Qatar Oman Investment Company Q.S.C

FINANCIAL STATEMENTS

31 DECEMBER 2014

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATAR OMAN INVESTMENT COMPANY Q.S.C

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 31 December 2014 and the statement of income, statement of comprehensive income, statement of cash flows and statement changes in equity 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.

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 the auditors' 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, 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATAR OMAN INVESTMENT COMPANY Q.S.C (CONTINUED)

Other Matter

The financial statements of the Company for the year ended 31 December 2013 were audited by another auditor, who expressed clean opinion on those financial statements on 26 February 2014.

Report on Legal and Other Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Company or on its financial position.

Firas Qoussous
Of Ernst & Young
Auditor's Registration No. 236

Date: 8 February 2015
Doha

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	***2014 QR***	*2013 QR*
ASSETS			
Non-current assets			
Property and equipment	3	**165,198**	279,450
Investment property	4	**46,000,000**	42,000,000
Financial assets at fair value through other comprehensive income	5	**217,498,919**	173,916,433
		263,664,117	216,195,883
Currents assets			
Financial assets at fair value through profit or loss	5	**48,795,500**	27,827,027
Trade and other receivables	6	**623,198**	559,266
Cash and bank balances	7	**65,385,911**	101,715,560
		114,804,609	130,101,853
TOTAL ASSETS		**378,468,726**	346,297,736
LIABILITIES AND EQUITY			
Liabilities			
Non-current liability			
Employees' end of service benefits	8	**920,315**	742,826
Current liability			
Trade and other payables	9	**13,499,764**	11,641,337
Total liabilities		**14,420,079**	12,384,163
Equity			
Share capital	10	**315,000,000**	315,000,000
Legal reserve	11	**16,167,097**	13,568,540
Fair value reserve		**(19,913,564)**	(16,813,969)
Proposed dividends	12	**25,200,000**	18,900,000
Retained earnings		**27,595,114**	3,259,002
Total equity		**364,048,647**	333,913,573
TOTAL LIABILITIES AND EQUITY		**378,468,726**	346,297,736

Sheikh Abdul Rahaman Bin Jabr Al Thani
Chairman

Naser Mohamed Al Khaldi
Chief Executive Officer

The attached notes 1 to 22 form part of these financial statements.

STATEMENT OF INCOME

For the year ended 31 December 2014

	Notes	***2014 QR***	*2013 QR*
Net income from financial investments	13	**27,094,077**	20,805,527
Fair value gain on investment property	4	**4,000,000**	2,858,617
Income from investment property	16	**2,654,533**	2,626,805
		33,748,610	26,290,949
General and administrative expenses	14	**(6,740,645)**	(5,628,354)
Depreciation	3	**(150,673)**	(148,157)
		(6,891,318)	(5,776,511)
Other income		**728,282**	516,276
Board of directors' remunerations	17	**(1,600,000)**	(1,200,000)
PROFIT FOR THE YEAR		**25,985,574**	19,830,714
Basic and diluted earnings per share	15	**0.825**	0.629

The attached notes 1 to 22 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	*2013*
	QR	*QR*
PROFIT FOR THE YEAR	**25,985,574**	19,830,714
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealized gain from fair valuation of financial investments carried at fair value through other comprehensive income	**(3,099,596)**	10,680,461
Realized gain from sale of financial investments carried at fair value through other comprehensive income	**26,798,735**	1,336,267
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**23,699,139**	12,016,728
Items not to be reclassified to profit or loss in subsequent periods	**-**	-
Total other comprehensive income for the year	**23,699,139**	12,016,728
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**49,684,713**	31,847,442

