range of Barclays Manager of Managers funds.

Dr Ataf has over 15 years of experience in asset management, having worked at some of the world's leading financial institutions.

He holds a PhD in Physics from the University of Cambridge and is also a CFA charter holder.



Mr Craig Cowie Head of Real Estate Investment & Advisory

Craig joined QInvest in 2010 from Al Rajhi Capital in Saudi Arabia, where he was Managing Director, Real Estate Advisory and Private Equity.

At Al Rajihi Capital, Craig's responsibilities included overseeing private real estate transactions and advising on and arranging capital for projects worth over US\$4 billion. Craig led a team in securing the sole financial advisory and arranging mandate to raise US\$3 billion for Jabal Omar Development Company, a listed entity on the Tadawul. Craig also led the Al Rajhi Capital negotiations and subsequent implementation of a joint venture with a GCC investment bank (and subsequently was a nominated board member) for a US\$ 500m GCC focused real estate income yielding private equity fund.

Craig has 18 years' experience investing in real estate assets, having initially worked for a real estate development company.

He holds a Bachelor of Commerce (Honors) degree in investment management from the University of Natal in South Africa.



Mr Bernard Barbour Head of Legal and Sharia'a Affairs Company Secretary

Bernard joined QInvest in 2007 from the Central Bank of Lebanon, where he was a Senior Attaché in the Legal department.

At the Central Bank of Lebanon, he was responsible for drafting the Islamic Finance Regulatory and Legal Framework in the Republic of Lebanon, legislative prepositions to payment systems such as credit cards debit cards, settlements, clearing E-checks, E-money and netting among others.

Bernard has more than 17 years of experience in financial legal systems, including teaching financial, fiscal and contract law at leading universities in Lebanon.

He holds an LLM degree in European law from Lausanne University, Switzerland, and an LLM degree in International Economic Law from Geneva University, Switzerland, a B.A. in Law from the Lebanese University, and a Diploma in English Legal Methods from Cambridge University, England.



Mr Duncan Walker Chief Operating Officer

Duncan joined QInvest in 2013 from Credit Suisse, where he held several managerial positions, most recently as Regional CFO for the Middle East and Africa region.

Over his career, Duncan has demonstrated an ability to improve operations, impact business growth and maximize profits through financial management, cost reductions, improved controls and efficiency improvements.

Duncan has over 20 years of experience in Financial Services. He holds a Bachelor of Science (BSc) Honors degree in Property Valuation and Finance from City University in London (UK). Duncan is a qualified Accountant and a member of the Chartered Institute of Management Accountants (ACMA & CGMA).







QInvest's Investment Banking team is the largest in the Middle East and consists of seasoned professionals providing expertise in all areas of financing and advisory activities to corporate and institutional clients both regionally and internationally. The team is a trusted advisor to leading Qatari corporates and family offices in their outbound activities and serves as a gateway for companies to access Qatar's international capital flows.

Across the region, Qlnvest's mid-market practice is complemented by the firm's relationships with family offices and ability to use its own capital.

Areas of expertise include:

- Mergers & Acquisitions
- Corporate Finance Advisory
- Equity Capital Markets
- Syndicated and Sukuk financings
- Leveraged and Structured Finance
- Real Estate Finance
- Asset & Liability Management
- Restructuring

QInvest's Sharia'a compliant Investment Banking business continues to win accolades from across the industry. Recent 2014 awards include Euromoney's Best Investment Bank in Qatar, Global Finance's Best Islamic Real Estate Finance Provider, and Best Sukuk Structuring House in the Middle East at the London Sukuk Summit 2014 Awards.

BUSINESS LINES



Principal Investments

a- Real Estate Investment & Advisory

Working closely with both local and international clients, Qlnvest's Principal Investments - Real Estate unit provides comprehensive financial solutions for prime real estate transactions in the GCC, Europe and the USA, noting that these geographies can be amplified based on the opportunity and relationships we hold. Our multidisciplinary approach, together with an investment banking mindset enables us, our clients and co-investors to drive value for our respective shareholders. QInvest acts as a both principal and arranger in the acquisition of controlling and non-controlling interests in direct real estate with typical equity or mezzanine investments being between \$20 and \$100 million.

QInvest is willing to co-invest with prospective partners in residential developments in top-tier markets together with core and value-add yielding opportunities in the office, retail and multifamily real estate sectors. We are able to invest through numerous structures generally including mezzanine, preferred equity and equity, all of which are represented in transactions closed since 2010. Average transaction life varies between 2 and 5 years, with pricing / return profiles being driven by the particulars of the transaction (including geography and sub-sector).



Principal Investments

b- Investment Management

QInvest's Principal Investments – special situation business focuses on deploying the bank's capital across a broad range of asset classes with the objective of creating value while ensuring principal protection. The team originates investment ideas by leveraging QInvest's local and global network of relationships and ensures best-in-class deal execution through a focused team of experienced investment professionals.

Qlnvest is sector agnostic and deploys capital across the capital structure with a primary focus on Sharia'a compliant mezzanine financings and structured transactions, which best match our risk-return profile. Qlnvest offers a flexible approach and can accommodate the specific needs of our clients by offering short and long term maturities, as well as cash and deferred profit payments. Our investments look to capture a recurring cash yield along with a back-ended, potentially equity linked, payout.

Examples of investments include:

- Mezzanine / HoldCo Financing
- Pre-IPOs / PIPEs / Convertibles
- Bridge Financing
- Acquisition Financing
- Last-mile / Rescue Financing

BUSINESS LINES



Asset Management

QInvest Asset Management offers a range of world class Sharia'a-compliant investments and funds as well as access to the QInvest Managed Account Platform (QMAP), the world's first open architecture Sharia'a-compliant managed account platform. QMAP is a multi-manager and multi-strategy platform that brings best-in-class capabilities from the conventional fund industry to Sharia'a investors through a range of global partnerships. It provides investors with the opportunity to select from a range of high quality Sukuk and equity funds that are managed by both in-house and top tier third party teams.

QInvest Asset Management team expanded QMAP's capability into fixed income through the addition of a new in-house managed Sukuk fund. The team also acquired the former Qatar Islamic Bank United Kingdom (QIB UK) Asset Management team, adding the highly successful Luxembourg-domiciled EFH fund series to the QInvest platform. The QInvest Asset Management also successfully launched the innovative "Shiraa Funds", which were built for Qatar Islamic Bank (QIB) clients. "Shiraa Funds" are three products that invest in a selection of global Sharia'a-compliant funds drawn from QMAP, spanning across international equity and Sukuk markets.

The QInvest Asset Management team provides clients with customised investment products and solutions, including:

- High quality equity and Sukuk funds from QMAP and EFH.
- Multi-manager, multi-strategy portfolio solutions
- Discretionary and Advisory portfolio management
- Portfolio review, analysis and investment recommendations
- Portfolio restructuring, disposal and risk overlays





Sharia'a Supervisory Board

QInvest seeks to uphold Sharia'a principles throughout its activities. The Sharia'a Supervisory Board reviews the Bank's activities to ensure that all products and investment transactions comply fully with the rules and principles of Islamic Sharia'a. The Sharia'a Supervisory Board was established in accordance with AAOIFI and QFCRA directives, including those regarding membership requirements.

Members include:

- His Eminence Dr. Sheikh Walid Bin Hadi (Chairman)
- His Eminence Sheikh Dr. Abdul Sattar Abu Ghudda
- His Eminence Sheikh Nizam Yacouby

Board and Management Committees

QInvest is fully committed to effective governance with the objective to protect the interests of all stakeholders.

To help the Board of Directors fulfil its governance responsibilities, committees have been established to undertake much of the detailed review of items brought before the Board for its consideration.

The Board Risk & Audit Committee, Board Investment Committee, Nomination and Remuneration Committee, and Steering Committee apprise the Board of the items that fall within their scope and provide advice and make recommendations to the Board about these items.

Each committee establishes an annual work plan to guide its activities in the upcoming fiscal year.

The Board and Management Committees include:

- The Board Risk and Audit Committee is a sub-committee of the Board of Directors. The primary purpose of the committee is to assist the Board in the effective discharge of its responsibilities for financial reporting, internal controls, risk management, compliance monitoring, and internal and external audit
- The Board Investment Committee is responsible for the implementation and periodic review of the investment and credit strategies and objectives as approved by the bank's Board.
- 3. The Nomination and Remuneration
 Committee is a sub-committee of the
 Board of Directors. The primary purpose of
 the committee is to ensure the adoption
 of best practice and adherence to
 regulatory requirements when conducting

- an independent review and stewardship of the activities related to compensation and benefits, contractual terms and other staff related matters including Training and Competency, policies, succession and resource planning, dismissal, etc.
- 4. **The Steering Committee** shall be responsible for the active and general management of the Bank and shall review and approve strategic, operational, investment and business decisions.

Social Responsibility

QInvest is committed to supporting the communities in which it operates. The firm has developed a corporate social responsibility (CSR) programme that includes a variety of activities, such as organising educational, social, cultural and sporting events. QInvest also sponsors conferences, seminars and other initiatives. These initiatives support the growth of Sharia'a-compliant financial services, locally and across the region, and further enhance the status of the State of Qatar as the leading financial centre in the Middle East.

Olnvest also launched a formal employee engagement initiative in April 2014. Known as ONITED, the initiative is spearheaded by QInvest's Management team and organises and promotes a broad range of activities and initiatives for staff. The purpose of QNITED is to strengthen QInvest's six core values, The Six Cs, among our employees. These values -Commitment, Clarity, Confidence, Cohesion, Community and Creativity - shape and define the culture of the firm and were developed over time with an understanding that business success is built upon an appreciation of the needs of all our stakeholders

RISK MANAGEMENT

Overview

Financial instruments of the Group represent the Group's financial assets and liabilities. Financial assets include cash and bank balances, placements with financial and other institutions, investment securities portfolios, derivative financial instruments, financing assets, certain assets of a subsidiary held for sale and certain other assets of the Group. Financial liabilities include certain liabilities of a subsidiary held for sale, due to banks, financing liabilities, derivative financial instruments and certain other liabilities. Accounting policies for financial instruments are set out in note 2 in these consolidated financial statements.

The Group has exposure to various risks from its use of financial instruments. These risks can be broadly classified as:

- Credit risk;
- Liquidity risk;
- Market risk;
- · Operational risk; and
- Regulatory and legal risks.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The risk activities of the Group are recorded in separate books as:

Trading book for proprietary short-term position taking in equities and investments in fixed income instruments for which the Group has the intent for benefiting in the short term from actual or expected differences between buying and selling prices.

All other assets which are not classified under trading book are recorded in banking book. These include investments in subsidiaries and associates, unquoted and quoted equity investments held other than for short-term position taking, investments in fixed income instruments for which the Group has the intent to either hold long term or sell in the medium term, other assets and general funding and liquidity management activities.

Risk management & governance framework of the Group

The Group's risk management process is an integral part of the organization's culture, and is embedded into the organization's practices as well as in all those involved in the risk management process. The Board of Directors ("Board"), Board Risk and Audit Committee ("BRAC"), senior management, risk officers, and line managers contribute to the effective Groupwide risk management.

The risk governance structure is headed by the Board of Directors and the Sharia'a Supervisory Board ("SSB") of the Group. The risk appetite and the risk strategy for the Group are developed at this level.

The next level of the Board committees has delegated powers for monitoring the risk taking activities of the Group. These committees are the Board Risk and Audit Committee, the Board Investment Committee ("BIC"), and the Nomination and Remuneration Committee. In

turn, the risk appetite and risk tolerance set by the Board are cascaded across the institution and are taken into account in developing business goals and objectives.

As part of an effective system of control, key management decisions are made by more than one individual, in the form of non-board management committee, as follows:

Steering Committee ("STC") is the primary executive committee of the Group that is responsible for the following:

- a) General management issues including performance review against the budget, and oversight on implementation of the strategic business plan.
- Evaluates proposals for investments and credits, divestiture of assets and valuation of investments. The committee also ensures compliance with investment criteria as well as investment procedures at each phase of the investment process.
- c) Oversees management of market risks, translates investment strategy directions into asset allocation guidelines, and reviews and manages the capital adequacy, liquidity position and funding alternatives.
- d) Reviews the effectiveness of the operational risk management processes and procedures in respect of IT, Compliance, and AML, with the purpose of mitigating these risks.

The risk management functions are carried out by the identified control departments who liaise with the Chief Executive Officer for the day to day management of specific risks. These control departments include Risk Management, Compliance, Legal and Finance, and are manned by dedicated risk specialists in various disciplines to deal with the pertinent business risk exposures of the Group. In line with suitable governance policies, Risk Management and Compliance department have independent reporting lines to the BRAC that allow to provide its impartial view on the business activities taken by the Group.

Credit risk

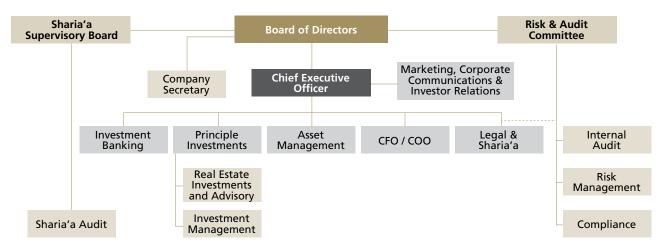
Credit risk is the risk that an obligor or counterparty will fail to meet its contractual obligations in accordance with the agreed terms. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor exposure, business line exposure, country and economic sector risk etc.).

Management of credit risk

The Board has granted approval to the Group to engage in credit and investment related activities for approved products and is ultimately responsible for approving and periodically reviewing the credit and investment strategies and policies of the Group along with the SSB. The Board defines and sets the Group's overall levels of risk appetite, risk diversification and asset allocation strategies applicable to each Islamic financing instrument, economic activity, geographical spread, currency and tenor. The SSB has the responsibility to ensure that the business is conducted according to Islamic principles. The SSB reviews and approves the credit/investment products developed by the Group and used by the Group in its business along with the credit risk and investment policies.

The Board has delegated its responsibility of overall risk management to various Board and senior management committees. The BIC of the Board of Directors is responsible for evaluating and granting credit facilities and approving the Bank's investment activities within authorized limits as set by the Board and within the scope of activities approved by the QFCRA. The STC evaluates credit and investment proposals and also exercises oversight on compliance with investment criteria, limits and investment procedures. The Risk Management Department is responsible for reviewing and scrutinizing the Bank's risk management policies and procedures. The STC also reviews proposed guidelines on all risk and governance issues.

ORGANISATION CHART





REPORT OF THE SHARIA'A SUPERVISORY BOARD

For the Financial Year 2014

In the Name of Allah, The Beneficent, the merciful

To the shareholders of QInvest LLC,

QInvest Sharia'a Supervisory Board (the "Board") has reviewed the contracts submitted to it, answered the questions of the administration and contributed in finding solutions for practical difficulties that appeared during the implementation.

The Board views that the business conducted is in accordance with the Board's guidance.

The Board has reviewed the Balance sheet and the income statements for the financial year ending 31st of December 2014 and found them to be in compliance with the Islamic Sharia'a rules. The Board insists that while the Bank is responsible for applying Sharia'a governance, its responsibility is limited to issuing fatwas and reviewing the transactions introduced to it from a Sharia'a perspective and to the extent practicable.

The Board thanks the Bank's staff and prays Allah to grant them all the success to serve the Islamic economy, and bless the shareholders' funds and all those who deals with the bank, and sustain everyone with faithfulness in action and word.

Wassalam Alaikum Wa Rahmat Allah Wa Barakatuh ong

His Eminence Dr. Sheikh Walid Bin Hadi Chairman of the Sharia'a Supervisory Board

His Eminence Sheikh Dr. Abdul Sattar Abu Ghudda

Sharia'a Supervisory Board Member

His Eminence Sheikh Nizam Yacouby Sharia'a Supervisory Board Member

Doha, January 28, 2015

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QINVEST LLC

We have audited the accompanying consolidated financial statements of QInvest LLC ("QInvest" or the "Bank") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of income, changes in shareholders' equity, cash flows and changes in restricted investment accounts for the year then ended, and a summary of significant accounting policies and other explanatory information.

Respective responsibilities of the Board of Directors' and auditors

These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Sharia'a Rules and Principles are the responsibility of the Group's Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2014, the results of its operations, its cash flows, changes in shareholders' equity and changes in restricted investment accounts for the year then ended in accordance with the Financial Accounting Standards issued by AAOIFI.

