QATAR OMAN INVESTMENT COMPANY Q.S.C.

DOHA - QATAR

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR’S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2012

QATAR OMAN INVESTMENT COMPANY Q.S.C.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Qatar Oman Investment Company Q.S.C.
Doha - Qatar

Report on the Financial Statements

We have audited the accompanying financial statements of Qatar Oman Investment Company Q.S.C. ("the Company"), which comprise the statement of financial position as at December 31, 2012 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditor's 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 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate 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.

Independent Auditor's Review Report (Continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Qatar Oman Investment Company Q.S.C. as of December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

Furthermore, in our opinion the financial statements provide the information required by the Qatar Commercial Companies' Law No. (5) of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company and the contents of the directors' report are in agreement with the Company's financial statements. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Commercial Companies Law or the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

For **Deloitte & Touche**

Doha - Qatar
February 27, 2013

Midhat Salha
License No. 257

QATAR OMAN INVESTMENT COMPANY Q.S.C.

STATEMENT OF FINANCIAL POSITION

As at December 31, 2012

	Notes	2012 QR.	2011 QR.
ASSETS			
Current Assets			
Cash and bank balances	5	**111,540,429**	92,370,195
Prepayments and other debit balances	6	**372,560**	65,892,592
Financial assets at fair value through profit and loss		**3,509,800**	14,774,335
		115,422,789	173,037,122
Non-Current Assets			
Investments at fair value through other comprehensive income	7	**173,905,571**	118,177,547
Investment properties	8	**39,141,383**	38,274,833
Property and equipment	9	**406,543**	574,781
		213,453,497	157,027,161
Total Assets		**328,876,286**	330,064,283
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Accruals and other credit balances	10	**9,968,443**	6,874,239
Non-Current Liabilities			
Employees' end of service benefits	11	**595,944**	417,587
Total Liabilities		**10,564,387**	7,291,826
Shareholders' Equity			
Capital	12	**315,000,000**	315,000,000
Treasury shares		**--**	(106,038)
Legal reserve	13	**11,585,469**	9,706,564
Fair value reserve		**(27,494,430)**	(19,812,906)
Proposed dividends	14	**15,750,000**	15,750,000
Retained earnings		**3,470,860**	2,234,837
Total Shareholders' Equity		**318,311,899**	322,772,457
Total Liabilities and Shareholders' Equity		**328,876,286**	330,064,283

These financial statements were approved by the Directors on February 27, 2013 and signed on their behalf by:

Sheikh Abdulrahaman Bin Mohamed Bin Jabr Al Thani
Chairman

Naser Mohammed Al Khaldi
Chief Executive Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

QATAR OMAN INVESTMENT COMPANY Q.S.C.

STATEMENT OF INCOME

For the year ended December 31, 2012

	Notes	2012	2011
		QR.	QR.
Investment and interest income	15	**23,322,367**	19,675,656
Gain on change of fair value of investment property		**866,550**	--
Net investment and interest income		**24,188,917**	19,675,656
General and administrative expenses	16	**(5,042,059)**	(4,319,561)
Depreciation	9	**(193,231)**	(186,224)
Total expenses		**(5,235,290)**	(4,505,785)
Other income		**795,424**	417,862
Board of Directors' remunerations		**(960,000)**	(800,000)
Net profit for the year		**18,789,051**	14,787,733
Earnings per share	17	**0.596**	0.469

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

QATAR OMAN INVESTMENT COMPANY Q.S.C.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2012

	2012	2011
	QR.	QR.
Net profit for the year	**18,789,051**	14,787,733
Other comprehensive income		
Change in fair value reserve	**(7,135,921)**	(٧،٤٢٥،٥٢٠)
Total comprehensive income	**11,653,130**	7,362,213

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

QATAR OMAN INVESTMENT COMPANY Q.S.C.
STATEMENTS OF CHANGES IN EQUITY
For the year ended December 31, 2012

