

Manazel Al Mamlaka

FINANCIAL STATEMENTS

31 DECEMBER 2014

Manazel Al Mamlaka

FINANCIAL STATEMENTS

31 December 2014

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Independent auditors' report

To the Shareholders of Manazel Al Mamlaka

Report on the financial statements

We have audited the accompanying financial statements of Manazel Al Mamlaka (the "Company"), which comprise the statement of financial position as at 31 December 2014, the statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

3 April 2016
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registry Number 251

Manazel Al Mamlaka

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 SR
ASSETS		
Current assets		
Bank balances		42,908,263
Due from related parties	3	<u>14,771,773</u>
		<u>57,680,036</u>
Non-current asset		
Available for sale financial assets	4	<u>11,650,780</u>
TOTAL ASSETS		<u>69,330,816</u>
LIABILITIES AND EQUITY		
Current liabilities		
Due to related parties	5	37,680,035
Advance from a Participating Shareholder	6	<u>20,000,000</u>
Total liabilities		<u>57,680,035</u>
Equity		
Management share	7	1
Participating shares	8	1,200
Share premium	9	11,998,800
Accumulated losses		<u>(349,220)</u>
Total equity		<u>11,650,781</u>
TOTAL LIABILITIES AND EQUITY		<u>69,330,816</u>



Mr. YOUSEF ALI AY ALOBAIDAN
MEMBER, BOARD OF DIRECTORS

The attached notes 1 to 15 form an integral part of these financial statements.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	<i>Note</i>	<i>2014 SR</i>
EXPENSES		
General and administrative expenses	10	<u>(349,220)</u>
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(349,220)</u></u>

The attached notes 1 to 15 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	<i>Note</i>	2014 SR
OPERATING ACTIVITIES		
Loss for the period		<u>(349,220)</u>
Working capital changes:		
Due to/from related parties		<u>22,908,262</u>
Net cash from operating activities		<u>22,559,042</u>
INVESTING ACTIVITY		
Investment in available for sale financial assets	4	<u>(11,650,780)</u>
Net cash used in investing activity		<u>(11,650,780)</u>
FINANCING ACTIVITIES		
Subscription for management share	7	1
Subscription for participating shares	8	1,200
Share premium received	9	11,998,800
Advance from a Participating Shareholder	6	<u>20,000,000</u>
Net cash from financing activity		<u>32,000,001</u>
INCREASE IN CASH AND CASH EQUIVALENTS		42,908,263
CASH AND CASH EQUIVALENTS AT 1 JANUARY		-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		<u>42,908,263</u>

The attached notes 1 to 15 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	<i>Management share SR</i>	<i>Participating shares SR</i>	<i>Share premium SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
Capital contribution	1	1,200	11,998,800	-	12,000,001
Total comprehensive loss for the year	-	-	-	(349,220)	(349,220)
At 31 December 2014	<u>1</u>	<u>1,200</u>	<u>11,998,800</u>	<u>(349,220)</u>	<u>11,650,781</u>

The attached notes 1 to 15 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1 CORPORATE INFORMATION

Manazel Al Mamlaka (the “Company”) is an exempted company with Limited Liability incorporated in the Cayman Islands pursuant to the Companies Law CAP 22 having registration number MC – 266442. The Company’s registered office is at M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company was incorporated on 20 February 2012 however the operations of the Company could begin only on 1 January 2014. Therefore, these are the first financial statements of the Company for the year ended 31 December 2014. The Company is engaged in providing Sharia compliant investment solutions whereby it invites equity participation from the interested investors and invests into Sharia compliant investments.

The Company’s activities are reviewed by Bait Al Mashura Finance Consultants, a company based in State of Qatar and managed by Sharia scholars, who review the Company’s compliance with general Sharia principals and guidelines.

The financial statements were authorised for issue by the Management of the Company on 7 March 2016. The financial statements are prepared for the purpose of compliance of Company’s Articles of Association and distribution with the Shareholders of the Company.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards.

These financial statements have been presented in Saud Arabian Riyals (SR), which is the Company’s functional currency.

These financial statements are prepared under the historical cost convention with the exception of available for sale financial assets that are measured at fair value.

2.2 IASB Standards and interpretations issued but not adopted

The following IASB standards/amendments have been issued but are not yet mandatory, and have not been early adopted by the Company:

Standard/ interpretation	Content	Effective date
IFRS 9	Financial instruments (new standard)	1 January 2018
IFRS 15	Revenue from Contracts with Customers (new standard)	1 January 2017
IFRS 11	Accounting for Acquisitions of Interest in Joint Operations (amendment)	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (amendments)	1 January 2016

The Company is considering the implications of the above standards, the impact on the Company and the timing of its adoption by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies

Financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and balances with banks, investment securities and due from related parties. Financial liabilities consist of due to related parties and advances.

(i) Non-derivative financial assets

The Company initially recognises due from related parties on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and other receivables

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective profit rate method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and due from related parties.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and short term deposits with a maturity of three months or less from the acquisition date that are subject to an insignificant risk changes in their fair value, and are used by the Company in the management of its short-term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise Wakala investments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.3 Summary of significant accounting policies (continued)****(ii) Non-derivative financial liabilities**

Liabilities are recognised for amounts to be paid in future for goods or services received by the Company. Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective profit rate method. Other financial liabilities comprise due to related parties and advances.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair values have been determined for measurement or disclosure based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

For investments that are traded in organised financial markets, fair value is determined by reference to the quoted closing bid market price prevailing on the reporting date.