Report on other legal and regulatory matters

Furthermore, we have obtained all the information and explanations we required for the purpose of our audit and in our opinion, proper books of accounts have been kept by the Bank and the consolidated financial statements comply with the applicable provisions of the OFCRA rules.

Ernst & Young

Date: 19 January 2015

Ernst & Joung

Doha

State of Qatar

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	2014 QAR'000	2013 QAR'000 (Restated)	As at 1 January 2013 QAR'000 (Restated)
ASSETS			
Cash and bank balances	267,416	130,064	162,839
Placements with banks	510,983	677,895	958,052
Financing assets	1,002,208	786,054	348,435
Investment securities	816,488	1,134,552	1,186,898
Assets of a subsidiary held for sale	61,359	303,132	
Investment in associates	209,478	94,436	98,790
Investment in real estate	234,755	263,048	277,921
Other assets	200,142	198,537	310,303
TOTAL ASSETS	3,302,829	3,587,718	3,343,238
LIABILITIES AND EQUITY			
Liabilities			
Short term borrowings		306,000	18,393
Long term borrowings	652,816	506,422	661,464
Liabilities of a subsidiary held for sale	18,688	5,267	-
Other liabilities	80,722	110,739	77,248
Total liabilities	752,226	928,428	757,105
Equity			
Share capital	2,730,000	2,730,000	2,730,000
Share premium	27,300	27,300	27,300
Treasury shares	(182,000)		-
Hedging and foreign currency translation reserves	(8,889)	(11,484)	(4,146)
Investments fair value reserve	49,224	66,434	(2,646)
Accumulated losses	(65,032)	(152,960)	(164,375)
Total equity	2,550,603	2,659,290	2,586,133
TOTAL LIABILITIES AND EQUITY	3,302,829	3,587,718	3,343,238
Off-balance sheet items			
Restricted investment accounts	127,279	39,064	749,534

Sheikh Jassim Bin Hamad Bin Jassim Bin Jabor Al Thani

Chairman

Tamim Hamad Al-Kawari Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014



	2014 QAR'000	2013 QAR'000
		(Restated)
Fee and commission income	91,229	25,709
Income from financing assets	88,088	34,944
Net gain from investments	98,375	52,576
Income from placements with banks	6,461	9,289
Share of results of associates	8,365	(7,225)
Profit from a subsidiary held for sale	1,998	11,182
Other income	4,313	1,460
Net operating income	298,829	127,935
Staff costs	(92,154)	(76,990)
General and administrative expenses	(38,358)	(39,035)
Depreciation and amortisation	(5,424)	(6,097)
Total operating expenses	(135,936)	(122,122)
Operating profit	162,893	5,813
Finance expenses	(19,874)	(18,153)
Provision for legal claims	(9,100)	-
Impairment loss on an associate and financial assets	(14,698)	(848)
Profit/(loss) before tax	119,221	(13,188)
Tax (expense)/credit	(31,293)	24,603
NET PROFIT FOR THE YEAR	87,928	11,415

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 Notes US\$'000	2013 US\$'000	As at 1 January 2013 US\$'000
			(Restated)	(Restated)
ASSETS				
Cash and bank balances	4	73,466	35,732	44,736
Placements with banks	5	140,380	186,235	263,201
Financing assets	6	275,332	215,949	95,724
Investment securities	7	224,310	311,690	326,071
Assets of a subsidiary held for sale	8	16,857	83,278	_
Investment in associates	9	57,549	25,944	27,140
Investment in real estate	10	64,493	72,266	76,352
Other assets	11	54,984	54,543	85,248
TOTAL ASSETS		907,371	985,637	918,472
LIABILITIES AND EQUITY				
Liabilities				
Short term borrowings	12	-	84,066	5,053
Long term borrowings	13	179,345	139,127	181,721
Liabilities of a subsidiary held for sale	8	5,134	1,447	_
Other liabilities	14	22,177	30,423	21,222
Total liabilities		206,656	255,063	207,996
Equity				
Share capital	15	750,000	750,000	750,000
Share premium	15	7,500	7,500	7,500
Treasury shares	16	(50,000)	-	_
Hedging and foreign currency translation reserves	17	(2,442)	(3,155)	(1,139)
Investments fair value reserve	17	13,523	18,251	(727)
Accumulated losses		(17,866)	(42,022)	(45,158)
Total equity		700,715	730,574	710,476
TOTAL LIABILITIES AND EQUITY		907,371	985,637	918,472
Off-balance sheet items				
Restricted investment accounts		34,967	10,732	205,916

Sheikh Jassim Bin Hamad Bin Jassim Bin Jabor Al Thani

Chairman

Tamim Hamad Al-KawariChief Executive Officer

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014



	Notes	2014 US\$′000	2013 US\$'000 (Restated)
Fee and commission income	18	25,063	7,063
Income from financing assets	19	24,200	9,600
Net gain from investments	20	27,026	14,444
Income from placements with banks		1,775	2,552
Share of results of associates	9	2,298	(1,985)
Profit from a subsidiary held for sale	8	549	3,072
Other income	21	1,185	401
Net operating income		82,096	35,147
Staff costs	22	(25,317)	(21,151)
General and administrative expenses	23	(10,538)	(10,724)
Depreciation and amortisation	11.2,11.3	(1,490)	(1,675)
Total operating expenses		(37,345)	(33,550)
Operating profit		44,751	1,597
Finance expenses		(5,460)	(4,987)
Provision for legal claims	25 (f)	(2,500)	-
Impairment loss on an associate and financial assets	9,11	(4,038)	(233)
Profit/(loss) before tax		32,753	(3,623)
Tax (expense)/credit	24	(8,597)	6,759
NET PROFIT FOR THE YEAR		24,156	3,136

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2014

	Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Hedging and foreign currency translation reserves US\$'000	Investments fair value reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
As at 1 January 2014	750,000	7,500		(3,155)	18,251	(42,022)	730,574
Profit for the year						24,156	24,156
Foreign currency translation differences of							
foreign operations	<u> </u>		-	(20,474)			(20,474)
Effective portion of changes in fair value							
of net investment hedges	-	-	-	19,353	-	-	19,353
Effective portion of changes in fair value of							
cash flow hedges	-	-	-	1,834	-	-	1,834
Net change in fair value of investment							
designated as equity	-	-	-	-	(6,781)	-	(6,781)
Share of reserves of equity accounted associates	_	-	-	-	2,053	_	2,053
Shares bought back		_	(50,000)	-	_	_	(50,000)
As at 31 December 2014	750,000	7,500	(50,000)	(2,442)	13,523	(17,866)	700,715
		Share capital US\$'000	Share premium US\$'000	Hedging and foreign currency translation reserves US\$'000	Investments fair value reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
As at 1 January 2013		750,000	7,500	(13,134)	(727)	(33,163)	710,476
Adjustment on correction of error (Note 2.4)		-	-	11,995	-	(11,995)	-
As at 1 January 2013 (restated)		750,000	7,500	(1,139)	(727)	(45,158)	710,476
Profit for the year						3,136	3,136
Foreign currency translation differences of foreign open	rations	-	-	3,834		_	3,834
	Effective portion of changes in fair value of net investment hedges		-	(5,850)			(5,850)
Net change in fair value of investment designated as e		<u> </u>	<u>-</u>	-	18,978		18,978
As at 31 December 2013 (restated)		750,000	7,500	(3,155)	18,251	(42,022)	730,574

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014



Notes	2014 US\$'000	2013 US\$'000 (Restated)
OPERATING ACTIVITIES		
Profit/(loss) before tax	32,753	(3,623)
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Share of results of associates 9	(2,298)	1,985
Net unrealised foreign exchange losses	(1,024)	4,269
Depreciation and amortization 11.2,11.3	1,490	1,675
Loss/(gain) on fair value through income statement investments	791	(2,998)
Impairment loss on an associate and financial assets	4,038	233
Employees' end of service benefits – net	815	(86)
Income tax paid	(8,001)	(2,273)
Net unrealised gains from a subsidiary held for sale	(12,926)	(1,960)
Gain on disposal of investment in real estate	(9,911)	-
Net (gain)/loss from fair value adjustment of investment in real estate 10	(740)	7,214
Net operating profit before changes in operating assets and liabilities	4,987	4,436
Change in placements with banks	15,000	(12,001)
Change in financing assets	(59,383)	(120,225)
Change in other assets	(15,354)	24,747
Change in due to banks	(84,066)	79,013
Change in other liabilities	(11,737)	2,654
Net cash used in operating activities	(150,553)	(21,376)
INVESTING ACTIVITIES		
Purchase of investment securities	(52,182)	(65,569)
Proceeds from disposal of investment securities	26,921	109,247
Proceeds from disposal of investment in real estate	90,820	-
Purchase of equipment and intangible assets	(59)	(45)
Net investment in subsidiary held for sale	45,060	(77,634)
Net cash from/(used in) investing activities	110,560	(34,001)
FINANCING ACTIVITIES		
Shares bought back 16	(50,000)	
Net movement in financing liabilities	96,872	(42,594)
Net cash from/(used in) financing activities	46,872	(42,594)
Net increase/(decrease) in cash and cash equivalents	6,879	(97,971)
Cash and cash equivalents at 1 January	206,967	304,938
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 4.1	213,846	206,967

CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the year ended 31 December 2014

Movements	during	the vear

	Polones et					D-1		
	Balance at 1 January 2014 US\$'000	Investment US\$'000	Revaluation US\$'000	Realized income US\$'000	Dividend paid US\$'000	Administration expenses US\$'000	Agency fees US\$'000	Balance at 31 December 2014 US\$'000
Restricted Wakala 10,732	10,732	22,880 (236)	(236)	1,639 -		(48)	34,967	
	Delenge et		Mo	vements during th	ne year			Balance at
	Balance at 1 January 2013 US\$'000	Investment (repayment) US\$'000	Revaluation US\$'000	Realized income US\$'000	Dividend paid US\$'000	Administration expenses US\$'000	Agency fees US\$'000	31 December 2013 US\$'000
Restricted Wakala	205,916	(194,332)	1,029	(1,718)		(78)	(85)	10,732

At 31 December 2014

1 CORPORATE INFORMATION

QInvest LLC ("QInvest" or "the Bank") is an Islamic investment bank, which has been established as a limited liability company in the Qatar Financial Centre. The Bank was authorised by the Qatar Financial Centre Regulatory Authority ("QFCRA") on 30 April 2007 as a category 1 firm, under approval number 00048. Its registered office is at 39th Floor, Tornado Tower, Street No.213, Majlis Al Tawoon Street, Zone 60, West Bay, Doha, State of Qatar.

The Bank is authorised to conduct the following regulated activities by the Qatar Financial Centre Regulatory Authority (the "QFCRA"):

- Deposit taking;
- Dealing in investments;
- Arranging deals in investments;
- Providing credit facilities;
- Arranging credit facilities;
- Providing custody services;
- Arranging the provision of custody services;
- Managing investments;
- Advising in investments; and
- Operating a collective investment fund

The Bank's activities are regulated by the QFCRA and are supervised by a Sharia'a Supervisory Board whose role is defined by the Bank.

The consolidated financial statements of the Group and for the year ended 31 December 2014 were authorized for issue in accordance with a resolution of the Board of Directors on 19 January 2015.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Bank and its subsidiaries (together known as "the Group") for the year ended 31 December 2014 have been prepared in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Islamic Sharia'a Rules and Principles as determined by the Sharia'a Supervisory Board of the Group and the applicable provisions of the QFCRA rules. In accordance with the requirement of AAOIFI, for matters where AAOIFI does not have an accounting standard or guidance, the Group seeks guidance from the International Financial Reporting Standards (the "IFRSs").

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2013 is presented in these consolidated financial statements due to the correction of an error. Further details are disclosed in Note 2.4.

2.2 Accounting convention

The consolidated financial statements have been prepared under the historical cost convention except for financial investments classified as "investments at fair value through equity", "investments at fair value through statement of income", derivative financial instruments, and investment in real estate held for trading and leasing that have been measured at fair value.

At 31 December 2014

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following:

New and amended standards and interpretations issued by IASB

The Group applied for the first time following standards and amendments, which are effective for annual periods beginning on or after 1 January 2014. The new standards and amendments do not have any material impact on the Group.

Торіс	Effective date
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39	1 January 2014
IFRIC 21 Levies	1 January 2014

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Торіс	Effective date
IFRS 9 Financial Instruments	1 January 2018
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016

The Group did not early adopt any new or amended standards during the year. The Group is considering the implications of the above standards, the impact on the Group and the timing of its adoption by the Group, in case there is no relevant standard issued by AAOIFI.

2.4 Correction of an error

During 2008, which was the first year of consolidating Q West S.A.S. (100% owned subsidiary), the forward foreign exchange contracts purchased to hedge the investment in Q West S.A.S. was wrongly accounted for as a "Naked derivative instrument". This should have been designated as a "Hedging instrument" and accounted for as 'net investment hedges'.

As a consequence, foreign exchange gain of US\$ 11,995,000 has been recorded during the year ended 31 December 2008. In 2014, during an investment restructuring exercise, the Bank conducted a detailed review of the underlying documents and records that led to identification of the error

At 31 December 2014



2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Correction of an error (continued)

The error has been corrected by restating each of the affected consolidated financial statements line items for the prior periods presented, as follows:

Impact on equity

Accumulated losses	(42,022)	(30,027)	(45,158)	(33,163)
Hedging and foreign currency translation reserves	(3,155)	(15,150)	(1,139)	(13,134)
	US\$'000	US\$'000	US\$'000	US\$'000
	Restated		Restated	
	2013	2013	2013	2013
	31 December	31 December	1 January	1 January

The change did not have any impact on the consolidated income statement for the prior periods presented or the Group's operating, investing and financing cash flows.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as of the Bank, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

At 31 December 2014

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Basis of consolidation (continued)

When the Group fully or partially disposes the subsidiary entity, the difference between the carrying amount of the investment in that entity as at the disposal date, and the disposal proceeds, is recognised in the Group's consolidated income statement. Furthermore, the corresponding goodwill is derecognised proportionately from Group's consolidated financial statements. Group will continue to consolidate the income and expenses of subsidiary until the date of cessation of control by the parent. 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 the income statement
- Reclassifies the parent's share of components previously recognised in equity to the income statement

The following entities are consolidated in the Group's consolidated financial statements as at 31 December 2014,

Name	Principal Business Activity	Country of Incorporation	% Equity Interest	
Name	Filincipal business Activity	Country of incorporation	2014	2013
Q West S.A.S.	Equity Investments	France	100%	100%
Verdi Luxembourg SARL	Investment in real estate	Luxembourg	100%	100%
Q Business Services	Investment holding company	Cayman Islands	100%	100%
Q Liquidity Limited	Placements	Cayman Islands	100%	100%
QInvest Holding Mauritius	Investment holding company	Mauritius	100%	100%
Q Exhibit	Investment holding company	Mauritius	100%	100%
Inner Mauritius Investments Ltd	Investment holding company	Mauritius	100%	100%
Q Learn	Investment holding company	Mauritius	100%	100%
QInvest Luxembourg S.a.r.l.	Investments	Luxembourg	100%	100%
QInvest Partners LLC	Investment holding company	Qatar (QFC)	100%	100%
Q Equity	Equity Investments	Cayman Islands	100%	100%
Q Green	Investment holding company	Cayman Islands	100%	100%
Q Invest Saudi Arabia	Investment holding company	Saudi Arabia	100%	100%
Q Saudi Alpha	Investment holding company	Cayman Islands	100%	100%
Q Saudi Beta	Investment holding company	Cayman Islands	100%	100%
Q Saudi Gamma	Investment holding company	Cayman Islands	100%	100%
Fleet Street Financing 1 Limited*	Investment holding company	Cayman Islands		100%
QI St Edmund's Terrace 2 Limited	Investment holding company	Cayman Islands	100%	100%
St. Edmund's Terrace GP Limited	Investment holding company	Cayman Islands	100%	100%
SET Investment Management Limited	Investment holding company	Cayman Islands	100%	100%
Asian Finance Initiative Corp	To provide financing facility	Cayman Islands	100%	100%
Q Land Real Estate SPC**	Real estate investments	State of Qatar	0%	0%
QInvest Marina LLC	To provide financing facility	State of Qatar (QFC)	100%	



2.5 Basis of consolidation (continued)

Dain ain al Dunin ann Antivitus		% Equity Interest	
Principal Business Activity	Country of incorporation	2014	2013
To provide financing facility	Cayman Islands	100%	-
To provide financing facility	State of Qatar (QFC)	100%	-
To provide financing facility	Cayman Islands	100%	-
To provide financing facility	State of Qatar (QFC)	100%	-
To provide financing facility	Cayman Islands	100%	-
To provide financing facility	State of Qatar (QFC)	100%	-
To provide financing facility	Cayman Islands	100%	-
Fund manager	Luxembourg	100%	-
Investment holding company	Cayman Islands	100%	-
	To provide financing facility Fund manager	To provide financing facility To provide financing facility State of Qatar (QFC) To provide financing facility Cayman Islands To provide financing facility State of Qatar (QFC) To provide financing facility Cayman Islands Cayman Islands State of Qatar (QFC) Cayman Islands To provide financing facility State of Qatar (QFC) To provide financing facility Cayman Islands Fund manager Luxembourg	Principal Business Activity Country of Incorporation 2014 To provide financing facility To provide financing facility

- * This special purpose entity was voluntary liquidated in 2014.
- ** The details related to managements' judgment on consolidation of structured entity is disclosed in Note 29.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in consolidated income statement or as a change in the equity. If the contingent consideration is classified as equity, it will not be remeasured.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

At 31 December 2014

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Basis of consolidation (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.6 Summary of significant accounting policies

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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 considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Intangible assets identified upon acquisition of associates are included at fair value and amortised over the useful life of the intangible assets.