The attached notes 1 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Proposed dividends QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2014	315,000,000	13,568,540	(16,813,969)	18,900,000	3,259,002	333,913,573
Profit for the year	-	-	-	-	25,985,574	25,985,574
Other comprehensive income	-	-	23,699,139	-	-	23,699,139
Total comprehensive income for the year	-	-	23,699,139	-	25,985,574	49,684,713
Transfer to legal reserve	-	2,598,557		-	(2,598,557)	-
Dividend paid (Note 12)	-	-	-	(18,900,000)	-	(18,900,000)
Realized gains on FVTOCI investments recycled to						-
retained earnings	-	-	(26,798,734)	-	26,798,734	-
Social and sports activities support fund contribution	-	-	-	-	(649,639)	(649,639)
Proposed dividends	-	-	-	25,200,000	(25,200,000)	-
Balance at 31 December 2014	**315,000,000**	**16,167,097**	**(19,913,564)**	**25,200,000**	**27,595,114**	**364,048,647**

The attached notes 1 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2014

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Proposed dividends QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2013	315,000,000	11,585,469	(27,494,430)	15,750,000	3,470,860	318,311,899
Profit for the year	-	-	-	-	19,830,714	19,830,714
Other comprehensive income	-	-	12,016,728	-	-	12,016,728
Total comprehensive income for the year	-	-	12,016,728	-	19,830,714	31,847,442
Transfer to legal reserve	-	1,983,071	-	-	(1,983,071)	-
Dividend paid (Note 12)	-	-	-	(15,750,000)	-	(15,750,000)
Realized gains on FVTOCI investments recycled to retained earnings	-	-	(1,336,267)	-	1,336,267	-
Social and sports activities support fund contribution	-	-	-	-	(495,768)	(495,768)
Proposed dividends	-	-	-	18,900,000	(18,900,000)	-
Balance at 31 December 2013	315,000,000	13,568,540	(16,813,969)	18,900,000	3,259,002	333,913,573

Pursuant to Law No. 13 of 2008 and further clarification of the Law issued in 2010, the Company made appropriation of QR 649,639 (2013 : QR 495,768) from retained earnings for its contribution to Social and Sports activities. This amount represents 2.5% of the net profit for the year ended 2014.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	*2014* *QR*	*2013* *QR*
OPERATING ACTIVITIES			
Profit for the year		**25,985,574**	19,830,714
Adjustments for:			
Depreciation of property and equipment	3	**150,673**	148,157
Interest income	13	**(772,424)**	(892,464)
Revaluation gain of investment property		**(4,000,000)**	(2,858,617)
Employees' end of service benefits		**177,489**	146,882
Unrealized gain on valuation of financial assets at fair value through profit and loss		**(2,237,653)**	(215,572)
Gain on sale of financial assets carried at fair value through profit or loss		**(13,140,021)**	(6,771,203)
		6,163,638	9,387,897
Movement in working capital:			
Trade and other receivables	6	**(63,932)**	(186,706)
Trade and other payables	9	**1,208,788**	1,177,126
Purchase of financial assets at fair value through other comprehensive income		**(156,431,768)**	(63,168,860)
Proceeds from sale of financial assets at fair value through other comprehensive income		**136,548,419**	75,174,726
Purchase of financial assets at fair value through profit or loss		**(174,890,158)**	(176,063,289)
Proceeds from sale of financial assets at fair value through profit or loss		**169,299,361**	158,732,837
Net cash flow (used in)/from operating activities		**(18,165,652)**	5,053,731
INVESTING ACTIVITIES			
Purchase of property and equipment		**(36,421)**	(21,064)
Interest received		**772,424**	892,464
Net cash flows from investing activities		**736,003**	871,400
FINANCING ACTIVITY			
Dividend paid		**(18,900,000)**	(15,750,000)
Net cash flows used in financing activity		**(18,900,000)**	(15,750,000)
Net decrease in cash and cash equivalents		**(36,329,649)**	(9,824,869)
Cash and cash equivalents at the beginning of the year		**101,715,560**	111,540,429
Cash and cash equivalents at the end of the year	7	**65,385,911**	101,715,560

The attached notes 1 to 22 form part of these financial statements.

1 INCOPORATION AND ACTIVITIES

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 …………...

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and applicable provisions of Qatar Commercial Company Law.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for investment property and quoted investments, which have been measured at fair value.

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, regardless of whether that price is directly observable or estimated using another valuation technique (Note 19).

These financial statements are presented in Qatari Riyals (QR), which is the Company's functional and reporting currency. The principal accounting policies are set out below.

