

QATAR DEVELOPMENT BANK Q.S.C.C
CONDENSED INTERIM FINANCIAL INFORMATION
30 JUNE 2015

QATAR DEVELOPMENT BANK Q.S.C.C

**CONDENSED INTERIM FINANCIAL INFORMATION
AS AT 30 JUNE 2015**

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Independent auditors' report on review of condensed interim financial information to the Board of Directors of Qatar Development Bank Q.S.C.C ("the Bank")

Introduction

We have reviewed the accompanying 30 June 2015 condensed interim financial information of the Bank, which comprises:

- the condensed statement of financial position as at 30 June 2015;
- the condensed statement of comprehensive income for the three and six month periods ended 30 June 2015;
- the condensed statement of changes in equity for the six month period ended 30 June 2015;
- the condensed statement of cash flows for the six month period ended 30 June 2015 and;
- notes to the condensed interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed interim financial information in accordance with *IAS 34 "Interim Financial Reporting"* and the applicable provisions of the Qatar Central Bank regulations. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2015 condensed interim financial information is not prepared, in all material respects, in accordance with *IAS 34 - Interim Financial Reporting* and the applicable provisions of the Qatar Central Bank regulations.

Other matter

We draw attention to the fact that we have not reviewed the accompanying statements of comprehensive income separately for the three month period ended 30 June 2014, or any of the related notes.

13 July 2015
Doha
State of Qatar


Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No. 289

QATAR DEVELOPMENT BANK Q.S.C.C

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

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	Notes	30 June 2015 (Reviewed)	31 December 2014 (Audited)	30 June 2014 (Reviewed)
ASSETS				
Cash and balances with Qatar Central Bank		62,580	165,204	18,704
Due from banks		956,052	876,366	647,619
Loans and advances to customers	7	3,226,577	2,993,141	2,643,111
Investment securities	8	2,102,238	2,088,633	2,026,767
Investment in associates and joint ventures	10	30,401	30,401	40,114
Investment properties		133,397	135,328	137,258
Property and equipment		60,782	66,321	69,957
Other assets		405,322	356,595	279,000
TOTAL ASSETS		6,977,349	6,711,989	5,862,530
LIABILITIES				
Due to banks		401,438	1,001,438	902,737
Other liabilities		177,401	204,779	147,407
TOTAL LIABILITIES		578,839	1,206,217	1,050,144
EQUITY				
Share capital		5,520,645	4,500,000	3,900,000
Legal reserve		120,095	120,095	105,942
General reserve		1,010	1,010	1,010
Risk reserve		96,254	96,254	78,570
Fair value reserve		416,924	414,731	335,813
Retained earnings		243,582	373,682	391,051
TOTAL EQUITY		6,398,510	5,505,772	4,812,386
TOTAL LIABILITIES AND EQUITY		6,977,349	6,711,989	5,862,530

This condensed interim financial information was approved by the board of directors on **13 JUL 2015** and was signed on its behalf by:


.....
Sheikh Abdullah Bin Saud Al-Thani
Chairman


.....
Abdulaziz Bin Nasser Al-Khalifa
Chief Executive Officer

The attached notes 1 to 13 form an integral part of this condensed interim financial information.



QATAR DEVELOPMENT BANK Q.S.C.C

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2015**

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	Notes	For the six month period ended 30 June		For the three month period ended 30 June	
		2015 (Reviewed)	2014 (Reviewed)	2015 (Reviewed)	2014 (Not Reviewed)
Interest income		77,746	76,056	40,321	38,245
Interest expense		(3,710)	(2,749)	(1,832)	(1,268)
Net interest income		74,036	73,307	38,489	36,977
Profit from Islamic financing		22,621	5,918	14,028	(158)
Net interest income and profit from Islamic financing		96,657	79,225	52,517	36,819
Fees and commission income		81,421	66,601	46,672	27,398
Income from investment securities		27,107	24,415	392	8,951
Net gain on disposal of financial investments		-	4,949	-	-
Rental and other operating income		4,351	3,387	2,290	1,470
Foreign exchange gain / (loss)		2,644	168	1,327	(974)
Net operating income		212,180	178,745	103,198	73,664
Staff and other costs	11	(100,884)	(90,652)	(54,242)	(48,327)
Depreciation		(8,269)	(9,054)	(3,812)	(5,985)
Net impairment loss on loans and advances to customers	7(d)	(20,833)	(21,943)	(8,333)	(7,371)
Share of (losses) / profits and impairment of associates and joint ventures		(420)	(797)	(210)	5,114
Profit for the period		81,774	56,299	36,601	17,095
Other comprehensive income for the period					
<i>Items that are or may be classified to profit or loss</i>					
Net change in fair value		2,193	58,873	10,836	6,706
Other comprehensive income for the period		2,193	58,873	10,836	6,706
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		83,967	115,172	47,437	23,801

The attached notes 1 to 13 form an integral part of this condensed interim financial information.