The consolidated income statement reflects the Group's share of the results of operations of the associate or joint venture. When there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The Group's share of profit or loss of an associate is shown on the face of the consolidated income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of losses of an associate and joint venture' in the consolidated income statement.

At 31 December 2014



2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

Investment in associates and joint ventures (continued)

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Functional and presentational currency

The consolidated financial statements are presented in Unites States Dollars, which is the presentational currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The management of the Group has decided to present the consolidated financial position and consolidated income statement in Qatari Riyals as well. Those two statements are disclosed after the audit report.

The official currency of the State of Qatar, the Group's country of domicile, is the Qatar Riyal. Certain domestic transactions are conducted in Qatari Riyals, which is pegged to the United States Dollar. The Bank maintains its financial records and prepares its financial statements in United States Dollars as the Bank's share capital and majority of its investments are denominated in United States Dollars.

Transactions and balances

Transactions in foreign currencies are translated into Unites States Dollars at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement. Translation differences on the Bank's net investment in foreign subsidiaries, associates and jointly controlled entities are included in the foreign currency translation reserve within equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined and any differences are taken to consolidated statement of changes in shareholders' equity under "Investments fair value reserve".

Group companies

The results and financial position of all the Group's subsidiaries (none of which has the currency of a hyper-inflationary economy) are translated into the presentational currency of the Group as follows:

- I. assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- II. income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- III. all resulting exchange differences are recognised as a separate component in the consolidated statement of changes in shareholders' equity under "Foreign currency translation reserve"

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to consolidated statement of changes in shareholders' equity within the "Investments translation reserve". When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

At 31 December 2014

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

Revenue recognition

Income from short-term placements and sukuk investments

Income from short-term placements and sukuk investments is recognized on a time-apportioned basis over the period of the contract using the effective profit rate method. The effective profit rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of a financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective profit rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Fee and commission income

Fees and commission are generally recognised on an accrual basis when the service has been provided. Fees and commission arising from negotiating or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses are recognized on completion of the underlying transaction. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

Placement fees

Placement fees for arranging a financing between a borrower and investor are recognized as income when the financing has been arranged (being the performance of the significant act in relation to this category of revenue).

Dividends

Dividends are recognized when the right to receive payments is established.

Income from investments

Income from investments is recognized when earned.

Rental income

Rental income is accounted for on a straight-line basis over the Ijarah terms.

Sale of completed properties

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Ijarah and ijarah muntahia bittamleek

Revenue is recognised on a time-apportionment basis over the lease term.

Financial investments

Financial investments comprise of investments at fair value through income statement, investments carried at amortised cost and investments at fair value through equity. All investments excluding investment carried at fair value through income statement are initially recognized at cost, being the fair value of the consideration given including transactions costs associated with the investment.

Investments carried at amortised cost

Investments which have fixed or determinable payments that the Group manages on a contractual yields bases are classified as "investments carried at amortised cost". Such investments are initially recognised and subsequently carried at cost, less impairment in value. Any gain or loss on such investment is recognised in the consolidated income statement, when the investment is derecognised or impaired.

At 31 December 2014

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

Financial investments (continued)

Investments at fair value through income statement

Investment securities carried as fair value through income statement includes investments held for trading purposes and investments designated as fair value through income statement. These are initially recognised at cost, being the fair value of the consideration given and are subsequently re-measured at fair value. All related realised and unrealised gains or losses are reported in the consolidated income statement.

Investment at fair value through equity

These are initially recognised at cost, being the fair value of the consideration given and transaction costs. After initial recognition, investments that are classified as "investment at fair value through equity" are re-measured at fair value on individual basis. Unrealised gains or losses arising from a change in the fair value are recognised in the fair value reserve, until it is sold, at which time the cumulative gain or loss previously recognised in equity is included in the consolidated statement of income.

Derivatives held for risk management purposes and hedge accounting

The Group enters into certain Islamic derivative financial instruments to manage the exposure to foreign exchange rate risks including unilateral promise to buy/sell currencies, profit rate risk and equity price risk. Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group documents at its inception of the transaction, the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Net investment hedge

The Group uses Sharia'a compliant forward foreign exchange contracts as a hedge of its exposure to foreign exchange risk on its net investments in foreign subsidiaries, associates and jointly controlled entities.

Gains or losses on the hedging instruments relating to the effective portion of the net investment hedge are recognised directly in equity while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the consolidated income statement.

Fair value hedge

The gains and losses on fair value hedged items and related hedging instruments are recognized in consolidated income statement.

Certain derivative instruments do not qualify for hedge accounting and changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the consolidated income statement.

At 31 December 2014

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

Derivatives held for risk management purposes and hedge accounting (continued)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in equity in the cash flow hedging reserve. The amount recognised in equity is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the income statement. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction the cumulative amount recognised in equity from the period when the hedge was effective is reclassified from equity to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in cash flow hedging reserve is reclassified immediately to the consolidated income statement as a reclassification adjustment.

Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment in real estate, at fair value at each balance sheet date

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Disclosures for valuation methods, significant estimates and assumptions
 Quantitative disclosures of fair value measurement hierarchy
 Investment in real estate
 Financial instruments (including those carried at amortised cost)
 Note 33
 Note 33

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.6 Summary of significant accounting policies (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly
 observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Steering Committee ("STC") determines the policies and procedures for both recurring fair value measurement, such as investment in real estate and unquoted investments at fair value through equity, and for non-recurring measurement, such as assets held for distribution in discontinued operation. The Steering Committee ("STC") comprises of the head of the risk management department, chief finance officer and the senior management.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value is determined for each investment individually in accordance with the valuation policies as set out below;

- i) For quoted investments, the fair value is determined by reference to quoted market bid prices at close of business on the reporting date.
- ii) For unquoted investments, the fair value is determined by reference to recent significant buy or sells transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation method.
- iii) For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.
- iv) Investments which cannot be measured to fair value using any of the above techniques are carried at cost less impairment.

Date of recognition of financial transactions

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

At 31 December 2014

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

Investment in real estate

Properties held for rental, or for capital appreciation purposes, or both, are classified as investment in real estate. Investments in real estate are initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investments in real estate are re-measured at fair value and changes in fair value (only gains) are recognised as property fair value reserve in the consolidated statement of changes in owners' equity.

Losses arising from changes in the fair values of investment in real estate are firstly adjusted against the property fair value reserve to the extent of the available balance and then the remaining losses are recognised in the consolidated income statement. If there are unrealised losses that have been recognised in the consolidated income statement in previous financial periods, the current period unrealised gain shall be recognised in the consolidated income statement to the extent of crediting back such previous losses in the consolidated income statement. When the property is disposed of, the cumulative gain previously transferred to the property fair value reserve, is transferred to the consolidated income statement.

Financing assets

Murabaha and Musawama

Murabaha and Musawama receivables are stated net of unearned profit, any amounts written off and provision for doubtful debts, if any.

Murabaha and Musawama receivables are sales on deferred terms. The Group arranges a murabaha transaction by buying a commodity (which represents the object of the murabaha) and then resells this commodity to Murabeh (beneficiary) after computing a margin of profit over cost. The sale price (cost plus the profit margin) is repaid in installments by the Murabeh over the agreed period.

Investment in ijarah muntahia bittamleek and ijarah assets

These are initially recorded at cost including initial direct costs. Ijarah muntahia bittamleek is a lease whereby the legal title of the leased asset passes to the lessee at the end of the ijarah (lease term), provided that all ijarah installments are settled.

Depreciation is calculated using the straight-line method on all Ijarah Muntahia Bittamleek other than land (which is deemed to have indefinite life), at rates calculated to write off the cost of each asset over its lease term.

For Ijarah assets, the depreciation is calculated using the straight-line method, at rates calculated to write off the cost of the assets over its estimated useful life.

ljarah receivable represent outstanding rentals at the end of the year net of provision for doubtful debts, if any.

Equipment

Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

Furniture and fittings 10
Computer equipment 3-5
Office equipment 5
Vehicles 5



2.6 Summary of significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

A summary of the useful lives and amortisation methods of Group's intangible assets other than goodwill are as follows:

	Software	Trade names and licenses	Brand name
Useful lives :	Finite (3 - 5 years)	Finite (10 years)	Finite (50 years)
Amortization method used :	Amortized on a straight line basis over the periods of availability	Amortized on a straight line basis over the periods of availability	Amortized on a straight line basis over the periods of availability
Internally generated or acquired :	Acquired	Acquired	Acquired

Impairment

Investment securities and other financial assets

Investment securities and other financial assets are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

At 31 December 2014

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Summary of significant accounting policies (continued)

Impairment (continued)

Investment securities and other financial assets (continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective profit rate. Impairment losses on Islamic financing assets and investments in sukuk are measured as the difference between the carrying amount of the financial asset and the present value of estimated cash flows discounted at the assets' original effective profit rate.

Losses, if any, are recognized in the consolidated income statement and reflected in an allowance account created for this purpose. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the consolidated income statement.

The Group determines that fair value through equity investments are impaired when there has been a 'significant' or 'prolonged' decline in the fair value below its cost. This determination of what is 'significant' or 'prolonged' requires judgment and is assessed based on qualitative and quantitative factors, for each fair value through equity investment separately. In making a judgment of impairment, the Group evaluates among other factors, evidence of deterioration in the financial health of the entity, impact of delay in execution, industry and sector performance, changes in technology and operational and financing cash flows or it becomes probable that the investee will enter bankruptcy or other financial reorganization.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Non-current assets held for sale

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets on pro-rata basis. Impairment losses on an asset's initial classification as 'held for sale' and subsequent gains or losses on re-measurement are recognized in the consolidated income statement. Gains are not recognized in excess of any cumulative impairment loss.

2.6 Summary of significant accounting policies (continued)

Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly in equity, in such case, it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years as per tax laws prevalent in the country of incorporation of subsidiaries of the Group.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The applicable tax law for the Bank is the QFC tax law applicable from 1 January 2010. Tax is levied at the rate of 10% on local source taxable income.

Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i) the rights to receive cash flows from the asset have expired;
- ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

Employees' end of service benefits and pension fund

The Bank provides end of service benefits determined in accordance with its regulations and the QFC Employment Regulations, based on employees' salaries and the number of years of service at the reporting date. The Bank also contributes to the GCC national employees' pension accounts with the different GCC Pension Authorities. Pension funds are held and managed by the appropriate Pension Authority. The scheme is mandatory by the state pension law for employees who are GCC nationals. The percentage of employee and employer contribution varies as per the relevant GCC pension laws and the employees receive this money after retirement. This process is governed by the GCC pension laws and administrated by the General Retirement and Social Insurance Authority in Qatar. This is a defined contribution plan as the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2.6 Summary of significant accounting policies (continued)

Other provisions

Provisions for legal claims are recognised when the Group has legal claims or obligations as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

The Group accounts for provisions to be charged to the consolidated income statement for any potential claim or for any expected impairment of assets, taking into consideration the value of the potential claim or expected impairment and its likelihood.

Investment fund portfolios

Investment fund portfolios represent funds belonging to the Group's customers for which the Group has assumed investment management responsibility in accordance with the terms or conditions of the fund. Such funds are invested on behalf of the customers by the Group who acts as an agent or a trustee and accordingly such funds and the attributable investment income or loss are not included in these consolidated financial statements and are directly paid to the customers after deduction of the Group's stated share of profit or commission.

Equity of restricted investment account holders

Equity of restricted investment accountholder balances are those where the depositors instruct the Group to invest the funds in specific investments or at predetermined terms. These funds are invested by the Group in its own name under the terms of a specific Wakala/ Mudaraba contract entered into with the customer. The assets funded by these funds are managed in a fiduciary capacity by the Group for which the Group earns Wakail/Mudarib fee are not included in the consolidated statement of financial position since the Group does not have the right to use or dispose these assets except within the conditions laid down in the Wakala/Mudaraba contract.

Assets held for sale

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

Assets (or disposal groups) classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

All the assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements. If the criteria for held for sale is no longer met, the Group shall cease to classify the asset (or disposal group) as held for sale and shall measure the asset at the lower of its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset (or disposal group) not been classified as held for sale and its recoverable amount at the date of subsequent decision not to sell. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group).

Wakala payables

The Group accepts deposits from customers under Wakala arrangement under which return payable to customers is agreed in the Wakala agreement. There is no restriction on the Group for the use of funds received under Wakala agreements. Wakala payables are carried at cost.

Cash and cash equivalent

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash and due from banks, financial and other institutions which have original maturity of less than three months.

Zakah

The responsibility of payment of Zakah is on individual shareholders of the Bank. QInvest Saudi Arabia (100% owned subsidiary of the Bank), has the obligation to calculate and pay Zakah based on the local rules applicable in the Kingdom of Saudi Arabia on annual basis.

2.6 Summary of significant accounting policies (continued)

Sharia'a Supervisory Board

The Group's activities are subject to the supervision of a Sharia'a Supervisory Board consisting of three members appointed by the general assembly of shareholders.

Treasury shares

These are own equity instruments of the Group which are reacquired through its tender offer to the Bank's shareholders (the Tender Offer). Treasury shares are deducted from equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Group's own equity instruments is recognised directly in equity. No gain or loss is recognised in consolidated income statement on the purchase, sale, issue or cancellation of own equity instruments.

Earnings prohibited by Sharia'a

The Group is committed to avoid recognizing any income generated from non-Islamic source. Consequently, all non-Islamic income is credited to a charity account and the Group uses these funds for various social welfare activities including Sharia'a studies and researches.

Offsetting

Financial assets and financial liabilities should not be offset unless there is an enforceable or legal right to set off the recognised amounts and when the Group intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

The Group is party to a number of arrangements, including master netting agreements, which give it the right to offset financial assets and financial liabilities but where it does not intend to settle the amounts on net basis, the respective assets and liabilities are presented on a gross basis.

Placements with banks and other financial institutions

Placements with banks and other financial institutions are stated at amortised cost net of any amounts written off and provision for impairment.

3 BUSINESS COMBINATION AND GOODWILL

Acquisitions in 2014

Acquisition of EFH S.a.r.l.

On 28 July 2014, Qlnvest acquired 100% of the voting shares of EFH S.a.r.l., a limited liability company incorporated in Luxemburg with register number B142510.

EFH S.a.r.l. is the general partner and the manager of the EFH Funds. EFH Funds SCA SICAV-SIF (EFH Fund) authorised to conduct assets and fund management business.

The acquisition has been accounted for using the acquisition method. The acquired net asset amounted to US\$ 22 thousand based on the carrying amount of the net assets as at the date of acquisition. The cost of acquisition amounted to US\$ 262 thousand with a resultant provisional goodwill of US\$ 240 thousand.

The initial accounting for the above acquisition is only provisional at the year end as the fair value to be assigned to the acquiree's identifiable assets and liabilities could be determined only provisionally. The Group will recognize any adjustments to those provisional values after performing the fair value exercise within one year.