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 IFRS recently issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2014.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Company.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Company, since none of the entities in the Company has any offsetting arrangements.

IFRS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Company as the Company does not have derivatives during the current or prior periods.

IFRIC 21 Levies
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Company as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

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

2.3 Changes in accounting policies and disclosures (continued)

Annual Improvements 2010-2012 Cycle
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Company.

Annual Improvements 2011-2013 Cycle
In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Company, since the Company is an existing IFRS preparer.

2.4 IASB Standards and interpretations in issue but not yet effective

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

Standard/Interpretation	*Content*	*Effective date*
IAS 19	Defined Benefit Plans: Employee Contributions (Amendments)	1 July 2014
IAS 27	Equity Method in Separate Financial Statements (Amendments)	1 January 2016
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments)	1 January 2016
IAS 16 and IAS 41	Agriculture: Bearer Plants (Amendments)	1 January 2016
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests (Amendments)	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
	Annual improvements 2010 – 2012 cycle	1 July 2014
	Annual improvements 2011 – 2013 cycle	1 July 2014

Early adoption of a new standard
The Company has adopted IFRS 9 Financial Instruments (IFRS 9) in 2009 in advance of its effective date. The Company has chosen December 31, 2009 as its date of initial application (i.e. the date on which the Company has assessed its existing financial assets) as this is the first reporting period end since the Standard was issued on 12 November 2009**.**

IFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value.

Investments in equity instruments are classified and measured as at FVTPL except if the equity investment is not held for trading and is designated by the Company as at fair value through other comprehensive income (FVTOCI). If the equity investment is designated as at FVTOCI, all gains and losses, except for dividend income recognised in accordance with IAS 18 Revenue, are recognised in other comprehensive income and are not subsequently reclassified to profit or loss.

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

2.4 IASB Standards and interpretations in issue but not yet effective (continued)

Early adoption of a new standard (continued)
Management have reviewed and assessed all of the Company's existing financial assets as at the date of initial application of IFRS 9. As a result:

- The Company's equity instruments not held for trading have been designated as at FVTOCI;
- The Company's remaining investments in equity investments and debt instruments are measured at FVTPL.

The impact of adopting IFRS 9 has been a reclassification of available for sale investments to investment at fair value through other comprehensive income.

2.5 Summary of significant accounting policies

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 carried at fair value through profit and loss
Investments in equity instruments are classified as at fair value through profit or loss, 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 fair value through profit or loss 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 13) in the profit or loss statement. Fair value of financial assets at fair value through profit or loss 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.

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.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods, assets or services received, whether billed by the supplier or not.

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

2.5 Summary of significant accounting policies (continued)

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

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

Lease holding improvements and office equipment	20%
Furniture	20%
Computer software	20%

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of a property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

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 profit or loss 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.

Current versus non-current classification
The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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.

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

2.5 Summary of significant accounting policies (continued)

Employees' end of service benefits
The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Revenue Recognition
Dividend and interest
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 profit or loss on a straight-line basis over the term of the lease.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Cash and cash equivalents
For the purpose of the statement of cash flows, bank balances consist of short-term deposits with an original maturity of three months or less and bank balances, net of outstanding bank overdrafts, if any.

3 PROPERTY AND EQUIPMENT

	Leasehold improvements QR	*Office equipment QR*	*Furniture QR*	*Computer software QR*	*Total QR*
Cost					
At 1 January 2014	531,028	156,217	106,607	191,224	985,076
Additions	-	30,850	-	5,571	36,421
At 31 December 2014	531,028	187,067	106,607	196,795	1,021,497
Accumulated depreciation					
At 1 January 2014	341,323	122,130	63,952	178,221	705,626
Charge for the year	106,205	21,111	18,393	4,964	150,673
At 31 December 2014	447,528	143,241	82,345	183,185	856,299
Carrying value					
At 31 December 2014	**83,500**	**43,826**	**24,262**	**13,610**	**165,198**