	Capital	Treasury shares	Legal reserve	Fair value reserve	Proposed dividends	Proposed bonus shares	Retained earnings	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance at January 1, 2011	300,000,000	(106,038)	8,227,791	(11,702,498)	15,000,000	15,000,000	4,360,682	330,779,937
Total comprehensive income for the year	--	--	--	(7,425,520)	--	--	14,787,733	7,362,213
Transfer to legal reserve	--	--	1,478,773	--	--	--	(1,478,773)	--
Dividends	--	--	--	--	(15,000,000)	--	--	(15,000,000)
Realized gain on FVTOCI investments recycled to retained earnings	--	--	--	(684,888)		--	684,888	--
Social and sports activities support fund contribution *	--	--	--	--	--	--	(369,693)	(369,693)
Proposed dividends	--	--	--	--	15,750,000	--	(15,750,000)	--
Bonus shares issued	15,000,000	--	--	--		(15,000,000)	--	--
Balance at January 1, 2012	**315,000,000**	**(106,038)**	**9,706,564**	**(19,812,906)**	**15,750,000**	**--**	**2,234,837**	**322,772,457**
Total comprehensive income for the year	--	--	--	(7,135,921)	--	--	18,789,051	11,653,130
Transfer to legal reserve	--	--	1,878,905		--		(1,878,905)	--
Dividend paid	--	--	--	--	(15,750,000)	--	--	(15,750,000)
Realized gain on FVTOCI investments recycled to retained earnings	--	--	--	(545,603)	--	--	545,603	--
Social and sports activities support fund contribution *	--	--	--	--	--	--	(469,726)	(469,726)
Proposed dividends	--	--	--	--	15,750,000	--	(15,750,000)	--
Treasury shares sold	--	106,038	--	--	--	--	--	106,038
Balance at December 31, 2012	**315,000,000**	**--**	**11,585,469**	**(27,494,430)**	**15,750,000**	**--**	**3,470,860**	**318,311,899**

* Pursuant to Law No. 13 of 2008 and further clarification of the Law issued in 2010, the Company made appropriation of QR. 469,726 (2011: QR. 369,693) from retained earnings for its contribution to the Social and Sports Activities. This amount represents 2.5% of the net profit for the year.

QATAR OMAN INVESTMENT COMPANY Q.S.C.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2012

	2012	2011
	QR.	QR.
Cash Flows from Operating Activities:		
Net income for the year	**18,789,051**	14,787,733
Adjustments for:		
Depreciation of property and equipment	**193,231**	186,224
Interest Income	**(1,425,933)**	(2,182,841)
Gain on fair value of investment properties	**(866,550)**	--
Employees' end of service benefits	**178,357**	213,595
Unrealized loss on revaluation of financial investments	**638,005**	773,729
Gain on treasury shares	**(241,045)**	--
Gain on sale of trading investments	**(11,182,304)**	(6,090,444)
	6,082,812	7,687,996
Prepayments and other debit balances	**65,520,032**	(203,388)
Accruals and other credit balances	**2,624,478**	1,727,278
Purchase of FVTOCI investments	**(105,352,692)**	(97,980,346)
Proceeds from sale of FVTOCI investments	**42,374,588**	59,542,500
Purchase of held for trading investments	**(144,946,200)**	(105,798,254)
Proceeds from sale of held trading investments	**166,869,400**	118,208,094
Net Cash from/(used in) Operating Activities	**33,172,418**	(16,816,120)
Cash Flows from Investing Activities:		
Purchase of property and equipment	**(24,993)**	(41,819)
Interest received	**1,425,933**	2,182,841
Net Cash from Investing Activities	**1,400,940**	2,141,022
Cash Flows from Financing Activities:		
Dividend paid	**(15,750,000)**	(15,000,000)
Proceeds from treasury shares	**346,876**	--
Net Cash used in Financing Activities	**(15,403,124)**	(15,000,000)
Net increase / (decrease) in cash and cash equivalents	**19,170,234**	(29,675,098)
Cash and cash equivalents – Beginning of the year	**92,370,195**	122,045,293
Cash and cash equivalents – End of the year	**111,540,429**	92,370,195

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Qatar Oman Investment Company ("The Company") is a Qatari Public Shareholding Company registered and incorporated in Qatar. The Company is registered under the Commercial Registration under No. 33411 and engaged in investment activities in the State of Qatar and Sultanate of Oman.

The financial statements were approved by the Board of Directors and authorized for issue on February 27, 2013.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Amendments to IFRSs affecting amounts reported in the financial statements

The following amendments to IFRSs were effective in the current year and have been applied in the preparation of these financial statements:

(i) Revised Standards

- IFRS 1 (Revised) — *First time adoption of International Financial Reporting Standards*
  - *Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'*
  - *Additional exemption for entities ceasing to suffer from severe hyperinflation*
- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets*
- IAS 12 (Revised) — *Income Taxes - Limited scope amendment (recovery of underlying assets)*

The adoption of these revised standards had no significant effect on the financial statements of the Company for the year ended December 31, 2012, other than certain presentation and disclosure changes.