BUSINESS COMBINATION AND GOODWILL (continued)

Acquisitions in 2013

Acquisition and disposal of EFG-Hermes Qatar LLC

On 1 January 2013, Qlnvest acquired 60% of the voting shares of EFG-Hermes Qatar LLC by way of a share subscription. EFG-Hermes Qatar LLC was authorised by the Qatar Financial Centre Authority in December 2007 and is authorised by the Qatar Financial Centre Regulatory Authority on December 2013. The Group has acquired EFG-Hermes Qatar LLC pursuant to the agreement between EFG-Hermes and Qlnvest to facilitate the acquisition of EFG-Hermes entities. The acquisition was accounted for using the acquisition method. The acquired net asset amounted to US\$ 9,124 thousand based on the carrying amount of net assets as at the date of acquisition. The cost of acquisition amounted to US\$ 8,250 thousand with a resultant provisional goodwill of US\$ 2,775 thousand and non-controlling interest of US\$ 3,649 thousand. The net cash inflow on acquisition, net of cash acquired with the subsidiary of US\$ 8,747 thousand, amounted to US\$ 497 thousands.

The transaction lapsed on 10 May 2013, since QInvest and EFG Hermes did not receive the final regulatory approvals as per the agreement terms. The initial consideration paid amounting to US\$ 8,250 thousand was repaid by EFG-Hermes Qatar LLC in May 2013. From the acquisition date; EFG-Hermes Qatar LLC contributed a net loss of US\$ 281 thousands to the Group's results. Identifiable assets acquired and liabilities assumed of EFG-Hermes Qatar LLC as at the date of acquisition were derecognised and a profit of US\$281 thousand was recorded upon disposal.

4 CASH AND BANK BALANCES

	2014 US\$'000	2013 US\$'000
Cash in hand		2
Balances with banks	73,465	35,730
	73,466	35,732

Balances with banks are not profit bearing. Balances with banks have no lien or restrictions placed on them.

4.1 Cash and cash equivalents

	US\$'000	US\$'000
Cash and bank balances	73,466	35,732
Short-term placements (original maturity of less than three months)	140,380	171,235
Cash and cash equivalents	213,846	206,967

2014

2013

2013

2014

5 PLACEMENTS WITH BANKS

		2014			2013	
	Less than three months US\$'000	More than three months US\$'000	Total US\$'000	Less than three months US\$'000	More than three months US\$'000	Total US\$'000
Wakala placements with banks	140,380		140,380	171,235	3,600	174,835
Commodity murabha receivables		_	_	-	11,400	11,400
	140,380		140,380	171,235	15,000	186,235

6 FINANCING ASSETS

a) By type:

	US\$'000 US\$'0
Murabaha	269,332 169,5
Wakala	6,000
ljarah financing	- 46,3
	275,332 215,9

All financing assets were performing and no impairment provision has been made.

b) By industry:

	2014	2013
	US\$'000	US\$'000
Hospitality	42,000	50,000
Media	20,250	30,375
Oil & Gas	45,000	-
Financial institutions	18,425	15,034
Real estate	24,930	72,816
Telecom	41,500	-
Transport	43,405	-
Manufacturing	39,822	-
Services	<u> </u>	47,724
	275,332	215,949

c) By market:

	2014 US\$'000	2013 US\$'000
Developed markets	162,582	101,680
Emerging markets	112,750	114,269
	275,332	215,949

At 31 December 2014

7 INVESTMENT SECURITIES

	Notes	2014 US\$'000	2013 US\$'000
Equity			
Fair value through income statement	7.1	123,250	138,006
Fair value through equity	7.2	19,520	102,856
		142,770	240,862
Sukuk			
Fair value through income statement	7.3	27,697	15,305
Debts-type investments carried at amortised cost	7.3	53,843	55,523
		81,540	70,828
		224,310	311,690

Notes:

- (i) The ratings of debt instruments are given in Note 32 to the consolidated financial statements. The fair value of debt-type investments carried at amortised cost as at 31 December 2014 is US\$ 44.6 million (31 December 2013: US\$ 51.57 million).
- (ii) The fair value hierarchy of investment securities is disclosed in Note 33 to the consolidated financial statements.
- (iii) The lien on investment securities is disclosed in Note 13 to the consolidated financial statements.

7.1 Equity - Fair value through income statement

	2014 US\$'000	2013 US\$'000
Direct Investments	73,861	97,007
Mutual funds	49,389	40,999
	123,250	138,006

Notes:

- (i) QInvest investment in Sharia'a Funds are managed and their performance evaluated on a fair value basis, in accordance with the investment strategy of the Bank.
- (ii) There are no significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of the above mentioned investments to transfer funds to the Bank in the form of cash dividends, or repayment of loans or advances.



2014

2013

7 INVESTMENT SECURITIES (continued)

7.2 Equity - Fair value through equity

		2014		2013		13	
	Quoted US\$'000	Unquoted US\$'000	Total US\$'000	Quoted US\$'000	Unquoted US\$'000	Total US\$'000	
Mutual funds			-		30,158	30,158	
Equity instruments	-	19,520	19,520	130,821	10,549	141,370	
	-	19,520	19,520	130,821	40,707	171,528	
Less: provision for impairment	-	-	_	(43,672)	(25,000)	(68,672)	
	-	19,520	19,520	87,149	15,707	102,856	

7.2.1 Fair value through equity – Quoted

	2014 US\$'000	US\$'000
As at 1 January	130,821	149,569
Disposals	(124,300)	(33,906)
Transferred to assets of a subsidiary held for sale	(6,521)	
Fair value changes during the year	-	15,158
	-	130,821

7.2.2 The movement in impairment of equity-type instruments carried at fair value through equity as follows:

	US\$'000	US\$'000
As at 1 January	68,672	84,293
Transferred to assets of a subsidiary held for sale	(3,354)	_
Write-off	(25,000)	_
Recycling to income upon disposal	(40,318)	(15,621)
		68,672

7.2.3 The cumulative change in fair value of equity-type instruments designated as fair value through equity, during the year is as follows:

	2014					
	Positive fair value US\$'000	Negative fair value US\$'000	Total US\$'000	Positive fair value US\$'000	Negative fair value US\$'000	Total US\$'000
Balance at 1 January	18,479	(228)	18,251	1,260	(1,987)	(727)
Net change in fair value	11,024	93	11,117	17,219	(121)	17,098
Transferred to consolidated income statement	(15,980)	135	(15,845)	_	1,880	1,880
	13,523	-	13,523	18,479	(228)	18,251

At 31 December 2014

7 INVESTMENT SECURITIES (continued)

7.3 Sukuk investments

	2014					
	Fixed profit rate US\$'000	Floating profit rate US\$'000	Total US\$'000	Fixed profit rate US\$'000	Floating profit rate US\$'000	Total US\$'000
Fair value through income statement	27,697		27,697	15,305		15,305
Debt-type investments carried at amortised cost	51,650	2,193	53,843	52,080	3,443	55,523
	79,347	2,193	81,540	67,385	3,443	70,828

8 SUBSIDIARIES HELD FOR SALE

8.1 Q West S.A.S.

The assets and liabilities related to Q West S.A.S., a 100% owned subsidiary incorporated in France, have been presented as held for sale following the approval and the active disposal plan of the Group's management in December 2014. The disposal is expected to complete in 2015. Assets and liabilities of QWest S.A.S are listed below:

(a) Assets of a subsidiary held for sale

Cash and bank balances Fair value through equity investments Other assets Other assets 12 (b) Liabilities of a subsidiary as held for sale Other liabilities Other liabilities Other massets Other liabilities (c) Profit from a subsidiary held for sale Income from investments carried at fair value through equity Loss from investments carried at fair value through statement of income Other income Other income 10,324 2014 US5'000 2014 US5'000 11,651) Other income 11,029	2013 US\$'000
Fair value through equity investments Other assets City	
Other assets 12 (b) Liabilities of a subsidiary as held for sale 2014 US\$'000 Other liabilities 5,134 (c) Profit from a subsidiary held for sale 2014 US\$'000 Income from investments carried at fair value through equity 28,680 Loss from investments carried at fair value through statement of income (11,651) Other income -	
(b) Liabilities of a subsidiary as held for sale Other liabilities (c) Profit from a subsidiary held for sale Income from investments carried at fair value through equity Loss from investments carried at fair value through statement of income Other income 16,857 2014 US\$'000 28,680 10,000 11,651) 11,651) 11,651)	_
Other liabilities (c) Profit from a subsidiary held for sale (c) Profit from a subsidiary held for sale Income from investments carried at fair value through equity Loss from investments carried at fair value through statement of income Other income Other income	-
Other liabilities (c) Profit from a subsidiary held for sale (c) Profit from a subsidiary held for sale Income from investments carried at fair value through equity Loss from investments carried at fair value through statement of income Other income Other income	
(c) Profit from a subsidiary held for sale 2014	2013 US\$'000
Income from investments carried at fair value through equity Loss from investments carried at fair value through statement of income Other income 28,680 (11,651) -	_
Income from investments carried at fair value through equity Loss from investments carried at fair value through statement of income Other income Us\$'000 28,680 (11,651) -	
Loss from investments carried at fair value through statement of income Other income (11,651)	2013 US\$'000
Other income -	4,197
	1,421
17,029	664
	6,282
General and administrative expenses (320)	(93)
Finance expenses (406)	(880)
Profit before tax 16,303	5,309
Tax expense (15,754)	(2,237)
Net profit for the year 549	3,072

At 31 December 2014



8 SUBSIDIARIES HELD FOR SALE (continued)

8.2 Q Land Real Estate SPC

During 2013, Q Land Real Estate SPC, a related party owned subsidiary was consolidated and classified as held for sale based on the management judgements on consolidation of structured entity as disclosed in Note 29 to the consolidated financial statement.

During the year, the properties of Q Land Real Estate SPC were sold and assets and liabilities classified as held for sale as at 31 December 2013 are no longer included in the statement of financial position. The results of the operations of Q Land Real Estate SPC previously presented in discontinued operations have been reclassified and included in income from continuing operations for all periods presented. Net gain of US\$ 12.7 million (2013: US\$ 1.1 million) was recorded as gain from investment in real estate under income from investments, refer to Note 20.2.

The total assets and liabilities of Q Land Real Estate SPC, classified as a subsidiary held for sale as at 31 December 2013 are, as follows:

	2014 US\$'000	2013 US\$'000
Total assets		83,278
		•
Total liabilities		1,447
INVESTMENT IN ASSOCIATES		
	2014	2013
	US\$'000	US\$'000
As at 1 January	25,944	27,140
Transfers during the year	32,911	-
Share of profit/(loss) of associates	2,298	(1,985)
Share of reserves	2,053	
Impairment of investment in an associate	(2,000)	
Foreign exchange (losses)/gains	(3,657)	789
	57,549	25,944

The Group has the following investment in associates:

		31 December 2014			31 December 2013	
	Country of Incorporation	Ownership	Amount US\$'000	Ownership	Amount US\$'000	
Panmure Gordon & Co. PLC	United Kingdom	43.4%	24,238	43.4%	25,944	
Ambit Corporate Finance Private Limited	India	29.89%	33,311	-	_	
			57,549		25,944	

At 31 December 2014

9 INVESTMENT IN ASSOCIATES (continued)

The financial position, revenue and results of associates based on financial statements, as at and for the year ended 31 December are as follows:

	Panmure Gordon & Co. Plc. US\$'000	Ambit Corporate Finance Private Limited US\$'000	Total US\$′000
31 December 2014			
Total assets	82,682	90,091	172,773
Total liabilities	31,213	34,577	65,790
Total revenue	47,275	14,169	61,444
Net profit	1,946	6,228	8,174
Share of profit	436	1,862	2,298
Share of reserves	-	2,053	2,053
Impairment loss		(2,000)	(2,000)
31 December 2013			
Total assets	108,240	_	108,240
Total liabilities	54,068	_	54,068
Total revenue	45,014	-	45,014
Net gain	436	-	436
Share of loss	(1,985)		(1,985)

Notes:

- (i) Panmure Gordon & Co. PLC is listed on the Alternative Investment Market (AIM) in the UK. The closing share price of Panmure Gordon was GBp 129 as at 31 December 2014 (31 December 2013: GBp 159) having fair value of US\$ 13.6 million (31 December 2013: US\$ 17.7 million).
- (ii) As per the share purchase agreement dated 24 April 2014, the Bank received 274,206 additional shares of Ambit Corporate Finance Private Ltd (Ambit) as consideration for certain investment transfer to Ambit and the Bank shareholding in Ambit was increased to 29.89% from 25.32% in 2013.

Due to increase in ownership and change in intention underlying the holding of an equity stake in Ambit Corporate Finance Limited, the Group obtained significant influence over Ambit. Management changed the method of accounting from fair value through income statement investment to investment in associate accounting effective from 30 April 2014.

Ambit Corporate Finance Private Ltd is a private company and there is no quoted market price available for its shares.

(iii) There are no contingent liabilities relating to the Group's interest in the associates.

At 31 December 2014



10 INVESTMENT IN REAL ESTATE

	2014	2013
	US\$′000	US\$'000
At 1 January	72,266	76,352
Net gain/(loss) from fair value adjustment	740	(7,214)
Exchange adjustment	(8,513)	3,128
At 31 December	64,493	72,266

Investment in real estate consists of two leased commercial properties in France.

Investment in real estate is stated at fair value as at 31 December each year, which has been determined based on valuations performed by independent surveyors and industry specialists in valuing these types of investment properties.

The Group has no restrictions on the reliability of its investment in real estate and no contractual obligations to either purchase, construct or develop investment in real estate or for repairs, maintenance and enhancements.

The Group has pledged these investment properties as collateral for certain profit bearing financing liabilities as disclosed in Note 13 to the consolidated financial statements.

11 OTHER ASSETS

		2014	2013
	Notes	US\$'000	US\$'000
Deferred tax assets	24		20,571
Security deposit and margin call receivables (i)		9,222	10,186
Fee and commission income receivables – net (ii)		6,293	4,238
Derivative financial instruments	11.1	19,982	3,730
Equipment	11.2	3,270	4,467
Intangible assets	11.3	485	479
Accrued income on placements		7,274	3,023
Accrued income on Sukuk		1,449	1,356
Prepayments		2,708	1,933
Others		4,301	4,560
		54,984	54,543

Notes:

- (i) Security deposit in amount of US\$ 9.22 million (2013: US\$ 10.1 million) includes cash collateral at National Bank of Kuwait for financing liability as disclosed in Note 25 to the consolidated financial statements.
- (ii) During the year, the Bank has recorded an impairment loss of US\$ 2,038 thousand (2013: US\$ 233 thousand) on certain fee and commission income receivable from third parties.

At 31 December 2014

11 OTHER ASSETS (continued)

11.1 Derivative financial instruments

The table below shows the positive and negative fair values of derivative financial instruments. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are not indicative of the Group's exposure to credit risk, which is generally limited to the positive or negative fair value of the derivatives. Derivative contracts are Sharia'a compliant and were approved by the Sharia'a Supervisory Board of the Group.