3 PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold improvements QR	*Office equipment QR*	*Furniture QR*	*Computer software QR*	*Total QR*
Cost					
At 1 January 2013	531,028	156,217	85,543	191,224	964,012
Additions	-	-	21,064	-	21,064
At 31 December 2013	531,028	156,217	106,607	191,224	985,076
Accumulated depreciation					
At 1 January 2013	235,119	105,915	44,678	171,757	557,469
Charge for the year	106,204	16,215	19,274	6,464	148,157
At 31 December 2013	341,323	122,130	63,952	178,221	705,626
Carrying value					
At 31 December 2013	189,705	34,087	42,655	13,003	279,450

4 INVESTMENT PROPERTY

	2014 *QR*	*2013* *QR*
At fair value		
At 31 December	**46,000,000**	42,000,000

The Company's investment property consists of a residential property in Doha – Musheirib. The management has elected to value the investment property at fair value.

The fair value of investments in real estate based on valuations performed by independent valuers possessing relevant professional qualification, with recent experience in the location and category of the properties being fair valued at as of 31 December 2014 and 31 December 2013. The fair values have been determined based in recent transactions in the market, the independent valuers' knowledge and professional judgement.

Investment in real estate are located in the state of Qatar.

Rental income included in the statement of income from investing in real estate amounted to QR 2,654,533 (2013: QR 2,626,805)

The Company has assessed that the highest and best use of its property does not differ from its current use.

The Company's investment in real estate is not subject to any other charge, pledge or restriction on transfer of title.

Reconciliation of fair value

	2014 *QR*	*2013* *QR*
As at 1 January	**42,000,000**	39,141,383
Remeasurement recognised in profit or loss	**4,000,000**	2,858,617
As at 31 December	**46,000,000**	42,000,000

5 FINANCIAL INVESTMENTS

	2014 *QR*	*2013* *QR*
Financial assets at fair value through profit or loss	**48,795,500**	27,827,027

	2014 *QR*	*2013* *QR*
Financial assets at fair value through OCI		
Quoted shares	**138,394,113**	94,811,627
Un-quoted shares	**79,104,806**	79,104,806
	217,498,919	173,916,433

5 FINANCIAL INVESTMENTS (CONTINUED)

Financial assets at fair value through OCI
Financial assets at fair value through OCI include a significant portion that are invested in equity shares of non-listed companies. The Company holds non-controlling interests (between 2% and 16%) in these entities. The Company considers these investments to be strategic in nature and due to the absence of reliable resources to assess and quantify their fair value, they are carried at cost in the statement of financial position as at 31 December 2014.

The Company also has investments in listed equity shares. Fair values of these listed equity shares are determined by reference to published price quotations in an active market.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets that are invested in listed equity shares. Fair value of these listed equity shares are determined by reference to published price quotations in an active market.

The movement in financial assets through other comprehensive income during the year was as follows:

	2014 ***QR***	*2013* *QR*
At 1 January	**173,916,433**	173,905,571
Additions	**156,431,768**	63,168,860
Disposals	**(109,749,686)**	(73,838,459)
Unrealized gains on financial assets at fair value through OCI	**(3,099,596)**	10,680,461
	217,498,919	173,916,433

6 TRADE AND OTHER RECEIVABLES

	2014 ***QR***	*2013* *QR*
Trade receivable	**134,230**	104,462
Staff's furniture allowance	**120,000**	120,000
Accrued interest income	**53,532**	57,588
Others	**315,436**	277,216
	623,198	559,266

7 CASH AND BANK BALANCES

	2014 ***QR***	*2013* *QR*
Cash on hand	**5,000**	5,000
Current accounts	**11,059,346**	7,502,654
Call deposits	**30,198,660**	70,481,450
Term deposits*	**24,122,905**	23,726,456
	65,385,911	101,715,560

*The term deposits all have original maturity of ninety days or less.