QATAR DEVELOPMENT BANK Q.S.C.C

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015**

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	Share capital	Legal reserve*	General reserve	Risk reserve*	Fair value reserve	Retained earnings	Total
Balance at 1 January 2015 (Audited)	4,500,000	120,095	1,010	96,254	414,731	373,682	5,505,772
Capital contribution from Government**	600,000	-	-	-	-	-	600,000
Capital transferred from the business combination***	420,645	-	-	-	-	-	420,645
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	81,774	81,774
Other comprehensive income	-	-	-	-	2,193	-	2,193
Total comprehensive income for the period							
Transfer of accumulated losses on business combination***	-	-	-	-	2,193	81,774	83,967
	-	-	-	-	-	(211,874)	(211,874)
Balance at 30 June 2015 (Reviewed)	5,520,645	120,095	1,010	96,254	416,924	243,582	6,398,510
Balance at 1 January 2014 (Audited)	3,300,000	105,942	1,010	78,570	276,940	334,752	4,097,214
Capital contribution**	600,000	-	-	-	-	-	600,000
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	56,299	56,299
Other comprehensive income	-	-	-	-	58,873	-	58,873
Total comprehensive income for the period							
	-	-	-	-	58,873	56,299	115,172
Balance at 30 June 2014 (Reviewed)	3,900,000	105,942	1,010	78,570	335,813	391,051	4,812,386

* No transfer has been made to legal reserve and risk reserve for the period ended 30 June 2015 as the Bank will transfer the required amount to the reserves by end of 31 December 2015.

** During the period the Bank has received QAR 600 million (2014: QAR 600 million) from the Government as a contribution towards the share capital.

*** As per the terms of the business combination (Refer note 9.4), Small and Medium Enterprises Development Company Q.S.C.'s ("EQ") share capital and accumulated losses amounting to QR 420.64 million and QR 211.87 million were included in the share capital and retained earnings of the Bank.

The attached notes 1 to 13 form an integral part of this condensed interim financial information.

QATAR DEVELOPMENT BANK Q.S.C.C

**CONDENSED STATEMENT OF CASHFLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015**

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		For the six month period ended 30 June	
	Note	2015 (Reviewed)	2014 (Reviewed)
Cash flows from operating activities			
Profit for the period		81,774	56,299
<i>Adjustments for:</i>			
Dividend income		(27,107)	(24,415)
Interest and profit from Islamic financing		(100,367)	(81,974)
Interest expense		3,710	2,749
Net impairment loss on loans and advances to customers	7(d)	20,833	21,943
Depreciation		8,269	9,054
Share of losses / impairment of associates and joint ventures	10	420	797
Net gain on sale of property and equipment		-	(7)
		<u>(12,468)</u>	<u>(15,554)</u>
Change in loans and advances to customers		(254,269)	(235,147)
Change in other assets*		(38,482)	(152,851)
Change in due to banks		(600,000)	(500,000)
Change in other liabilities*		(30,420)	(10,809)
		<u>(935,639)</u>	<u>(914,361)</u>
Dividend received		27,107	24,415
Interest received		100,367	81,974
Interest paid		(3,710)	(2,749)
		<u>(811,875)</u>	<u>(810,721)</u>
Cash flows from investing activities			
Acquisition of investment securities, net of disposals		(11,412)	(128,819)
Acquisition of associate and joint ventures	10	(420)	-
Acquisition of property and equipment, net of disposal		(799)	(8,846)
Net cash used in investing activities		<u>(12,631)</u>	<u>(137,665)</u>
Cash flows from financing activities			
Net cash inflow on business combination	9.4	201,568	-
Proceeds from capital contribution		600,000	600,000
Net cash flows from financing activities		<u>801,568</u>	<u>600,000</u>
Net decrease in cash and cash equivalents		(22,938)	(348,386)
Cash and cash equivalents as at 1 January		<u>1,041,570</u>	<u>1,014,709</u>
Cash and cash equivalents as at 30 June		<u>1,018,632</u>	<u>666,323</u>

* The non-cash transactions relating to the transfer of asset and liabilities on the business combination have been excluded from the condensed statement of cash flows (Refer Note 9.4).