			2014			2013	
		Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
a)	Held for trading						
	Options		_		1,403	-	128,510
	Profit rate swaps	-	_	-	1,030	1,030	72,053
		-	-		2,433	1,030	200,563
b)	Held as fair value hedges						
	Currency option	125	-	15,000	1,297	-	15,000
c)	Held as hedge of net investment						
	in foreign operations						
	Forward foreign exchange contracts	9,554	-	223,002		7,486	179,495
d)	Derivatives used as cash flow hedges						
	Cross currency profit rate swaps	10,303	1,980	71,242	-	439	26,242
		19,982	1,980	309,244	3,730	8,955	421,300





11 OTHER ASSETS (continued)

11.2 Equipment

Equipment	Furniture & fittings US\$'000	Computer equipment US\$'000	Office equipment US\$'000	Vehicles US\$'000	Total US\$'000
Cost					
As at 1 January 2014	6,617	2,573	1,359	479	11,028
Additions during the year	-	59	-	-	59
Disposals during the year	-	-	-	-	-
Balance as at 31 December 2014	6,617	2,632	1,359	479	11,087
Depreciation					
As at 1 January 2014	2,630	2,448	1,064	419	6,561
Charge for the year	902	103	234	17	1,256
Disposals during the year	-	-	-	-	-
Balance as at 31 December 2014	3,532	2,551	1,298	436	7,817
Net book value as at 31 December 2014	3,085	81	61	43	3,270
	Furniture & fittings US\$'000	Computer equipment US\$'000	Office equipment US\$'000	Vehicles US\$'000	Total US\$'000
Cost					
As at 1 January 2013	7,120	2,576	1,439	479	11,614
Additions during the year	18		27	<u>-</u>	45
Disposals during the year	(521)	(3)	(107)	<u> </u>	(631)
Balance as at 31 December 2013	6,617	2,573	1,359	479	11,028
Depreciation					
As at 1 January 2013	2,044	2,197	843	357	5,441
Charge for the year	710	253	266	62	1,291
Disposals during the year	(124)	(2)	(45)	-	(171)
Balance as at 31 December 2013	2,630	2,448	1,064	419	6,561

At 31 December 2014

11 OTHER ASSETS (continued)

11.3 Intangible assets

12

Intangible assets	Software US\$'000	Trademark & licenses US\$'000	Goodwill US\$'000	Total US\$'000
Cost				
As at 1 January 2014	2,457	427	-	2,884
Additions		-	240	240
Balance as at 31 December 2014	2,457	427	240	3,124
Amortization				
As at 1 January 2014	2,170	235		2,405
Charge for the year	191	43	_	234
Balance as at 31 December 2014	2,361	278	<u>-</u>	2,639
Net book value as at 31 December 2014	96	149	240	485
Cont		Software US\$'000	Trademark & licenses US\$'000	Total US\$'000
Cost		2.457	427	2.004
As at 1 January 2013 Balance as at 31 December 2013		2,457 2,457	427 427	2,884
Balance as at 31 December 2013		2,45/	427	2,884
Amortization				
As at 1 January 2013		1,829	192	2,021
Charge for the year		341	43	384
Balance as at 31 December 2013		2,170	235	2,405
Net book value as at 31 December 2013		287	192	479
SHORT TERM BORROWINGS				
			2014 US\$'000	2013 US\$'000
Wakala payable				84,066
			-	84,066

At 31 December 2014



13 LONG TERM BORROWINGS

	2014	2013
	US\$'000	US\$'000
Financial institutions	158,639	103,001
Other institutions	20,706	36,126
	179,345	139,127

Notes:

- (i) The Group has pledged fair value through equity investments amounting to Nil (2013: US\$ 87.149 million) as collateral for certain profit bearing financing liabilities.
- (ii) The Group has pledged investment in real estate owned by Verdi Luxembourg SARL, disclosed in Note 10 to the consolidated financial statements as collateral for financing arrangement with National Bank of Kuwait for an amount of Euro 35 million.

14 OTHER LIABILITIES

	2014	2013
	US\$'000	US\$'000
Payables	4,005	3,435
Other accruals	10,140	14,868
Employees' end of service benefits	2,931	2,116
Derivative financial instruments (Note: 11.1)	1,980	8,955
Zakah payable	161	162
Provision for taxation (Note: 24)	2,960	_
Other provisions	-	887
	22,177	30,423
Movement in employees' end of service benefits is as follows:		
	2014	2013
	US\$'000	US\$'000
Balance at 1 January	2,116	2,202
Charge for the year (Note: 22)	1,155	841
Payments during the year	(340)	(927)
	2,931	2,116

At 31 December 2014

15 SHARE CAPITAL AND SHARE PREMIUM

15.1 Share capital

	2014	2013
	US\$'000	US\$'000
Authorized capital		
1,000 million shares of US\$ 1 each	1,000,000	1,000,000
Issued and fully paid-up capital		
750 million shares of US\$ 1 each	750,000	750,000
	750,000	750,000

All shares issued are of the same class and carry equal rights.

The shareholding structure of the Bank is as follows:

	31 Decemb	31 December 2014		r 2013
	% holding	Number of Shares US\$'000	% holding	Number of Shares US\$'000
Qatar Islamic Bank S.A.Q	47.15%	353,625,000	47.15%	353,625,000
QInvest held in treasury (Note: 16)	5.95%	44,642,857	-	-
Khaleeji Commercial Bank	4.46%	33,482,657	4.46%	33,482,657
Qatar Armed Forces	2.00%	15,000,000	2.00%	15,000,000
Others	40.43%	303,249,486	46.39%	347,892,343
	100.00%	750,000,000	100%	750,000,000

15.2 Share premium

On 4 June 2009, the Bank announced a rights issue of shares at US\$ 1.03 per share. The total number of new shares that were issued under the rights issue was 250 million. Accordingly the share premium account was credited with US\$ 7.5 million (At 3 US cents per share).

16 TREASURY SHARES

The Board of Directors of the Bank has resolved to acquire, by way of a tender offer to the Bank's shareholders (the Tender Offer), up to 44,642,857 shares in the Bank (the Buyback Shares) at a price of US\$ 1.12 per share (the Purchase Price).

The Extraordinary General Assembly held on 24 February 2014, approved pursuant to article 32 of the QFC Companies Regulation 2005 (amended) and clause 25 of the Company's Article of Association to purchase 44,642,857 of the Bank own shares at a price of US\$ 1.12 per share.

Announcement of the outcome of the Tender Offer was made in March 2014 and subsequently wire transfer orders were placed in respect of the purchased shares by end of March 2014. The Bank decided to hold the purchased shares in treasury. The purchased shares will not be entitled to any dividends, distribution, voting or other equity related rights declared by the Bank.

The Bank acquired 44,642,857 treasury shares for a total consideration of US\$ 50 million in March 2014.



17 RESERVES

17.1 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of assets and liabilities and gains and losses on derivatives that hedge the Bank's net investment in foreign operations.

17.2 Investments fair value reserve

The investments fair value reserve includes the cumulative net change in the fair value of fair value through equity investments, excluding impairment losses, until the investment is derecognised. This also includes the Bank's share of the fair value changes on fair value through equity investments of associate.

	Foreign currency translation reserve US\$'000	Hedging reserve US\$'000	Cash flow hedge reserve US\$'000	Cumulative changes in fair value US\$'000	Total US\$'000
At 1 January 2013	(18,192)	5,058		(727)	(13,861)
Adjustment on correction of error (Note 2.4)	-	11,995	-	-	11,995
As at 1 January 2013 (restated)	(18,192)	17,053		(727)	(1,866)
Foreign operations – foreign currency					
translation differences	3,834	<u> </u>	-		3,834
Effective portion of changes in net					
investment in foreign operation hedges	-	(5,850)	-	-	(5,850)
Net unrealised gains on cash flow hedges	-	-	439		439
Net gains on cash flow hedges reclassified					
to the income statement	-	-	(203)	-	(203)
Reclassified to other assets	-	-	(236)	-	(236)
Net movement in fair value reserve	-	-	-	18,978	18,978
As at 31 December 2013 (restated)	(14,358)	11,203	-	18,251	15,096
Foreign operations – foreign currency					
translation differences	(20,474)	<u> </u>			(20,474)
Effective portion of changes in net					
investment in foreign operation hedges		19,353	-		19,353
Net unrealised gains on cash flow hedges			8,323		8,323
Net gains on cash flow hedges reclassified					
to the income statement		<u> </u>	(6,467)		(6,467)
Reclassified to other assets	-	-	(22)	-	(22)
Net movement in fair value reserve	-	-	-	(6,781)	(6,781)
Share of reserves of equity					
accounted associates				2,053	2,053
At 31 December 2014	(34,832)	30,556	1,834	13,523	11,081

At 31 December 2014

18 FEE AND COMMISSION INCOME

	2014	2013
	US\$'000	US\$'000
Advisory fee income	23,404	6,673
Asset management fees (i)	1,659	390
	25,063	7,063

Note:

20

(i) Asset management fees relate to fees earned by the Group on trust and fiduciary activities in which the Group holds or invests assets on behalf of its customers.

19 INCOME FROM FINANCING ASSETS

		2014	2013
		US\$'000	US\$'000
Income from Murabaha/Wakala		20,872	7,299
Income from Ijarah Muntahia Bittamleek		3,328	2,301
		24,200	9,600
NET GAIN FROM INVESTMENTS			
		2014	2013
	Notes	US\$'000	US\$'000
Net income from financial investments	20.1	7,635	14,587
Net income/(loss) from investments in real estate	20.2	19,391	(143)
		27.026	14.444

At 31 December 2014



20 NET GAIN FROM INVESTMENTS (continued)

20.1 Net income from financial investments

	2014 US\$'000	201 US\$'00
Income from 'fair value through equity' investments		
Gain on sale	135	1,45
Dividend income	590	1,16
	725	2,62
Income from 'held for trading' investments, net		·
Gain on sale	40	90
Coupon income on Sukuk	1,405	1,03
Fair value changes	(1,682)	(87
	(237)	1,06
Income from financial assets designated at fair value through income statement		
Fair value changes	891	5,82
Realised gain on sale of investments	1,460	13
	2,351	5,95
Income from investments carried at amortized cost		
Income from amortized cost sukuk	4,130	3,20
Income from derivative financial instrument		
Income from derivatives	666	1,73
	7,635	14,58
Net income/(loss) from investment in real estate		
	2014	20
	US\$'000	US\$'00
Rental income derived from investments in real estate	5,865	5,95
Net gain/(loss) from fair value adjustment	740	(7,21
Gain from real estate investments in Q Land Real Estate SPC	12,786	1,11
	19,391	(14:
OTHER INCOME		
	2014	20
	US\$'000	US\$'0
Foreign exchange gains/(losses)	1,024	(3,52
Reversal of excess accrued expenses	1,024	
<u> </u>	1,024	3,50
Reversal of excess accrued expenses	1,024 - - - 161 1,185	(3,526 3,50 28 13

At 31 December 2014

22 STAFF COSTS

22 STAFF COSTS	2014	2013
	US\$'000	US\$'000
Salaries	13,333	12,975
Other staff benefits	10,829	7,335
End of service benefits (Note:14)	1,155	841
	25,317	21,151
23 GENERAL AND ADMINISTRATIVE EXPENSES		
	2014	2013
	US\$'000	US\$'000
Premises cost	3,031	3,429
IT and communication expenses	2,205	2,237
Advertisement and marketing expenses	387	325
Legal, professional and Sharia expenses	3,225	3,296
Travel related expenses	975	881
Other expenses	715	556
	10,538	10,724
24 INCOME TAX		
24.1 Income tax expense		
The major components of the tax (expense)/credit for the year 2014 and 2013 are:		
	2014	2013
	US\$'000	US\$'000
Current income tax:		
Current income tax charge	(7,916)	(3,834)
Deferred income tax:		
Relating to origination and reversal of temporary differences	(16,435)	6,504
Recognition of previously unrecognised tax losses	-	1,852
	(16,435)	8,356
Income tax expense	(24,351)	4,522
Transferred to subsidiary held for sale	15,754	2,237
Income tax credit/(expenses) included in the consolidated income statement	(8,597)	6,759
meome tax creativics/penses/ included in the consolidated income statement	(0,337)	0,733

At 31 December 2014



24 INCOME TAX (continued)

24.2 Provision for taxation

	2014	2013
	US\$'000	US\$'000
Closing balance as at 31 December	2,960	
Deferred tax		
Deferred tax relates to the following:		
, and the second	2014	2013
	US\$'000	US\$'000
Deferred tax assets		22,133
Deferred tax liabilities	-	(1,562)
Deferred tax assets/(liabilities) (net)	<u> </u>	20,571
Reconciliation of deferred tax assets (net):		
	2014	2013
	US\$'000	US\$'000
Opening balance as of 1 January	20,571	20,201
Tax income/(expense) during the period recognised in income statement	(16,435)	8,356
Tax income/(expense) during the period recognised in equity	(4,136)	(7,986)
Closing balance as at 31 December	-	20,571

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

25 CONTINGENT LIABILITIES, COMMITMENTS AND PROVISIONS

	2014 US\$'000	2013 US\$'000
Investment commitments (a)	32,562	
Forward foreign exchange contracts	223,002	179,495
Letters of guarantee (b)	12,959	12,959
Bank guarantee (c)	14,520	16,158
Operating lease commitments (d)	2,728	5,608
Financing commitment (e)	93,500	45,000

At 31 December 2014

25 CONTINGENT LIABILITIES, COMMITMENTS AND PROVISIONS (continued)

Notes:

- (a) At 31 December 2014, the Group has investment commitments in respect of financial investments amounting to US\$ 17.6 million (2013: Nil).
- (b) Subsidiary of the Group, Q Green has given financial guarantees to banks committing to make payments in the event of a specific act. These guarantees have been given on behalf of Q Green's investee companies. Liability under these guarantees is limited solely to Q Green and QInvest as a group (excluding Q Green) cannot be required to honour these guarantees. Accordingly, amount of guarantees has been limited to Q Green Capital of US\$12.9 million. Q Green does not expect these guarantees to be called.
- (c) During 2013, Verdi Luxembourg SARL, a 100% owned subsidiary, entered into a financing arrangement with National Bank of Kuwait for an amount of Euro 35 million. As part of the security package under the Financing Agreement, the Group has provided a cash collateral of Euro 7.4 million against its pending litigation with its tenants, and the Parent company has made a drawdown facility in maximum amount of Euro 4.6 million to cover any payments to be made by Verdi Luxembourg SARL under the dispute and / or as a result of the 3% rent increase clauses being voided by French courts.
- (d) Future minimum lease payments:

	2014	2013
	US\$'000	US\$'000
Not later than one year	2,728	2,586
Later than one year and not later than five years	-	3,022
	2,728	5,608

(e) This represents the Group's commitments for financing facilities at the end of the reporting period.

(f) Provision for legal claims

The amount represents a settlement for certain legal claims brought against the Group by the liquidators of Silver Leaf Capital Partners LLC amounting to US\$ 1 million and a provision amounting to US\$ 1.5 million for certain legal claims brought against a 100% owned subsidiary of the Group by the tenant of the buildings.

The provision charge is recognised in income statement within 'Provision for legal claims'.

In management opinion, after taking appropriate legal advice, the outcome of the legal claims that was bought against the subsidiary will not give rise to any significant loss beyond the amounts provided for at 31 December 2014.

(g) Proposed dividends

A dividend in respect of the year ended 31 December 2014 of US\$ 2 cents per share, amounting to a total dividend of US\$ 14,107,142 is to be proposed at the Annual General Meeting on 22 February 2015. These consolidated financial statements do not reflect this dividend payable.

At 31 December 2014



2012

2014

26 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and key management personnel of the Group.

The related party transactions and balances included in these consolidated financial statements are as follows:

2014 US\$'000	US\$'000
20,458	25,706
4,694	_
16,182	98,914
8,000	
2014 US\$'000	2013 US\$'000
12,188	468
152	205
	20,458 4,694 16,182 8,000 2014 US\$'000

Key management personnel of the Group comprise the Board of Directors and key members of management having authority and responsibility for planning, controlling and directing the activities of the Group.

Transactions with key management personnel:

	2014	2013
	US\$'000	US\$'000
Salaries, incentives and other short term benefits	4,383	3,686
Post employment benefits	143	126

27 ZAKAH

Pursuant to the decision of the shareholders' in the first General Assembly of the Bank on 28 May 2008, the Bank is required to calculate and notify individual shareholders of their pro-rata share of the Zakah payable per share. These calculations are approved by the Group's Sharia'a Supervisory Board.

Zakah is directly borne by the shareholders. The Bank does not deduct or pay Zakah on behalf of its shareholders. Zakah payable by the shareholders is computed by the Bank on the basis of the method prescribed by the Bank's Sharia'a Supervisory Board and notified to shareholders annually. The Zakah payable for 2014 would be US\$ 0.02 (2013: US\$ 0.03) for every share held.

QInvest Saudi Arabia (100% owned subsidiary of the Bank), has the obligation to calculate and pay Zakah based on the local rules applicable in the Kingdom of Saudi Arabia on annual basis.

At 31 December 2014

28 SHARIA'A SUPERVISORY BOARD

The Group's Sharia'a Supervisory Board consists of three Islamic scholars who review the Group's compliance with general Sharia'a principles and specific fatawa, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the Group to ensure that its activities are conducted in accordance with Islamic Sharia'a principles.