8 EMPLOYEES' END OF SERVICE BENEFITS

	2014	*2013*
	QR	*QR*
At 1 January	**742,826**	595,944
Provided during the year	**177,489**	146,882
At 31 December	**920,315**	742,826

9 TRADE AND OTHER PAYABLES

	2014	*2013*
	QR	*QR*
Trade payables	**4,900**	5,702
Dividends payable	**10,051,272**	9,304,375
Accrued board of directors remuneration*	**1,600,000**	1,200,000
Accruals and other payables	**1,843,592**	1,131,260
	13,499,764	11,641,337

*This amount represents a provision against Board of Directors remuneration. The Provision is the subject to the approval of the shareholders and to any other approvals as deemed necessary.

10 SHARE CAPITAL

	2014	*2013*
	QR	*QR*
Authorised, issued and fully paid share capital: 31,500,000 shares (2013: 31,500,000) with a value of QR. 10 per share	**315,000,000**	315,000,000

11 LEGAL RESERVE

As required by the Qatari Commercial Company's Law No. 5 of 2002 and the Company's Articles of association, 10% of the profit is to be transferred to the statutory reserve until the reaches a minimum of 50% of the issued share capital. The Company has transferred QR 2,598,557 To the legal reserve for the year ended 31 December 2014 (2013: QR 1,983,071). This reserve is not available for distribution except in circumstance stipulated in the above mention law.

12 PROPOSED DIVIDENDS

The Board of Directors resolved in its meeting held in 8 February 2015 to propose a cash dividend of 8% (2013: 6%) of the paid up capital, amounting to QR 25,200,000 (2013: QR. 18,900,000). This proposal is subject to the Company's General Assembly approval.

13 NET INCOME FROM FINANCIAL INVESTMENTS

	2014 QR	*2013 QR*
Net gain from sale of financial assets at fair value through profit or loss	**13,140,021**	6,771,203
Unrealized gain om financial assets at fair value through profit or loss	**2,237,653**	215,572
Dividend income	**10,943,979**	12,926,288
Interest income	**772,424**	892,464
	27,094,077	20,805,527

14 GENERAL AND ADMINISTRATIVE EXPENSES

	2014 QR	*2013 QR*
Staff costs	**4,215,605**	3,128,210
Rent	**640,250**	601,250
Legal and professional fees	**440,968**	150,500
Board of directors allowance	**289,000**	263,000
Maintenance	**268,780**	329,742
Qatar exchange fees	**242,000**	242,000
Advertisement expenses	**205,988**	262,916
End of service benefits (Note 8)	**177,489**	146,882
Travel and transportation	**109,527**	299,717
Governmental fees	**38,320**	36,550
Hospitality expenses	**30,611**	43,624
Other expenses	**82,107**	123,963
	6,740,645	5,628,354

15 EARNING PER SHARE

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

	2014 QR	*2013 QR*
Net profit for the year	**25,985,574**	19,830,714
Weighted average shares	**31,500,000**	31,500,000
Basic and diluted earnings per share	**0.825**	0.629

16 INCOME FROM INVESTMENT PROPERTY

	2014	*2013*
	QR	*QR*
Rental income	**2,654,533**	2,626,805

17 RELATED PARTIES DISCLOSURES

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

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

	2014	*2013*
	QR	*QR*
Short-term benefits	**2,824,000**	2,424,000
Long-term benefits	**80,000**	80,000
	2,904,000	2,504,000

18 SEGMENT ANALYSIS

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

	2014	*2013*
	QR	*QR*
Assets		
Investment in securities:		
Financial assets through OCI	**217,498,919**	173,916,433
Financial assets through profit and loss	**48,795,500**	101,715,560
	266,294,419	275,631,993
Investment in property	**46,000,000**	42,000,000
	312,294,419	317,631,993
Income		
Income from investment in securities	**26,321,653**	19,913,063
Investment in property:		
Rental income from investment property	**2,654,533**	2,626,805
Fair value gain on investment property	**4,000,000**	2,858,617
	32,976,186	25,398,485

19 FAIR VALUES DISCLOSURES

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, other receivables, available-for-sale investments and financial assets at fair value through profit or loss. Financial liabilities consist of amounts other payables and certain accruals.

As at the reporting date, the fair values of the financial assets and liabilities are not materially different from their carrying values.