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
Cash and balances with Qatar Central Bank	62,580	18,704
Due from banks	956,052	647,619
	<u>1,018,632</u>	<u>666,323</u>

The attached notes 1 to 13 form an integral part of this condensed interim financial information.

1 REPORTING ENTITY

Qatar Development Bank (Q.S.C.C.) ("the Bank") was established in the State of Qatar as a closed shareholding company under Commercial Registration No.19299.

The main objective of the Bank is to participate in the economic development process of the State of Qatar, by providing the necessary financing for small and medium size industrial, educational, health, agricultural and touristic projects. The Bank also administers the disbursement of the Government land loan scheme as part of its fiduciary activities.

As disclosed in note 9.4, Small and Medium Enterprises Development Company Q.S.C's ("EQ") operations including assets and liabilities were combined with the Bank with effect from 01 April 2015.

2 BASIS OF PREPARATION

(a) Statement of compliance

The condensed interim financial information has been prepared in accordance with IAS 34 – 'Interim Financial Reporting' and in conformity with the applicable provisions of the Qatar Central Bank regulations. The condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the Bank's annual financial statements as at and for the year ended 31 December 2014. In addition, results for the six month ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

(b) Basis of measurement

The condensed interim financial information has been prepared under the historical cost basis, except for available for sale financial investments which have been measured at fair value.

(c) Functional and presentation currency

The condensed interim financial information is presented in Qatari Riyals ("QAR"), which is the Bank's functional currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial information are described in note 6 of the annual financial statements for the year ended 31 December 2014.

In preparing the condensed interim financial information, the significant judgements made by the management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2014.

3 FINANCIAL RISK MANAGEMENT

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

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed interim financial information is consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014.

5 NEW STANDARDS AND INTERPRETATIONS

During the period, the Bank applied the following amendments to standards in the preparation of the condensed consolidated interim financial information. The amendments to the below standards did not have any material impact to the Bank:

- Defined Benefit Plans - Employee Contributions (Amendment to IAS 19);
- Annual Improvements 2010 - 2012 Cycle (various standards);
- Annual Improvements 2011 - 2013 Cycle (various standards).

The following new standards and amendments have been issued but are not yet effective. The Bank is currently evaluating the impact of these new standards and amendments.

- IFRS 9 - Financial Instruments (Effective 1 January 2018);
- IFRS 14 - Regulatory Deferral Accounts (Effective 1 January 2016);
- IFRS 15 - Revenue from Contracts with Customers (Effective 1 January 2017);
- Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations (Effective 1 January 2016);
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Effective 1 January 2016);
- Amendments to IAS 27 - Equity Method in Separate Financial Statements (Effective 1 January 2016);
- Amendments to IAS 28, IFRS 12 and IFRS 10 Investment Entities: Applying the consolidation exception limit (Effective 1 January 2016); and
- Amendments to IAS 1 Disclosure Initiative (Effective 1 January 2016).

6 FINANCIAL ASSETS AND LIABILITIES**(a) Accounting classifications and fair values**

The table below sets out the carrying amounts and fair values of the Bank's financial assets and financial liabilities:

	Loans and receivables	Available- for-sale	Other amortised cost	Total Carrying amount	Fair value
30 June 2015 (Reviewed)					
Cash and balances with central bank	62,580	-	-	62,580	62,580
Due from banks	956,052	-	-	956,052	956,052
Loans and advances to customers	3,226,577	-	-	3,226,577	3,226,577
Investment securities	-	2,102,238	-	2,102,238	2,102,238
Other assets	-	-	81,946	81,946	81,946
	<u>4,245,209</u>	<u>2,102,238</u>	<u>81,946</u>	<u>6,429,393</u>	<u>6,429,393</u>
Due to banks	-	-	401,438	401,438	401,438
Other liabilities	-	-	177,401	177,401	177,401
	<u>-</u>	<u>-</u>	<u>578,839</u>	<u>578,839</u>	<u>578,839</u>
	Loans and receivables	Available-for- sale	Other amortised cost	Total Carrying amount	Fair value
31 December 2014 (Audited)					
Cash and balances with central bank	165,204	-	-	165,204	165,204
Due from banks	876,366	-	-	876,366	876,366
Loans and advances to customers	2,993,141	-	-	2,993,141	2,993,141
Investment securities	-	2,088,633	-	2,088,633	2,088,633
Other assets	-	-	43,642	43,642	43,642
	<u>4,034,711</u>	<u>2,088,633</u>	<u>43,642</u>	<u>6,166,986</u>	<u>6,166,986</u>
Due to banks	-	-	1,001,438	1,001,438	1,001,438
Other liabilities	-	-	204,779	204,779	204,779
	<u>-</u>	<u>-</u>	<u>1,206,217</u>	<u>1,206,217</u>	<u>1,206,217</u>

(b) Financial instruments- carrying amount, fair values and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

6 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**(b) Financial instruments- carrying amount, fair values and fair value hierarchy (continued)**

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

30 June 2015 (Reviewed)	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	2,073,270	-	-	2,073,270
31 December 2014 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	2,065,594	-	-	2,065,594

During the six month period ended 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair value of the financial instruments, which are not measured at fair value approximates their carrying amount, hence not included in the fair value hierarchy table.

Investment securities - at cost

At 30 June 2015, certain unquoted financial assets available-for-sale amounting to QR 28.97 million (2014: 23.04 million) are carried at cost due to non-availability of quoted market prices or other reliable measures of their fair values. Management believes there is no impairment in their values.

7 LOANS AND ADVANCES TO CUSTOMERS

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
a) By type		
(i) Conventional banking loans and advances		
Non agricultural and fishery loans	2,217,841	2,178,243
Agricultural and fishery loans	42,764	37,307
	<u>2,260,605</u>	<u>2,215,550</u>
Specific impairment on loans and advances to customers (Note 7(c))	(215,231)	(194,398)
Net conventional banking loans and advances	<u>2,045,374</u>	<u>2,021,152</u>
(ii) Islamic financing activities		
Murabaha	382,972	285,755
Istisna'a	35,787	35,380
Ijarah	782,476	671,777
	<u>1,201,235</u>	<u>992,912</u>
Deferred income on Islamic finances	(20,032)	(20,923)
Net financing activities	<u>1,181,203</u>	<u>971,989</u>
Net loan and advances and financing activities	<u>3,226,577</u>	<u>2,993,141</u>

QATAR DEVELOPMENT BANK Q.S.C.C

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

AS AT AND FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2015

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7 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

b) All loans and advances are to corporate customers and small and medium sized entities located in the State of Qatar.

c) The movement in the allowance for impairment of loans and advances is as follows:

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
At 1 January	194,398	151,725
Charge for the period / year (net)	20,833	42,673
As at	215,231	194,398

Interest in suspense of QR 4.29 million as at 30 June 2015 (2014: QR 4.13 million) is for the purpose of Qatar Central Bank regulatory requirements, effectively included in the above allowance for impairment on loans and advances. Movement in interest in suspense during the six month amounted to a net charge of QR 0.16 million (2014: net recovery of QR 1.25 million).

d) Net impairment during the period

	For the six month period ended 30 June	
	2015	2014
Loans and advances (net of recoveries)	20,677	25,176
Interest in suspense	156	(3,233)
	20,833	21,943

8 INVESTMENT SECURITIES

	30 June 2015 (Reviewed)			31 December 2014 (Audited)		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Available for sale investments						
a) By type						
Equity securities measured at fair value	681,734	-	681,734	688,210	-	688,210
Equity securities measured at cost	-	11,470	11,470	-	7,016	7,016
State of Qatar Bonds	895,978	-	895,978	890,854	-	890,854
Other debt securities	495,558	-	495,558	486,530	-	486,530
Investment funds	-	17,498	17,498	-	16,023	16,023
Total	2,073,270	28,968	2,102,238	2,065,594	23,039	2,088,633

The State of Qatar Bonds and other debt securities financial assets amounting to QR 896 million and QR 495.6 million respectively (2014: QR 890.9 million and QR. 486.5 million) represent investments in fixed rate securities. There are no investments in floating rate securities as at 30 June 2015.