29 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Classification of subsidiary held for sale

The Group classifies non-current assets or a disposal group as 'held for sale' if its carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. In addition, the sale is expected to be completed within one year from the date of classification. The expected time of completion of sale and management's plan to sell is based on management assumptions in relation to the condition of the asset and its current performance and requires judgment. There is no certainty on the execution and completion of the sale transaction and any changes in the plan to sell may cause the classification of the disposal group to be changed and consequently the basis of measurement, presentation and disclosure in the consolidated financial statements.

Verdi Luxembourg SARL, a limited liability company incorporated under the laws of Luxembourg, has been reclassified from 'Held for Sale' to normal subsidiary during 2013 due to change in management plans. Verdi assets have accordingly been re-measured at the lower of (a) carrying amount before the subsidiary was classified as held for sale, and (b) recoverable amount at the date of the subsequent decision not to sell.

During 2013, the Group has classified the assets of its consolidated structured entity, 'Q Land Real Estate SPC', a single person company duly incorporated and validly existing under the laws of the State of Qatar, as held for sale. All the assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements.

During 2014, as the properties of Q Land Real Estate SPC were sold, the assets and liabilities classified as held for sale as at 31 December 2013 are no longer included in the statement of financial position. The results of operations of Q Land Real Estate SPC previously presented in discontinued operations have been reclassified and included in income from continuing operations for all periods presented.

During 2014, the assets and liabilities related to Q West S.A.S. (100% owned subsidiary, incorporated in France) have been presented as held for sale following the approval of the Group's management.

For more details, refer to Note 8 on the subsidiary held for sale.

At 31 December 2014



29 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Consolidation of a structured entity

During the year 2013, Qlnvest ("the Group") entered into a Murabaha agreement with Q Land Real Estate SPC (" Q land") that holds the legal ownership of properties leased (the "properties"). Under the terms of a commodity Murabaha agreement (without transfer of the legal ownership of the properties), Qlnvest provided a financing of US\$ 79.6 million (QAR 290 million) to Q Land.

In addition to fixed return on Murabaha, Qlnvest was entitled to 100% of any additional proceeds from the properties. The Murabaha was secured by a mortgage over the properties and an assignment of the lease proceeds to the Group.

In addition and despite the fact that the Group was not a direct or indirect shareholder in Q Land Real Estate SPC, it had been granted several controlling rights over Q Land Real Estate SPC under an irrevocable power of attorney granted in favor of QInvest for managing, disposing, renting etc. the properties and the Articles of Association of Q Land Real Estate SPC which prohibit Q Land Real Estate SPC from including, but not limited to, disposing of or providing mortgage over any of Q Land Real Estate SPC's assets, appointing and removing Q Land Real Estate SPC's directors, liquidating or dissolving Q Land Real Estate SPC, obtaining any loans from financial institutions and providing any covenants or security in this regard, etc. without the prior written approval of QInvest.

The Group had considered all relevant facts and circumstances in assessing whether it had power over an investee and concluded that Group had the right of variable returns arising from Q Land Real Estate SPC and had the ability to use its power to affect these returns. Therefore, Q Land Real Estate SPC was consolidated in the Group's consolidated financial statements.

During 2014, The Group exercised control and sold the properties owned by Q Land Real Estate SPC.

Estimates and assumptions

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

Useful lives of equipment and intangible assets

The Group estimates the useful life of equipment and intangible assets with finite lives by taking account of the expected pattern of economic benefit that the Group expects to derive from the asset. This is based on the judgment of the Group entities after taking consideration of useful lives of similar assets of comparable entities.

Revaluation of investment in real estate

The Group engaged an independent valuation specialist to assess fair value as at 31 December 2014 for investment in real estate.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

At 31 December 2014

29 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Taxes (continued)

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of fair value through equity investments

The Group determines that fair value through equity investments are impaired when there has been a 'significant' or 'prolonged' decline in the fair value below its cost. This determination of what is 'significant' or 'prolonged' requires judgment and is assessed based on qualitative and quantitative factors, for each fair value through equity investment separately. In making a judgment of impairment for fair value through equity investments, the Group evaluates among other factors, evidence of deterioration in the financial health of the entity, impact of delay in execution, industry and sector performance, changes in technology and operational and financing cash flows or whether it becomes probable that the investee will enter bankruptcy or other financial reorganization.

Valuation of investments designated at fair value through income statement

The fair value of unquoted investments designated at fair value through income statement is determined by management using various valuation techniques. Valuation techniques employed include using a market multiples approach, a discounted cash flow analysis and a comparable transaction approach amongst others. These techniques require management to make certain assumptions and estimates about expected future cash flows, revenues, profits and expected market conditions. Management ensures that in all cases these assumptions are reasonable and realistic.

The chosen valuation techniques make maximum use of market inputs as well as on entity-specific inputs. They incorporate all factors that market participants would consider in setting a price and are consistent with accepted economic methodologies for pricing financial instruments. Periodically, the Group calibrates the valuation techniques and test them for validity using prices from any observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

30 SEGMENT INFORMATION

The Group assets and liabilities are monitored by management on basis of industry segment and geographic location.

For management purposes, the Group is divided into below mention industry segments which are as follows:

- Oil and gas
- Banks and other financial institutions
- Real Estate
- Transport
- Services
- Others

At 31 December 2014



30 SEGMENT INFORMATION (continued)

Unallocated assets, liabilities and revenues are related to certain central functions and non-core business operations, eg. common property & equipment, cash functions and development projects and related payables, net of intra-group transactions.

Management monitors the operating results of the industry segments separately to make decisions about resource allocation and performance assessment.

The following tables summarize the industry and geographical concentration of Group assets, liabilities and related performance:

(a) By industry segment

		Banks and other financial					Total
31 December 2014	Oil & gas US\$'000	institutions US\$'000	Real estate US\$'000	Transport US\$'000	Services US\$'000	Other US\$'000	carrying value US\$'000
ASSETS							
Cash and bank balances	-	73,466	-	-	-	-	73,466
Placements with banks	-	140,380	-	-	-	-	140,380
Financing assets	45,000	18,425	24,930	43,405	62,250	81,322	275,332
Investment securities	-	114,365	69,831	-	40,114	-	224,310
Assets of a subsidiary held for sale	_	-	-	-	16,857	_	16,857
Investment in associates	-	57,549	-	-	_	-	57,549
Investment in real estate	-	_	64,493	-	_	-	64,493
Other assets	1,763	17,764	9,771	-	6,415	19,271	54,984
TOTAL ASSETS	46,763	421,949	169,025	43,405	125,636	100,593	907,371
LIABILITIES							
Short term borrowings	_	_	_	-	_	_	
Long term borrowings	_	158,641	_	_	20,704	_	179,345
Liabilities of a subsidiary held for sale	_	_	_	-	5,134	-	5,134
Other liabilities	_	4,939	4,065	-	489	12,684	22,177
TOTAL LIABILITIES		163,580	4,065	-	26,327	12,684	206,656
Consolidated income							
statement items							
Revenue	2,663	18,797	34,448	3,152	15,707	7,329	82,096
Expenses, impairment and tax		(4,700)	(3,100)	-	(2,857)	(47,283)	(57,940)
PROFIT/(LOSS)	2,663	14,097	31,348	3,152	12,850	(39,954)	24,156

At 31 December 2014

30 SEGMENT INFORMATION (continued)

(a) By industry segment (continued)

31 December 2013	Oil & gas US\$'000	Banks and other financial institutions US\$'000	Real estate US\$'000	Transport US\$'000	Services US\$'000	Other US\$'000	Total carrying value US\$'000
ASSETS							
Cash and bank balances	-	35,732	-	-	-	-	35,732
Placements with banks	-	186,235	-	-	-	-	186,235
Financing assets	-	15,034	72,816	-	80,375	47,724	215,949
Investment securities	-	129,214	53,909	-	123,567	5,000	311,690
Assets of a subsidiary held for sale	-	-	83,278	-	-	-	83,278
Investment in associates	-	25,944	-	-	-	-	25,944
Investment in real estate	-	-	72,266	-	-	-	72,266
Other assets	-	22,474	1,886	<u>-</u>	2,255	27,928	54,543
TOTAL ASSETS		414,633	284,155		206,197	80,652	985,637
LIABILITIES							
Short term borrowings	-	84,066	-	-	-	-	84,066
Long term borrowings	-	103,001	-	-	31,286	4,840	139,127
Liabilities of a subsidiary held for sale	-	-	1,447	-	-	-	1,447
Other liabilities	-	9,842	4,200	<u>-</u>	-	16,381	30,423
TOTAL LIABILITIES		196,909	5,647	_	31,286	21,221	255,063
Consolidated income statement items							
Revenue	(13)	6,421	5,892	-	12,145	10,702	35,147
Expenses, impairment and tax	-	(4,106)	6,263	-	(6,481)	(27,687)	(32,011)
PROFIT/(LOSS)	(13)	2,315	12,155	_	5,664	(16,985)	3,136

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30 SEGMENT INFORMATION (continued)

(b) By geography

The geographical concentration of the Group's assets, liabilities and income statement items as at and for the year ended 31 December 2014 is as follows:

	GCC countries US\$'000	Europe US\$'000	USA US\$'000	India US\$'000	Other regions US\$'000	Central function US\$'000	Total carrying value US\$'000	
	03\$ 000	03\$ 000	033 000	033 000	033 000	033 000	03\$ 000	033 000
ASSETS								
Cash and bank balances	22,235	5,148	45,472	-	611	-	73,466	
Placements with banks	140,380	-	_	-	_	-	140,380	
Financing assets	6,000	120,582	42,000	-	106,750	-	275,332	
Investment securities	64,294	35,830	12,437	-	111,749	-	224,310	
Assets of a subsidiary held for sale	-	16,857	_	-	_	_	16,857	
Investment in associates	-	24,238	_	33,311	_	_	57,549	
Investment in real estate	-	64,493	-	-	_	_	64,493	
Other assets	25,703	15,947	5,037	-	4,874	3423	54,984	
TOTAL ASSETS	258,612	283,095	104,946	33,311	223,984	3,423	907,371	
LIABILITIES								
Short term borrowings			_	-				
Long term borrowings	94,718	10,000	_	-	74,627		179,345	
Liabilities of a subsidiary held for sale	_	5,134		-			5,134	
Other liabilities	14,365	7,129	_	-	683		22,177	
TOTAL LIABILITIES	109,083	22,263			75,310		206,656	
Consolidated income								
statement items								
Revenue	31,069	25,857	9,029	1,346	14,795	-	82,096	
Expenses, impairment and tax	(8,861)	(9,839)	_	(2,000)	(2,464)	(34,776)	(57,940)	
PROFIT/(LOSS)	22,208	16,018	9,029	(654)	12,331	(34,776)	24,156	

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30 SEGMENT INFORMATION (continued)

(b) By geography (continued)

The geographical concentration of the Group's assets, liabilities and income statements items as at and for the year ended 31 December 2013 is as follows:

	GCC countries US\$'000	Europe US\$'000	USA US\$'000	India US\$'000	Other regions US\$'000	Central function US\$'000	Total carrying value US\$'000
ASSETS							
Cash and bank balances	11,125	5,643	-	18,964	-	_	35,732
Placements with banks	171,235	15,000	-	-	-	_	186,235
Financing assets	46,394	45,409	50,000	-	74,146	_	215,949
Investment securities	57,747	141,530	75,303	32,109	5,001	_	311,690
Assets of a subsidiary held for sale	83,278	<u>-</u>	-	-	-	_	83,278
Investments in an associate	-	25,944	-	-	-	-	25,944
Investment in real estate	-	72,266	-	-	_	-	72,266
Other assets	12,612	35,686	399	51	1,106	4,689	54,543
TOTAL ASSETS	382,391	341,478	125,702	51,124	80,253	4,689	985,637
LIABILITIES							
Short term borrowings	84,066	-	-	-	-	-	84,066
Long term borrowings	31,286	103,001	-	-	4,840	-	139,127
Liabilities of a subsidiary held for sale	1,447	-	-	-	-	-	1,447
Other liabilities	21,968	7,929	-	-	526	-	30,423
TOTAL LIABILITIES	138,767	110,930	-		5,366		255,063
Consolidated income statement items	5						
Revenue	16,394	9,665	8,882	(6,324)	6,530	-	35,147
Expenses, impairment and tax	(5,385)	4,272	-	-	(1,749)	(29,149)	(32,011)
PROFIT/(LOSS)	11,009	13,937	8,882	(6,324)	4,781	(29,149)	3,136



31 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following table sets out the maturity profile of the Group's assets, liabilities and forward foreign exchange contracts. The contractual maturities of assets, liabilities and forward foreign exchange contracts have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Management monitors the maturity profile to ensure that adequate liquidity is maintained. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The maturity profile of the Group's assets, liabilities and forward foreign exchange contracts as at 31 December 2014 is as follows:

		G	Gross undiscounted cash flows							
	Up to 3 months US\$'000	3 to 6 months US\$'000	6 months to 1 year US\$'000	1 to 3 years US\$'000	Over 3 years US\$'000	Total US\$'000				
ASSETS										
Cash and bank balances	73,466	-	-	-	-	73,466				
Placements with banks	140,380	-	-	-	-	140,380				
Financing assets	-	-	47,803	115,608	111,921	275,332				
Investment securities	10,237	-	-	7,814	206,259	224,310				
Assets of a subsidiary held for sale	-	-	16,857	-	-	16,857				
Investment in associates	-	-	-	-	57,549	57,549				
Investment in real estate	-	-	-	-	64,493	64,493				
Other assets	15,882	5,518	11,884	-	21,700	54,984				
Total Assets	239,965	5,518	76,544	123,422	461,922	907,371				
LIABILITIES										
Short term borrowings		-	-		_	-				
Long term borrowings	2,071	352	54,476	52,000	70,446	179,345				
Liabilities of a subsidiary held for sale		-	5,134		_	5,134				
Other liabilities	6,000	3,787	4,427	3,051	4,912	22,177				
Total Liabilities	8,071	4,139	64,037	55,051	75,358	206,656				
MATURITY GAP	231,894	1,379	12,507	68,371	386,564	700,715				
Forward Foreign Exchange Contracts	41,854	87,182	93,966			223,002				

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31 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

The maturity profile of the Group's assets, liabilities and forward foreign exchange contracts as at 31 December 2013 is as follows:

	Gross undiscounted cash flows					
	Up to 3 months US\$'000	3 to 6 months US\$'000	6 months to 1 year US\$'000	1 to 3 years US\$'000	Over 3 years US\$'000	Total US\$'000
ASSETS						
Cash and bank balances	35,732			<u> </u>		35,732
Placements with banks	171,235	-	15,000	-	-	186,235
Financing assets	2,609	-	10,224	183,322	19,794	215,949
Investment securities	-	-	-	10,391	301,299	311,690
Assets of a subsidiary held for sale	<u>-</u>	-	83,278	_	-	83,278
Investments in an associate	-	-	-	_	25,944	25,944
Investment in real estate	-	-	-	_	72,266	72,266
Other assets	6,080	8,581	11,932	1,403	26,547	54,543
Total Assets	215,656	8,581	120,434	195,116	445,850	985,637
LIABILITIES						
Short term borrowings	84,066	-	-	-	-	84,066
Long term borrowings	-	-	56,437	15,447	67,243	139,127
Liabilities of a subsidiary held for sale	-	-	1,447	-	-	1,447
Other liabilities	4,985	6,600	11,582	6,224	1,032	30,423
Total Liabilities	89,051	6,600	69,466	21,671	68,275	255,063
MATURITY GAP	126,605	1,981	50,968	173,445	377,575	730,574
Forward Foreign Exchange Contracts	148,088	31,407				179,495

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32 FINANCIAL RISK MANAGEMENT

Overview

Financial instruments of the Group represent the Group's financial assets and liabilities. Financial assets include cash and bank balances, placements with financial and other institutions, investment securities portfolios, derivative financial instruments, financing assets, certain assets of a subsidiary held for sale and certain other assets of the Group. Financial liabilities include certain liabilities of a subsidiary held for sale, due to banks, financing liabilities, derivative financial instruments and certain other liabilities. Accounting policies for financial instruments are set out in note 2 in these consolidated financial statements.

The Group has exposure to various risks from its use of financial instruments. These risks can be broadly classified as:

- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk; and
- Regulatory and legal risks.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The risk activities of the Group are recorded in separate books as:

Trading book for proprietary short-term position taking in equities and investments in fixed income instruments for which the Group has the intent for benefiting in the short term from actual or expected differences between buying and selling prices.