2.2 New and revised IFRSs in issue but not yet effective

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

(i) Revised Standards:

Effective for annual periods beginning on or after July 1, 2012 (Early adoption allowed)

- IAS 1 (Revised) — *Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented*

Effective for annual periods beginning on or after January 1, 2013

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities*
- IAS 19 (Revised) — *Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects*

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and revised IFRSs in issue but not yet effective (continued)

(i) Revised Standards: (continued)

- IAS 27 (Revised)* — *Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements*
- IAS 28 (Revised)* — *Investments in Associates (Early adoption allowed) -Reissued as IAS 28 Investments in Associates and Joint Ventures*

Effective for annual periods beginning on or after January 1, 2015

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9*

(ii) New Standards:
Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed)

- IFRS 10* — *Consolidated Financial Statements*
- IFRS 11* — *Joint Arrangements*
- IFRS 12* — *Disclosure of Interests in Other Entities*
- IFRS 13 — *Fair Value Measurement*

(iii) New Interpretation:

Effective for annual periods beginning on or after January 1, 2013

- IFRIC 20 — *Stripping Costs in the Production Phase of a Surface Mine*

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation

The financial statements have been prepared on the historical cost basis except for investment properties and financial investments, which have been measured at fair value. The principal accounting policies are set out below.

These financial statements are presented in Qatari Riyals (QR), which is the Company's functional and reporting currency.

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

Financial assets at fair value through profit and loss

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition as described below.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in investment income (note 15) in the income statement. Fair value of financial assets at FVTPL in an organized financial market is determined by reference to best quoted market bid prices at the close of business at the reporting date.

Financial assets at fair value through other comprehensive income

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income ("FVTOCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Financial assets at FVTOCI (continued)

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss and are included in the 'investment income'.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

Trade payables

Trade payables are initially measured for the amount to be paid for received goods and services whether billed by the suppliers or not.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Office equipment	20%
Furniture	20%
Computer software	20%

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment property
Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in the statement of income in the period in which they arise.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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

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

Revenue Recognition

Dividend and interest revenue
Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income
Rental income from investment property is recognised in the statement of income on a straight-line basis over the term of the lease.

Translation of foreign currencies
Foreign currency transactions are translated into Qatari Riyals using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in the fair value reserve in equity.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits with the Banks with an original maturity of three months or less.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments in applying accounting policies

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

Classification of investments

Management decides on the acquisition of an investment whether to classify it as at FVTOCI or financial assets at fair value through profit or loss. The Company classifies investments as financial assets at fair value through profit or loss if the investment is held for trading and upon initial recognition it is designated by the Company as at fair value through profit or loss. All other investments are classified as FVTOCI.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of tangible and intangible assets and useful lives

The Company's management tests annually whether tangible and intangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates. The Company's management determines the useful lives and related depreciation charge. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Fair value of investment properties

In estimating the fair value of investment properties for the purpose of applying the fair value model under IAS 40, management obtains one or more valuation reports from independent valuation professionals, which reports are prepared by reference to market evidence of transaction prices for similar properties and/or discounted cash flow coupled with market and other evidence. Management continuously reviews various estimates and assumptions used in arriving at fair value estimates.

5. CASH AND BANK BALANCES

	2012	2011
	QR.	QR.
Petty cash	**3,543**	4,701
Current accounts	**16,835,157**	5,534,982
Call deposits	**35,457,407**	713,517
Term deposits	**59,244,322**	86,116,995
	111,540,429	92,370,195

Term deposits carry an annual interest rate of 1.75-2.25% (2011: 2.25-2.5%) with an original maturity of 3 months or less.

6. PREPAYMENTS AND OTHER DEBIT BALANCES

	2012	2011
	QR.	QR.
Dalala Brokerage Company	**104,492**	65,264,737
Staff's Furniture Allowance	**120,000**	--
Accrued interest income	**83,218**	548,166
Others	**64,850**	٧٩،٦٨٩
	٣٧٢،٥٦٠	65,892,592

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The movement on FVTOCI investments during the year was as follows:

	2012	2011
	QR.	QR.
At January 1,	**118,177,547**	87,165,221
Additions	**105,352,692**	97,980,346
Disposals	**(41,943,144)**	(58,857,612)
Changes in fair value	**(7,135,921)**	(7,425,520)
Realized gains recycled to retained earnings	**(545,603)**	(684,888)
	173,905,571	118,177,547

At December 31, investments held at FVTOCI comprised the following:

	2012	2011
	QR.	QR.
Quoted shares	**126,709,540**	80,831,661
Un-quoted shares	**47,196,031**	37,345,886
	173,905,571	118,177,547

Investments held at FVTOCI include an amount of QR 21.69 million (2011: QR 19 million) which represent the fair value of investments denominated in foreign currencies.