No impairment loss on investments was recognised during the period ended 30 June 2015 and 30 June 2014.

9 INTEREST IN OTHER ENTITIES

Name of the entity	Description of activities	Accounting treatment
Ellan Qatar W.L.L. (Formerly known as Q Media W.L.L.)	The main activities of the Ellan Qatar W.L.L. ("the Company") are to provide media and outdoor advertising services, marketing services, managing events, printing and road signboard services.	Disclosed as an interest in other entity and treated as an available for sale investment. Refer note 9.1.
Yellow Services S.P.C. ("the Company")	The Company was designed to facilitate the acquisition of Ellan Qatar W.L.L.	Treated as a subsidiary but not consolidated as the Company's operations are not material to the Bank. Refer Note 9.2.
Ellan Entertainment Development W.L.L. (a subsidiary of Ellan Qatar) ("the Company")	The principal activities of the Company are investment in properties including construction, sales and operating, development of various kinds of projects, general building contracting and operating real estate.	Treated as a subsidiary but not consolidated as the Company's operations are not material to the Bank. Refer Note 9.3.
Small and Medium Enterprises Development Company Q.S.C. ("EQ")	The EQ was formed to provide entrepreneurs and small and medium enterprises with the support that allows them to promote their capabilities, continue to build their businesses and successfully carry out their operations.	The transaction has been considered as business combination. QDB being the acquirer applied the book value (carry-over basis) accounting on the basis that both QDB and EQ were under the common control of Ministry of Finance. EQ's operations were included with the results of the Bank w.e.f 01 April 2015. Refer Note 9.4.
Qatari German Company for Medical Devices Q.S.C ("the Company").	The principal activities of the Company are manufacturing of single used disposable syringes.	Disclosed as interest in other entity and treated as an available for sale investment. The Bank has extended a financing facility amounting to QR 71.5 million to the Company.
Al Shams Advanced Lighting Technologies Q.P.S.C ("the Company")	The principal activities of the Company are manufacturing HID lamps and other lighting products.	Disclosed as an interest in other entity and treated as an investment in associate. Refer note 10. Further, the Bank has extended a financing facility amounting to QR 9.59 million to the Company.
Housing Loan Portfolio managed by the Bank ("the Portfolio")	The portfolio contains government sponsored and funded housing loans to Qatari Nationals managed by the Bank.	1% of the total portfolio is recognised as income.

9 INTEREST IN OTHER ENTITIES (CONTINUED)**Note 9.1**

During the year 2014, the ownership of Ellan Qatar W.L.L. ("the Company" or "Ellan Qatar") (formerly known as Q Media W.L.L) was transferred to the Bank on the instruction of Ministry of Finance (MoF) at QR 1. 99.1% of the shares of Ellan Qatar were transferred to QDB directly and 0.9% through its wholly owned company Yellow Services S.P.C. (structured entity established only to acquire Ellan Qatar).

The Company is not consolidated in the books of the Bank in accordance with IFRS 10 "Consolidated Financial Statements", as MoF has the right to change the owner without showing any reason as per letter dated 19 October 2014 from the MoF.

The maximum exposure to loss for the Bank is the credit risk in respect of loan amounting to QR 1,010 million provided by the Bank to the Company. However, the Bank's exposure towards the Company is secured through a guarantee issued by the MoF to settle the loan in case of default.

The following table provides the carrying amounts and classifications of interests recorded in the Bank's Statement of financial position and maximum exposure to loss as of and for the six month ended 30 June 2015.

30 June 2015	Total In QR '000
<i>Statement of financial position line items</i>	
Available-for-Sale investment	.*
Loans and advances to customer	965,813
Interest receivable	44,106
Total assets	1,009,919
<i>Statement of comprehensive income line items</i>	
Interest income	14,649
Maximum exposure to loss	1,009,919

*This represents investment in Ellan Qatar amounting to QR 1

Note 9.2

Yellow Services S.P.C. has net assets of QR 200,000 representing only the share capital and cash as at 30 June 2015.

Note 9.3

The ownership of Ellan Entertainment Development W.L.L. has been transferred to the Bank with effect from 26 February 2014 without consideration, as a pass through arrangement, to facilitate the sale of land owned by it to a third party. Ellan Entertainment Development W.L.L. has net assets of QR 281,000 representing the share capital and cash as at 31 December 2014, excluding the liability to a third party amounting to QR 112 million which will be borne by Ellan Qatar as per the letter dated 16 November 2014.