All other assets which are not classified under trading book are recorded in banking book. These include investments in subsidiaries and associates, unquoted and quoted equity investments held other than for short-term position taking, investments in fixed income instruments for which the Group has the intent to either hold long term or sell in the medium term, other assets and general funding and liquidity management activities.

Risk management & governance framework of the Group

The Group's risk management process is an integral part of the organization's culture, and is embedded into the organization's practices as well as in all those involved in the risk management process. The Board of Directors ("Board"), Board Risk and Audit Committee ("BRAC"), senior management, risk officers, and line managers contribute to the effective Group-wide risk management.

The risk governance structure is headed by the Board of Directors and the Sharia'a Supervisory Board ("SSB") of the Group. The risk appetite and the risk strategy for the Group are developed at this level.

The next level of the Board committees has delegated powers for monitoring the risk taking activities of the Group. These committees are the Board Risk and Audit Committee, the Board Investment Committee ("BIC"), and the Nomination and Remuneration Committee. In turn, the risk appetite and risk tolerance set by the Board are cascaded across the institution and are taken into account in developing business goals and objectives.

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32 FINANCIAL RISK MANAGEMENT (continued)

Risk management & governance framework of the Group (continued)

As part of an effective system of control, key management decisions are made by more than one individual, in the form of non-board management committee, as follows:

Steering Committee ("STC") is the primary executive committee of the Group that is responsible for the following:

- a) General management issues including performance review against the budget, and oversight on implementation of the strategic business plan.
- b) Evaluates proposals for investments and credits, divestiture of assets and valuation of investments. The committee also ensures compliance with investment criteria as well as investment procedures at each phase of the investment process.
- c) Oversees management of market risks, translates investment strategy directions into asset allocation guidelines, and reviews and manages the capital adequacy, liquidity position and funding alternatives.
- d) Reviews the effectiveness of the operational risk management processes and procedures in respect of IT, Compliance, and AML, with the purpose of mitigating these risks.

The risk management functions are carried out by the identified control departments who liaise with the Chief Executive Officer for the day to day management of specific risks. These control departments include Risk Management, Compliance, Legal and Finance, and are manned by dedicated risk specialists in various disciplines to deal with the pertinent business risk exposures of the Group. In line with suitable governance policies, Risk Management and Compliance department have independent reporting lines to the BRAC that allow to provide its impartial view on the business activities taken by the Group.

Credit risk

Credit risk is the risk that an obligor or counterparty will fail to meet its contractual obligations in accordance with the agreed terms. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor exposure, business line exposure, country and economic sector risk etc.).

Management of credit risk

The Board has granted approval to the Group to engage in credit and investment related activities for approved products and is ultimately responsible for approving and periodically reviewing the credit and investment strategies and policies of the Group along with the SSB. The Board defines and sets the Group's overall levels of risk appetite, risk diversification and asset allocation strategies applicable to each Islamic financing instrument, economic activity, geographical spread, currency and tenor. The SSB has the responsibility to ensure that the business is conducted according to Islamic principles. The SSB reviews and approves the credit/investment products developed by the Group and used by the Group in its business along with the credit risk and investment policies.

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32 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Management of credit risk (continued)

The Board has delegated its responsibility of overall risk management to various Board and senior management committees. The BIC of the Board of Directors is responsible for evaluating and granting credit facilities and approving the Bank's investment activities within authorized limits as set by the Board and within the scope of activities approved by the QFCRA. The STC evaluates credit and investment proposals and also exercises oversight on compliance with investment criteria, limits and investment procedures. The Risk Management Department is responsible for reviewing and scrutinizing the Bank's risk management policies and procedures. The STC also reviews proposed guidelines on all risk and governance issues.

The Risk Management Department ("RMD") is responsible for the oversight and monitoring of the Group's credit risk, including:

- a) Formulating credit and investment policies in consultation with business units, covering credit and investment assessment, and risk reporting. RMD also facilitates establishment of the authorization structure for the approval and renewal of credit facilities. Approval / authorization limits are also allocated to Executive Management. Larger facilities require approval by BIC and/or the Board of Directors based on the authority limits structure of the Group.
- b) Reviewing and assessing credit and investment exposures prior to investments or facilities being committed. Exercising oversight for limiting concentrations of exposure to counterparties, countries and economic sectors.
- c) Exercising oversight on ongoing monitoring of credit and investment exposures, market risk exposures and operational risk management.
- d) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of investment and credit risk.
- e) The RMD works alongside the investment department at all stages of a deal cycle from pre-investment, due diligence, exit and provides an independent review of every transaction. A fair evaluation of investments takes place every month with input from the investment department. Monthly updates of investments are reviewed by the STC. Regular audits of business units and group credit process are undertaken by Internal Audit.

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32 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk

The gross maximum exposure of financial assets to credit risk as at 31 December 2014 was as follows:

	Bank balances US\$'000	Placements with banks US\$'000	Financing assets US\$'000	Amortized cost Sukuk US\$'000	Financial assets of a subsidiary held for sale US\$'000	Other financial assets US\$'000	Total carrying value US\$'000
Neither past due nor impaired							
Carrying amount	73,466	140,380	275,332	53,843	10,336	189,443	742,800
Past due but not impaired							
30 – 60 days	_	_	_	-	-	-	
60 – 90 days	_	-	_		-	-	
90 – 180 days	_	-			-	-	
More than 180 days						150	150
Carrying amount- past due							
but not impaired						150	150
Individually impaired							
Gross amount	_	_	_	-	9,875	-	9,875
Allowance for impairment					(3,354)		(3,354)
Carrying amount-							
individually impaired					6,521		6,521
Carrying amount	73,466	140,380	275,332	53,843	16,857	189,593	749,471

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32 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The gross maximum exposure of financial assets to credit risk as at 31 December 2013 was as follows:

	Bank balances US\$'000	Placements with banks US\$'000	Financing assets US\$′000	Amortized cost Sukuk US\$'000	Financial assets of a subsidiary held for sale US\$'000	Other financial assets US\$'000	Total carrying value US\$'000
Neither past due nor impaired							
Carrying amount	35,732	186,235	215,949	55,523	2,295	193,805	689,539
Past due but not impaired							
30 – 60 days		_	_	-	-		_
60 – 90 days		_	_	-	-		_
90 – 180 days		_	_	-	-		_
More than 180 days		-				150	150
Carrying amount- past due							
but not impaired				<u> </u>		150	150
Individually impaired							
Gross amount	-	_	_	-		161,066	161,066
Allowance for impairment						(71,879)	(71,879)
Carrying amount-							
individually impaired						89,187	89,187
Carrying amount	35,732	186,235	215,949	55,523	2,295	283,142	778,876

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32 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Credit risk coverage for investments

Investment securities comprise sukuks issued by reputable Islamic financial institutions. The Group predominantly limits its exposure to credit risk by investing in liquid and investment grade securities with a minimum investment grade of BBB, however, given the price dislocations of some of the issues, the Bank decided to consider sukuks where issuers exhibit acceptable credit risk. The sukuk investments are subject to a comprehensive risk limit framework which includes limits on exposures to countries, economic sectors and issuers and also transaction limits. Given these criteria, management expects to minimize the credit risk relating to investments.

The table below presents an analysis of fair value through income statement and amortized cost sukuks by rating agency designation:

Rating	Fair value as at 31 December 2014 US\$'000	Fair value as at 31 December 2013 US\$'000
A-	5,000	
BBB-	5,620	_
BBB	8,332	3,445
ВВ	24,563	49,263
B+	14,187	10,390
CCC+	22,138	_
Not rated	1,700	7,730
Total	81,540	70,828

The Group's credit risk exposures arising from investments in sukuk are not covered by collateral. However sukuk holdings confer the Group ownership of the assets underlying the sukuk. As a result, the Group does not only have the financial right to any revenues but is an owner of part of the underlying asset.

Credit risk coverage for financings

Financings comprise loans originated to corporate clients, either on bilateral or syndicated basis, where the obligors exhibit an acceptable level of credit risk. Financing facilities are usually secured by tangible collateral and/or security packages (e.g. physical assets, company shares, etc.) and are subject to financial covenants.

Financing facilities are subject to a comprehensive risk limit framework which includes limits on exposures to product types, countries and industry sectors. Given these criteria, management expects to mitigate the credit risks relating to financings.

Write-off policy

The Group writes off receivables and investment balances (and any related allowances for impairment losses) when the Group determines that the receivables or investments are uncollectable. This determination is reached after considering information such as the occurrence of significant changes in the payee or issuer's financial position such that the payee or issuer can no longer meet the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

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32 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Concentration risk

Concentration risk is any single exposure or group of exposures with the potential to produce losses material enough to threaten the Group's health or ability to maintain its core operations. Such concentrations include:

- Significant exposures to an individual counterparty or group of related counterparties;
- Credit exposures to counterparties in the same economic sector or geographical region;
- Credit exposures to counterparties whose financial performance is dependent on the same activity or commodity; and
- Indirect credit exposures arising from the Group's credit risk mitigation activities (e.g. exposure to a single collateral type or to credit protection provided by a single counterparty).

Exposure to significant counterparties:

	% of capital resources	Carrying value US\$'000
As at 31 December 2014	18%	125,016
As at 31 December 2013	20%	140,385

The only significant counterparty exposure as at 31 December 2014 is placements with Masraf Al Rayyan, a Qatari listed bank (31 December 2013: 150 million). Significant exposure is identified as aggregate exposure to a counterparty equal or exceeding 10% of capital resources.

Liquidity risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its funding requirements and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Board of Directors ("Board") is responsible for approving the Asset Liability Management ("ALM") policy of the Group. In turn, the Board may delegate part of its responsibilities to sub-committees and senior management. The Board has delegated the responsibilities of ALM to the STC.

The STC is responsible for the overall asset and liability management function of the Group. The STC sets guidelines for the overall management of the liquidity and rate of return risk by recommending policies, setting limits and guidelines and monitoring the risk and liquidity profile of the Group on a regular basis. The STC also determines the borrowing and funding strategy of the Group in order to maximize profit and minimize risk.

At 31 December 2014

32 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Management of liquidity risk (continued)

The Treasury Department receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid placements with financial institutions and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The liquidity requirements of business units are met through Treasury to cover any short-term fluctuations, while longer term funding are addressed by way of bi-lateral arrangements with market counterparties. The liquidity position is monitored daily. All liquidity policies and procedures are subject to review and approval by the STC. Monthly reports are submitted to the STC which also cover the liquidity position of the Group.

Exposure to liquidity risk

The Group's liquid assets include cash and cash equivalents, sovereign and high quality sukuks and marketable securities. Appropriate haircuts are applied to the valuation of these assets to ensure that a sufficient buffer is maintained for any market price fluctuation. The table below lists the liquidity indicators that the Group monitors on a regular basis.

Indicators	2014 US\$'000	2013 US\$'000
Liquid assets/ total equity	39%	37%
Illiquid + long term investments / total assets	70%	73%

The maturity profile of the Group's assets and liabilities is shown in Note 31.

Market risk

Market Risk is the risk of losses with respect to both on and off statement of financial position items arising from movements in market prices. These risks include the risk pertaining to profit rate related instruments and equities in the Trading Book and foreign exchange risk throughout the Group.

- Trading book consists of positions in financial instruments held either with a trading intent or in order to hedge other elements of the trading book. Positions held with the trading intent are those held intentionally for short term resale and/or with the intent of benefiting from actual or short term price movements or to lock in arbitrage profits.
- Banking book is defined as all activities of the Group that do not fall under the trading book.

Management of market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. As a matter of general policy, all trading positions on its assets and liabilities are being monitored on a daily basis by both business and control areas. Any material movements on the trading portfolios are addressed appropriately. All foreign exchange risk within the Group is transferred to Treasury. The Group seeks to manage currency risk by continually monitoring exchange rates. Overall authority for market risk is vested in the STC. RMD is responsible for the development of detailed risk management policies (subject to review and approval by the STC) and for the regular review of their implementation.

At 31 December 2014



100 bps parallel

32 FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

Management of market risk (continued)

Market risk has the following main components:

- Profit rate risk;
- Foreign exchange risk; and
- Equity price risk;

Profit rate risk

Profit rate risk arises when there is a mismatch between positions which are subject to profit rate adjustment within a period. In the Group's funding and investment activities, fluctuations in profit rates are reflected in profit margins and earnings.

Exposure to profit rate risk

Profit rate risk is the risk that the relative value of a profit bearing asset, whether fixed or floating, will worsen due to movements in market based benchmark profit rates. The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market profit rates. The Group holds a mixture of both floating and fixed profit rate assets, comprising financing facilities, placements with other financial institutions and investments in sukuks. The Group's funded liabilities are relatively small, mostly short-term and variable in nature.

Profit rate risk sensitivity analysis

The Group monitors the sensitivity of the Group's financial instruments by way of subjecting them to standard scenarios that include a 100 basis point (bp) parallel fall or rise in all pertinent yield curves. An analysis of the Group's income statement sensitivity to an increase or decrease in market profit rates (assuming no asymmetrical movement in yield curves and a constant statement of financial position) is as follows:

	in	ncrease / (decrease)
At 31 December 2014		2,902
At 31 December 2013		3,716
The effective profit rates on financial assets were as follows:		
	2014 US\$'000	2013 US\$'000
Placements with banks	1.03%	0.89%
Financing assets	8.97%	8.7%
Sukuks	7.08%	7.22%

At 31 December 2014

32 FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

Profit rate risk profile

The following table sets out the profit rate risk profile of the Group's assets and liabilities as at 31 December 2014:

	Carrying amount US\$'000	Less than 3 months US\$'000	3 to 12 months US\$'000	1 to 5 years US\$'000	Over 5 years US\$'000	Not profit sensitive US\$'000
ASSETS						
Cash and bank balances	73,466	-	_	-	-	73,466
Placements with banks	140,380	140,380	_	-	-	-
Financing assets	275,332	_	47,803	221,529	6,000	-
Investment securities	224,310	10,237	_	3,893	39,712	170,468
Assets of a subsidiary held for sale	16,857	_	_	-	-	16,857
Investment in associates	57,549	_	_	_	_	57,549
Investment in real estate	64,493	_	_	-	-	64,493
Other assets	54,984	_	_	-	-	54,984
Total	907,371	150,617	47,803	225,422	45,712	437,817
LIABILITIES						
Short term borrowings		_	_	_	_	-
Long term borrowings	179,345	3,481	64,154	111,710	_	-
Liabilities of a subsidiary held for sale	5,134	_	_	_	_	5,134
Other liabilities	22,177	_	_	_	_	22,177
Total	206,656	3,481	64,154	111,710		27,311
Profit rate sensitivity gap	700,715	147,136	(16,351)	113,712	45,712	410,506
Cumulative profit rate sensitivity gap	700,715	147,136	130,785	244,497	290,209	700,715

At 31 December 2014



32 FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

Profit rate risk profile

The following table sets out the profit rate risk profile of the Group's assets and liabilities as at 31 December 2013:

	Carrying amount US\$'000	Less than 3 months US\$'000	3 to 12 months US\$'000	1 to 5 years US\$'000	Over 5 years US\$'000	Not profit sensitive US\$'000
ASSETS						
Cash and bank balances	35,732	-	-	-	-	35,732
Placements with banks	186,235	171,235	15,000	-	-	-
Financing assets	215,949	2,609	10,224	203,116	-	-
Investment securities	311,690	-	3,443	10,391	41,688	256,168
Assets of a subsidiary held for sale	83,278	-	-	-	-	83,278
Investments in an associate	25,944	-	-	-	-	25,944
Investment in real estate	72,266	-	-	-	-	72,266
Other assets	54,543	-	-	-	-	54,543
Total	985,637	173,844	28,667	213,507	41,688	527,931
LIABILITIES						
Short term borrowings	84,066	84,066				-
Long term borrowings	139,127	56,437	15,448	67,242	-	-
Liabilities of a subsidiary held for sale	1,447	-	-	-	-	1,447
Other liabilities	30,423	-	-	-	-	30,423
Total	255,063	140,503	15,448	67,242		31,870
Profit rate sensitivity gap	730,574	33,341	13,219	146,265	41,688	496,061
Cumulative profit rate sensitivity gap	730,574	33,341	46,560	192,825	234,513	730,574

Foreign exchange risk

The Group is exposed to foreign exchange risk on financial assets and liabilities that are denominated in a currency other than the functional currency of the Bank.