Fair value hierarchy
As at 31 December 2014, the Company held financial assets at fair value through other comprehensive income investments and financial assets at fair value through profit or loss measured at fair value. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument (observable inputs).
Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial assets the Company determines fair values using valuation techniques.

Valuation techniques include, comparison to similar assets for which market observable prices exist, and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial assets at the reporting date, that would have been determined by market participants acting at arm's length.

The table below analyses financial assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 December 2014	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*	*Total QR*
Investment property	**-**	**46,000,000**	**-**	**46,000,000**
Financial assets at fair value through other comprehensive income	**138,394,113**	**-**		**138,394,113**
Financial assets at fair value through profit or loss	**48,795,500**	**-**	**-**	**48,795,500**

19 FAIR VALUES DISCLOSURES (CONTINUED)

31 December 2013	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*	*Total QR*
Investment property	-	42,000,000	-	42,000,000
Financial assets at fair value through other comprehensive income	94,811,627	-	-	94,811,627
Financial assets at fair value through profit or loss	27,827,027	-	-	27,827,027

During the reporting year ended 31 December 2014, 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.

20 FINANCIAL RISK MANAGEMENT

Objectives and policies
The Company's principal financial liabilities comprise of accounts payable and accruals. The main purpose of these financial liabilities is to manage the working capital requirements of the Company. The Company has various financial assets such as receivables, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, other receivables and bank balances, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk. The management reviews and agrees policies for managing each of these risks which risks are summarised 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 is exposed to credit risk on its bank balances and cash and receivables as shown below:

	2014 QR	*2013 QR*
Bank balances	**65,380,911**	101,710,560
Trade receivable	**134,230**	104,462
Staff receivables	**120,000**	120,000
Other receivables	**368,968**	334,804
	66,004,109	102,269,826

The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks. With respect to credit risk arising from the other financial assets of the Company, including bank balances, 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.

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk
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.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates:

31 December 2014	*On demand QR*	*Less than 1 year QR*	*1-5 years QR*	*Total QR*
Accounts payable and accruals	**-**	**13,499,764**	**-**	**13,499,764**
Total	**-**	**13,499,764**	**-**	**13,499,764**

31 December 2013	*On demand QR*	*Less than 1 year QR*	*1-5 years QR*	*Total QR*
Accounts payable and accruals	-	11,641,337	-	11,641,337
Total	-	11,641,337	-	11,641,337

Market risk
Market risk is the risk that changes in market prices, such as interest rates and foreign currency exchange rates will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimising return.

Equity price risk
The Company is exposed to equity securities price risk. This arises from investments held by the Company 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 Company 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.

	Change in equity price	*Effect on equity QR*
2014		
Qatar Exchange	+10%	**10,794,090**
Oman Exchange	+10%	3,045,321
2013		
Qatar Exchange	+10%	**9,481,163**
Oman Exchange	+10%	-

The Company also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the income statement will be impacted, or when a third party transaction in the investment gives a reliable indication of fair value which will be reflected in equity.

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk
Interest rate risk is the risk that the fair value of future statement of cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the Company does not have any floating rate financial assets and liabilities and hence the statement of comprehensive income and equity is not sensitive to changes in interest rates.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risks as it does not have material balances in foreign currencies and hence the foreign currency risk is minimal.

Capital management
The Company manages its capital to ensure that it will be able to continue as a going concern while maintaining the return to shareholders through the optimisation of the debt and equity balances.

Capital comprises of share capital, fair value reserve and retained earnings and is measured at QR 322,681,550 (2013: QR 301,445,033).

21 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Use of estimates
The preparation of 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 date of the financial statements 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.

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.

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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

Impairment of accounts receivable
An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

Useful life of property and equipment
The Company's management determines the estimated useful life of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful life annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Therefore, the financial statements continue to be prepared on a going concern basis.

22 COMPARATIVE FIGURES

The comparative figures presented for 31 December 2013 have been reclassified where necessary to preserve consistency with the 31 December 2014 figures. However, such reclassifications did not have any effect on the net profit, or comprehensive income or the total equity for the comparative period.