8. INVESTMENT PROPERTIES

	2012	2011
	QR.	QR.
At fair value		
At December 31,	**39,141,383**	38,274,833

9. PROPERTY AND EQUIPMENT

	Leasehold improvements	Office equipment	Furniture	Computer software	Total
	QR.	QR.	QR.	QR.	QR.
Cost:					
At January 1, 2010	531,028	107,099	85,543	173,530	897,200
Additions	--	41,819	--	--	41,819
At December 31, 2011	531,028	148,918	85,543	173,530	939,019
Additions	--	7,299	--	17,694	24,993
At December 31, 2012	**531,028**	**156,217**	**85,543**	**191,224**	**964,012**
Accumulated Depreciation:					
At January 1, 2010	22,416	46,562	10,299	98,737	178,014
Change for the year	106,206	28,088	17,224	34,706	186,224
At December 31, 2011	128,622	74,650	27,523	133,443	364,238
Change for the year	106,497	31,265	17,155	38,314	193,231
At December 31, 2012	**235,119**	**105,915**	**44,678**	**171,757**	**557,469**
Net book value:					
At December 31, 2012	**295,909**	**50,302**	**40,865**	**19,467**	**406,543**
At December 31, 2011	402,406	74,268	58,020	40,087	574,781

10. ACCRUALS AND OTHER CREDIT BALANCES

	2012	2011
	QR.	QR.
Trade account payables	**13,974**	17,883
Dividends payable	**7,980,344**	5,301,201
Accrued Board of Directors remuneration	**960,000**	800,000
Accruals and other credit balances	**1,014,125**	755,155
	9,968,443	6,874,239

11. EMPLOYEES' END OF SERVICE BENEFITS

	2012	2011
	QR.	QR.
At January 1,	**417,587**	203,992
Provided during the year	**178,357**	213,595
At December 31,	**595,944**	417,587

12. SHARE CAPITAL

	2012	2011
	QR.	QR.
Authorized and issued share capital: 31,500,000 shares (2011: 31,500,000) with a value of QR.10 per share	**315,000,000**	315,000,000

13. LEGAL RESERVE

As required by the Qatari Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution.

14. PROPOSED DIVIDENDS

The Board of Directors resolved in its meeting held on February 27 , 2013 to propose a cash dividends of 5% of the paid up capital, amounting to QR.15,750,000 (2011: QR. 15,750,000). This proposal is subject to the Company's General Assembly's approval.

15. INVESTMENT AND INTEREST INCOME

	2012	2011
	QR.	QR.
Gain from sale of held for trading investments	**11,182,304**	6,090,444
Unrealized loss on held for trading investments	**(638,005)**	(773,729)
Dividend income	**9,038,323**	9,849,000
Interest income	**1,425,933**	2,182,841
Rental income from investment property	**2,313,812**	2,327,100
	23,322,367	19,675,656

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
	QR.	QR.
Staff costs	**2,905,951**	2,056,552
Qatar Exchange fees	**242,000**	255,052
Rent	**585,000**	585,000
Board of Directors allowance	**210,000**	205,000
Legal and professional fees	**85,500**	109,000
Maintenance	**307,553**	298,602
Travel and transportation	**160,722**	189,278
Hospitality expenses	**57,206**	54,776
Advertisement expenses	**127,918**	129,773
End of service benefits	**178,357**	213,595
Governmental fees	**37,778**	40,168
Other expenses	**144,074**	182,765
	5,042,059	4,319,561

17. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net income for the year by the weighted average number of ordinary shares outstanding during the year as follows:

	2012	2011
Net income for the year (QR.)	**18,789,051**	14,787,733
Weighted average number of shares	**31,500,000**	31,489,705
Basic and diluted earnings per share (QR.)	**0.596**	0.469

18. RELATED PARTIES TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel of the Company and companies controlled, jointly controlled or significantly influenced by those parties

The remuneration of directors and other members of key management during the period were as follows:

	2012	2011
	QR	QR
Short-term benefits	**1,224,000**	984,000
End of services benefits	**74,889**	70,888
	1,298,889	1,054,888

19. SEGMENT ANALYSIS

The Company operates mainly in two business segments that is, investments in securities and investment properties. Balances and transactions related to these two segments are separately reflected in the financial statements.

The Company mainly operates in Qatar with investments in securities in the Sultanate of Oman. Such investments are separately disclosed in Note 7 to the financial statements.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Foreign currency risk management
The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameter.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2012	2011	**2012**	2011
	QR	QR	**QR**	QR
Omani Riyal	**--**	--	**66,394,746**	42,265,822

Interest rate risk management
The Company is not exposed to interest rate risk on its interest bearing bank deposits as all these deposits carry fixed rates.

Credit risk
The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. With respect to credit risk arising from the other financial assets of the Company, including bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk management

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the financial position date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each financial position date. The management is of opinion that the fair value of such financial instruments approximates their carrying value.

22. COMPARATIVE FIGURES

Certain of prior year amounts have been reclassified to conform with current year's presentation.