Note 9.4

On 11 August 2014, the Ministry of Finance received a letter from the office of the Prime Minister instructing the Bank to combine the operations of Small and Medium Enterprises Development Company Q.S.C. ("EQ") with the Bank. Further, on 26 November 2014, HE Emir of Qatar approved the combination of EQ with the Bank. Effective from 01 April 2015 all the assets, liabilities and the operations of EQ were transferred to the Bank. EQ had net assets of QR 208.8 million as at 31 March 2015 and the details are below;

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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9 INTEREST IN OTHER ENTITIES (CONTINUED)

Note 9.4 (continued)

	Amounts
ASSETS	
Receivables and prepayments	10,245
Bank balances and cash	201,568
Total assets	211,813
EQUITY AND LIABILITIES	
Equity	
Share capital	420,645
Accumulated losses	(211,874)
Total equity / net assets	208,771
Liabilities	
Employees' end of service benefits	1,834
Accounts payable and accruals	1,208
Total liabilities	3,042
Total equity and liabilities	211,813

As a result of the business combination, assets, liabilities and equity of EQ were added with results of the Bank.

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Balance at 1 January	30,401	40,911
Investments acquired during the period / year	420	195
Share of results	-	(4,599)
Impaired during the period / year	(420)	(6,106)
Balance as at	30,401	30,401

	Amount (Carrying value)		Associate s / Joint venture	Country	Company's Activities	Ownership %	
	2015	2014				2015	2014
Al Shams advanced lighting technologies*	-	-	Associate	Qatar	Manufacturing HID lamps and other lighting products	26%	26%
Qatar Business Incubator	30,401	30,401	Joint Venture	Qatar	Career development and entrepreneurship services for the youth of Qatar	50%	50%
The Bedaya Centre*	-	-	Joint Venture	Qatar	Catering to the diversified needs of SMEs with tailor-made solutions and toolkits.	50%	50%

*The Investments in this Joint venture and associate were fully impaired as the Bank has recognised the share of losses up to the cost of the investment in prior years.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
AS AT AND FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2015**

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11 STAFF AND OTHER COSTS

	For the six month period ended 30 June	
	2015 (Reviewed)	2014 (Reviewed)
Staff costs	69,454	61,768
Other costs	31,430	28,884
	<u>100,884</u>	<u>90,652</u>

12 CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2015 (Reviewed)	31 December 2014 (Reviewed)
	Al-Tasdeer	21,057
Al- Dahmeen	370,395	330,140
Letters of guarantee	157,007	127,535
Letters of credit	235,417	218,323
Unutilised credit facilities	2,124,957	1,594,886
Capital commitments	13,561	14,842
	<u>2,922,394</u>	<u>2,300,004</u>

13 RELATED PARTY DISCLOSURES

The Bank enters into transactions with major shareholder, directors and key management personnel of the Bank, and entities controlled, jointly controlled, or significantly influenced by such parties. All the loans and advances and financing activities to related parties are given at market rates.

The period / year end balances as at and for the period / year ended in respect of related parties included in the financial statements are as follows:

	As at 30 June 2015		
	Government of State of Qatar	Associate	Joint Ventures
a) Statement of financial position (Reviewed)			
Financial investments	895,978	-	-
Other receivable	-	-	11,408
Investments in associates and joint ventures	-	-	30,401
Gross amount of loans and advances	-	9,590	-
Specific impairment on advances to customers	-	9,296	-
For the six month period ended 30 June 2015			
b) Statement of comprehensive income (Reviewed)			
Interest on the State of Qatar bonds	17,301	-	-
Net impairment loss on loans and advances to customers	-	-	-

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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13 RELATED PARTY DISCLOSURES (CONTINUED)

	31 December 2014		
	Government of State of Qatar	Associate	Joint Ventures
a) Statement of financial position (Audited)			
Financial investments	890,854	-	-
Other receivable	-	-	4,599
Investments in associates and joint ventures	-	-	30,401
Gross amount of loans and advances	-	9,451	-
Specific impairment on advances to customers	-	9,296	-
For the six month period ended 30 June 2014			
b) Statement of comprehensive income (Reviewed)			
Interest on the State of Qatar bonds	17,301	-	-
Net impairment loss on loans and advances to customers	-	3,784	-