For unquoted investments, fair values is determined by reference to recent significant buy or sell 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 similar investments where market observable prices exist, adjusted for any material differences in the characteristics of these investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation methods.

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 Company using current profit rates for investments with similar terms and risk characteristics.

Investments which cannot be remeasured to fair value using any of the above techniques are carried at cost, less provision for any impairment.

Impairment**i) Non-derivative financial assets**

A financial asset not classified as at fair value through profit or loss, including equity-accounted investee, is 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. Impairment losses, if any, are recognised in profit or loss and reflected in an allowance account created for this purpose.

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 Company on terms that the Company 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 Company, 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. Any subsequent recovery in the impaired Available-for-sale financial assets is recognised in other comprehensive income. The Company considers a decline of 20 percent to be significant and a period of 9 months to be prolonged.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

Financial assets measured at amortised costs

The Company considers evidence of impairment for financial assets measuring at amortised at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables investment securities.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Use of estimates

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. (Significant assumptions, accounting judgments and estimates used in preparing these consolidated financial statements are disclosed in Note 15).

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments which are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3 DUE FROM RELATED PARTIES

	<i>2014</i> <i>SR</i>
Al Mejdaf Real Estate LLC	11,855,714
Manazel Management Real Estate LLC	2,916,058
The First Investor	1
	14,771,773

Related party transactions are disclosed in note 11.

4 AVAILABLE FOR SALE FINANCIAL ASSETS

	<i>2014</i> <i>SR</i>
Wakala investments	11,650,780
	11,650,780

The Company (Muwakkil) has entered into a Restricted Wakala agreement with Al Mejdaf Real Estate LLC acting as Wakeel. Al Mejdaf is established by The First Investor, management shareholder of the Company. Wakeel has used the investment proceeds to invest in equity shares and extend Shareholder's loan to Manazel Compound Real Estate LLC, an entity incorporated in the laws of Kingdom of Saudi Arabia. The investee entity has invested in a residential compound in Riyadh, Kingdom of Saudi Arabia and the residential compound is let out to third party users.

5 DUE TO RELATED PARTIES

	<i>2014</i> <i>SR</i>
Warba Bank K.S.C.	170,460
Manazel Compound LLC	37,509,575
	37,680,035

Related party transactions are disclosed in note 11.

6 ADVANCE FROM A PARTICIPATING SHAREHOLDER

An advance of SR 20,000,000 is received from a Participating Shareholder for the subscription of additional Participating Shares. The related participating shares were issued in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

7 MANAGEMENT SHARE

2014
SR

Authorised, issued and fully paid

1

Management share represent 1 share having a face value of SR 1 and owned by The First Investor C.Q.S.C. The holder of a management share has the right to receive notice of, attend at and vote as a member of any general meeting of the Company.

A management share confer upon the holder the right in a winding up to repayment of capital after settlement of creditors and par value of participating shares but confer no other right to participate in the profits or assets of the Company.

No dividend accrues to the holder of the management share.

8 PARTICIPATING SHARES

2014
SR

Issued and fully paid

1,200

Participating shares consists of 120,000 participating shares each having a face value of SR 0.01. All shares carry equal rights and are owned by various investors. The holder of a participating share has the right to receive dividends as declared by the directors of the Company.

A participating shareholder does not have the right to receive notice of, attend at and vote as a member of any general meeting of the Company.

A participating share confer upon the holder the right in a winding up to repayment of capital after settlement of creditors and share in surplus after distributing management share at par value.

9 SHARE PREMIUM

Share premium balance represents the premium received from Participating Shareholders at SR 99.99 per share. As per the Articles of Association of the Company, the share premium amount can be used to distribute in the form of dividend subject to compliance of the statute and as determined by the Board of Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

10 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2014</i> <i>SR</i>
Government fee	54,329
Structuring fee	240,000
Legal and professional fee	32,611
Printing expenses	21,608
Translation expenses	210
Bank charges	462
	<u>349,220</u>

11 RELATED PARTY DISCLOSURES

Related parties represent associates, affiliated entities, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Related party transactions

Transactions with related party included in the statement of profit or loss were as follows:

	<i>2014</i> <i>SR</i>
Structuring fee	<u>240,000</u>

Related party balances

Amounts due from and due to related parties are disclosed in Note 3 and 5 respectively.

12 FINANCIAL RISK MANAGEMENT**Objective and policies**

The Company's principal financial liabilities consist of advances and due to related parties. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise of bank balances, available for sale financial assets and due from related parties. The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks which are summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk arises primarily from below mentioned financial instruments.

	<i>2014</i> <i>SR</i>
Bank balances	42,908,263
Due from related parties	<u>14,771,773</u>
	<u>57,680,036</u>

Bank balances are maintained with a reputed Bank within State of Qatar.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

12 FINANCIAL RISK MANAGEMENT - CONTINUED

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial liabilities are payable within one year time from the date of the statement of financial position.

Capital management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and to sustain future development of the business. The management monitors the return on capital, which the Company defines as total equity which includes share capital, share premium and retained earnings (accumulated losses) and is measured at SR 11,650,781.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and shareholders' expectation.

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances, available for sale financial assets and due from related parties. Financial liabilities consist of amounts due to related parties and advances.

The fair values of financial instruments, with the exception of available-for-sale financial assets carried at cost, are not materially different from their carrying values.

14 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment on available-for-sale financial assets

The Company determines that available-for-sale financial assets 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 available-for-sale financial asset separately. In making a judgment of impairment, the Company 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.

15 COMPARATIVE INFORMATION

No comparative information has been presented in these financial statements as this is the first financial period for the Company.