At 31 December 2014

32 FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

Exposure to foreign exchange risk

Foreign exchange risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. The Group had the following significant net exposures denominated in foreign currencies that are not pegged to US\$:

	2014 US\$'000	2013 US\$'000
Euro	(1,891)	(30,387)
Pound Sterling	(30,284)	(9,584)
Indian Rupee	18,467	17,093

The exposures to Euro, Pound Sterling and Indian Rupee are primarily from the Group's net investment exposure to the foreign currency denominated assets and liabilities of a subsidiary held for sale, investment in associate, financial assets designated at fair value through income statement and fair value through equity investments. The Group uses forward foreign exchange contracts to hedge the foreign currency risk on its net investment in foreign operations. Qlovest hedged approximately half of its Indian Rupee exposure at spot.

Foreign exchange risk sensitivity analysis:

The table below indicates the effect of a reasonably possible movement of the currency rate against the US\$ on the net profit for the year, with all other variables held constant:

	2014 US\$'000	2013 US\$'000
5% change in currency exchange rate		
Euro	(761)	(1,519)
Pound Sterling	(1,514)	(479)
Indian Rupee	828	854

Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group for which prices in the future are uncertain. The following table demonstrates the sensitivity of the effect of cumulative changes in fair value of the Group to reasonably possible changes in equity prices (excluding equity derivatives), with all other variables held constant. The effect of decrease in equity prices is expected to be equal and opposite to the effect of the increase shown. A decrease on the listed securities shown below would have an impact on the income or equity, depending on whether or not the decline is significant or prolonged. An increase in the listed securities shown below would impact equity in a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

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32 FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

Equity price risk (continued)

Securities	Change in equity price	Effect on consolidated equity US\$ '000
2014		
2014 CAC 40	+10%	652
2013		
CAC 40	+10%	8,715

Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial loss, reputational damage, legal penalty or regulatory censure. The Bank manages Operational Risk through appropriate controls (such as segregation of duties, checks and balances, and the work of audit and compliance) and an Operational Risk Management framework (ORM).

This framework adopts a three pronged approach – (a) self-analysis by each bank department through the Operational Risk Self-Assessment (ORSA) process, (b) loss event/data reporting, and (c) issue tracking. Oversight of the ORM is exercised by RMD and STC.

QInvest has also developed a Disaster Recovery (DR) site within Qatar and a Business Continuity Plan (BCP) to facilitate the resumption and continuation of business in the event of a disaster impacting the bank's Head Office. The Bank likewise transfers data outside Qatar into a repository facility based in Singapore. This would enable the Bank to re-build data from outside Qatar in the event of an "in-country" disaster.

Other risks

Regulatory or Compliance Risk is controlled through a framework of compliance policies and procedures. During the year, compliance and AML policy manuals were modified to reflect the new AML/CFT legislations and QFCRA regulations. The process of on-boarding clients was further improved not only to capture the requirements of the 2010 FATF and Qatar legislation but also to include the prerequisites of the QFCRA's Conduct of Business Rulebook. In line with the Bank's efforts in raising compliance awareness amongst its employees, a number on specialized training sessions were conducted during the year focusing on the AML/CFT requirements, conflicts of interest, and corporate governance. Compliance training was also made part of the induction training agenda for new hires of the Bank.

Legal risk is addressed through the effective use of internal and external legal advisers. Reputational risk is addressed by effective procedures being drafted and implemented around all areas concerning press and publicity releases, document production and website design.

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32 FINANCIAL RISK MANAGEMENT (continued)

Capital management

Capital represents the shareholders' investment and is a key strategic resource which supports the Group's risk taking business activities. In line with Group's financial objective, management strives to deploy this resource in an efficient and disciplined manner to earn competitive returns. Capital also reflects financial strength and security to the Group's creditors and depositors. Capital management is fundamental to the Group's risk management philosophy, and takes into account economic and regulatory requirements.

The Group's regulator, the QFCRA, sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements the QFCRA requires the Group to maintain a positive prescribed ratio of total capital to total risk-weighted assets. The minimum ratio prescribed by the QFCRA is 10.5%.

For calculating regulatory capital, the Group is following the QFCRA approaches for credit, market and operational risk management.

The Group's regulatory capital is analyzed into two tiers:

- Tier 1 capital includes ordinary share capital, share premium, retained earnings . translation reserve, investment fair value reserve relating to unrealized gains on equity instruments classified as fair value through equity, associates and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital includes instruments issued by the entity that meet the criteria for inclusion in Tier 2 capital, share premium, certain financing assets provisions and other regulatory adjustments applied in calculation of Tier 2 capital.

The Group's policy is at all times to exceed the minimum capital requirements of the QFCRA. The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. There have been no material changes in the Group's management of capital during the year.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the internal capital requirements may be adjusted to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently from those responsible for the operation, and is subject to review by the Senior Management.

CAPITAL POSITION

	2014 US\$'000	2013 US\$'000
Risk weighted exposure	1,607,335	2,043,668
Total qualifying tier 1 capital and reserve funds	676,073	730,096
Qualifying Tier 2 capital and reserve funds	<u>-</u>	_
Total qualifying capital and reserve funds	676,073	730,096
Capital adequacy ratio including unappropriated profits	42.06%	35.72%

At 31 December 2014



33 FAIR VALUE MEASUREMENT

33.1 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts are reasonable approximations of fair values:

Fair value and classification of financial instruments at 31 December 2014

-		Amortized cost investment securities US\$'000	Loans and receivable US\$'000	Total carrying value US\$'000	Fair value US\$'000
_	_	-	73,466	73,466	73,466
_	_	-	140,380	140,380	140,380
_	_	-	275,332	275,332	275,332
150,947	19,520	53,843	_	224,310	215,110
_	6,521	_	10,336	16,857	16,857
_	_	-	46,823	46,823	46,823
150,947	26,041	53,843	546,337	777,168	767,968
_	_	_	_	_	_
_	_	_	179,345	179,345	179,345
_	_	_	5,134	5,134	5,134
	_	_	19,217	19,217	19,217
	-	-	203,696	203,696	203,696
	through income statement US\$'000	through income statement US\$'000	through income statement US\$'000	through income statement US\$'000	through income statement US\$'000 US\$'0

At 31 December 2014

33 FAIR VALUE MEASUREMENT (continued)

33.1 Fair values (continued)

Fair value and classification of financial instruments at 31 December 2013

	Fair value through income statement US\$'000	Fair value through equity US\$'000	Amortized cost investment securities US\$'000	Loans and receivable US\$'000	Total carrying value US\$'000	Fair value US\$'000
Financial assets						
Cash and bank balances		_	-	35,732	35,732	35,732
Placements with banks	<u> </u>	_	_	186,235	186,235	186,235
Financing assets		_	-	215,949	215,949	215,949
Investment securities	153,311	102,856	55,523	-	311,690	307,735
Assets of a subsidiary held for sale		_	-	2,295	2,295	2,295
Other assets	_	-	-	26,975	26,975	26,975
Total	153,311	102,856	55,523	467,186	778,876	774,921
Short term borrowings						
Long term borrowings	<u>-</u>	_	_	84,066	84,066	84,066
Financing liabilities	-	_	_	139,127	139,127	139,127
Liabilities of a subsidiary held for sale		_	_	1,447	1,447	1,447
Other liabilities		_	_	30,423	30,423	30,423
Total		_		255,063	255,063	255,063

The management assessed that cash and short-term deposits, other receivables, other payables, due to bank and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate financing receivables/borrowings are evaluated by the Group based on parameters such as profit rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2014, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- Fair value of the quoted sukuk is based on price quotations at the reporting date.
- Fair value of the unquoted ordinary shares has been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- Fair value of quoted available-for-sale financial assets is derived from quoted market prices in active markets.

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33 FAIR VALUE MEASUREMENT (continued)

33.1 Fair values (continued)

- Certain unquoted fair value through equity investments are recorded at cost since their fair values cannot be reliably estimated. There are no active markets for these investments and the Group intends to hold them for the long term.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly profit rate swaps, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity. The Group use the counterparty banks valuations to measure the fair value of the derivative financial instruments.
- The Group invests in limited partnerships which are not quoted in an active market and the NAV of these funds may be used as an input into measuring their fair value. Depending on the nature and level of adjustments needed to the NAV and the level of trading, the Group classifies these funds as Level 3.

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Sensitivity of the input to fair value
Fair value through income statement	DCF method	Long-term growth	2014: 3% - 5%	1% increase (decrease) in the growth rate would result in increase (decrease)
unquoted equity shares		subsequent years	2013: 3% - 5%	in fair value by US\$ 3.6 million/ (US\$ 3 million)
		WACC	2014: 12% - 16%	2% increase (decrease) in the WACC would result in decrease (increase)
			2013: 12% - 16%	in fair value by US\$ 8 million/ (US\$ 11.8 million)
Fair value through equity unquoted equity shares	Sum of parts	PE multiple	2014: 9.1x –24.9x (13x)	1% increase (decrease) in the PE would result in increase (decrease) of US\$ 0.8 million in the value of the Group stake.
		PB multiple	2014: 0.6x - 9x (1.7x)	0.1% increase (decrease) in PB would result in an increase (decrease) of US\$ 0.6 million in the value of the Group stake.

In case of AFS assets, the impairment charge in the profit or loss would depend on whether the decline is significant or prolonged. An increase in the fair value would only impact equity and, would not have an effect on profit or loss.

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33 FAIR VALUE MEASUREMENT (continued)

33.2 Determination of fair value and fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

The different levels have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the closing trade price for the day. These instruments are included in level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivative) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- Using recent arm's length market transactions between knowledgeable, willing parties and reference to recent sales transactions of the same or similar securities.
- If available, reference to the current fair value of another instrument that is substantially the same.
- Discounted cash flow analysis and option pricing models.
- Capitalization of earnings analysis, such as EBITDA multiple analysis.
- Net asset valuation methodologies are used for valuing investments in businesses whose value is derived primarily from the underlying value of their tangible assets rather than their performance.
- Other appropriate valuation techniques



33 FAIR VALUE MEASUREMENT (continued)

33.2 Determination of fair value and fair value hierarchy (continued)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2014:

			Fair value measurement using		
Assets measured at fair value:	Date of valuation	Fair Value US\$'000	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000
Designated at fair value through					
income statement investments (Note 7.1/7.3):	31 December 2014				
Unquoted equity shares		73,861	-	_	73,861
Quoted debt securities		27,697	27,697	_	
Unquoted sharia'a funds		44,271	44,271	_	
Mutual funds		5,118	-	5,118	
		150,947	71,968	5,118	73,861
Available-for-sale financial investments (Note 7.2):	31 December 2014				
Quoted equity shares		-	_	-	
Unquoted equity shares		19,520	-	_	19,520
Mutual funds		-	-	-	_
		19,520		_	19,520
Investment in real estate (Note 10):	31 December 2014				
Investment properties		64,493			64,493
Derivative financial assets (Note 11.1):	31 December 2014				
Derivative financial instruments		19,982	-	19,982	
Total		254,942	71,968	25,100	157,874
Liabilities measured at fair value					
Derivative financial liabilities (Note 11.1):	31 December 2014				
Derivative financial instruments		1,980		1,980	-

Notes:

(ii) Unquoted sharia'a funds

Underling investment of these funds are in publicly traded equity securities and NAV of these funds are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments. Depending on the nature of the underline investments, the Group classifies these funds as within Level 1 of the hierarchy.

⁽i) There have been no transfers between Level 1 and Level 2 during the period.

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33 FAIR VALUE MEASUREMENT (continued)

33.2 Determination of fair value and fair value hierarchy (continued)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2013:

Quantitative disclosures fair value measurement meralci	•			value measuremer	nt using
Assets measured at fair value:	Date of valuation	Fair Value US\$'000	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000
Designated at fair value through					
income statement investments (Note 7.1/7.3):	31 December 2013				
Unquoted equity shares		97,007			97,007
Quoted debt securities		15,305	15,305	<u> </u>	
Unquoted sharia'a funds		40,999	40,999	<u> </u>	
		153,311	56,304	<u> </u>	97,007
Available-for-sale financial investments (Note 7.2):	31 December 2013				
Quoted equity shares		87,149	87,149	<u> </u>	
Unquoted equity shares		10,549		<u> </u>	10,549
Mutual funds		5,158	-	<u> </u>	5,158
		102,856	87,149	-	15,707
Investment in real estate (Note 10):	31 December 2013				
Investment properties		72,266		<u> </u>	72,266
Derivative financial assets (Note 11.1):	31 December 2013				
Derivative financial instruments		3,730	-	3,730	-
Total		332,163	143,453	3,730	184,980
Liabilities measured at fair value					
Derivative financial liabilities (Note 11.1):	31 December 2013				
Derivative financial instruments		8,955		8,955	_
Unrealized gains/(losses) For the year ended 31 December 2014			Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
Recorded in income statement			(909)	668	858
Recorded in equity during the year			637	-	8,971
Unrealized gains/(losses) For the year ended 31 December 2013			Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
Recorded in income statement			4,944	<u> </u>	(1,750)
Recorded in equity during the year			19,099	<u> </u>	(121)

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33 FAIR VALUE MEASUREMENT (continued)

33.2 Determination of fair value and fair value hierarchy (continued)

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period:

	Fair value through income statements investments US\$'000	Fair value through equity investments US\$'000	Investment in real estate US\$'000	Total US\$'000
Balance as at 1 January 2014	97,007	15,707	72,266	184,980
Total gains and losses in income statement	118	-	740	858
Total gains recognised in equity	-	8,971	-	8,971
Purchases	30,724	-	-	30,724
Disposals	(48,870)	(5,158)	-	(54,028)
Foreign currency (losses)/gains	-	-	(8,513)	(8,513)
Transfers into (out of) Level 3	-	-	-	-
Balance at 31 December	78,979	19,520	64,493	162,992
	Fair value through income statements investments US\$'000	Fair value through equity investments US\$'000	Investment in real estate US\$'000	Total US\$'000
Balance as at 1 January 2013	114,141	10,936	76,352	201,429
Total gains and losses in income statement	-	-	(7,214)	(7,214)
Total losses recognised in equity	-	(229)	-	(229)
Purchases	-	5,000	-	5,000
Disposals	(13,133)	-	-	(13,133)
Foreign currency (losses)/gains	(4,001)		3,128	(873)
Transfers into (out of) Level 3		_	_	
Balance at 31 December	97,007	15,707	72,266	184,980

At 31 December 2014

34 COMPARATIVES

Certain of the prior year's figures have been reclassified to conform to the presentation adopted in the current year. Such reclassification did not affect previously reported net income.

		2013
	2013	As previously
Consolidated income statement:	As represented	disclosed
	US\$'000	US\$'000
Continuing operations		
Net gain from investments	14,444	20,206
Foreign exchange losses	<u> </u>	(3,526)
Gain on sale of a subsidiary	<u> </u>	281
Net loss from investment properties	<u> </u>	(1,259)
Other income	401	4,309
General and administrative expenses	(10,724)	(10,818)
Finance expenses	(4,987)	(5,866)
Tax credit	6,759	4,522
Discontinued operations		
Profit from a subsidiary held for sale	-	1,116

Notes:

- (i) During the year, the assets and liabilities related to Q West S.A.S., 100% owned subsidiary incorporated in France, have been classified as subsidiary held for sale following the approval of the Group's management.
 - The results of operations of Q West S.A.S. previously presented line by line in the consolidated income statement have been reclassified and included in "Profit from a subsidiary held for sale" for all periods presented under continuing operations.
- (ii) During the year, the properties of Q Land Real Estate SPC, a subsidiary classified as held for sale during 2013 were sold and liabilities were settled. The results of operations of Q Land Real Estate SPC previously presented in discontinued operations have been reclassified and included in "Income from real estate investments" for all periods presented.
- (iii) Net loss from investment in real estate have been moved to "Net gain from investments" to conform to the presentation adopted in the current year.
- (iv) Foreign exchange losses and gain on sale of a subsidiary have been moved to "Other income" to conform to the presentation adopted in the current year.

35 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The table below describes the type of structured entities that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Total Size US\$'000	Group interest US\$'000
Investment Funds	To invest own money and generate fees from managing	113,700	49,389
	assets on behalf of third investees.		



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Note: "\$" refers to US Dollars throughout this document

