

Qatar Oman Investment Company Q.S.C.


**UNAUDITED INTERIM CONDENSED FINANCIAL
STATEMENTS**

30 JUNE 2014



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Ernst & Young - (Qatar Branch)
P.O. Box 164
Burj Al Gassar, 24th floor
Majlis Al Taawon Street, Onaiza
West Bay
Doha, State of Qatar

Tel: +974 4457 4111
Fax: +974 4441 4649
doha@qa.ey.com
ey.com/mena

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF QATAR OMAN INVESTMENT COMPANY (Q.S.C)

Introduction

We have reviewed the accompanying interim statement of financial position of Qatar Oman Investment Company Q.S.C. (the "Company") as at 30 June 2014 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 – International Financial Reporting Standard ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review


We conducted our review in accordance with 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The unaudited interim condensed financial statements of the Company as at 30 June 2013 were reviewed and the financial statements as at 31 December 2013 were audited by another auditor, whose reports dated 30 July 2013 and 26 February 2014 respectively, expressed unmodified conclusion and audit opinion on those statements.


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

Date: 20 July 2014
Doha



Qatar Oman Investment Company Q.S.C.

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

30 June 2014

	Notes	30 June 2014 (Unaudited) QR	31 December 2013 (Audited) QR
ASSETS			
Current assets			
Cash and bank balances	3	84,061,039	101,715,560
Prepayments and other assets	4	447,369	559,266
Financial investments carried at fair value through statement of income	5	4,550,000	27,827,027
		<u>89,058,408</u>	<u>130,101,853</u>
Non-current assets			
Financial investments carried at fair value through other comprehensive income	6	228,102,397	173,916,433
Investment property		42,000,000	42,000,000
Property and equipment		235,550	279,450
		<u>270,337,947</u>	<u>216,195,883</u>
Total assets		<u>359,396,355</u>	<u>346,297,736</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liability			
Accruals and other liabilities		19,335,294	11,641,337
Non-current liability			
Employees' end of service benefits		843,740	742,826
Total liabilities		<u>20,179,034</u>	<u>12,384,163</u>
Shareholders' equity			
Share Capital	7	315,000,000	315,000,000
Legal reserve	8	13,568,540	13,568,540
Investments fair value reserve		(14,801,069)	(16,813,969)
Proposed dividends	9	-	18,900,000
Retained earnings		25,449,850	3,259,002
Total shareholders' equity		<u>339,217,321</u>	<u>333,913,573</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>359,396,355</u>	<u>346,297,736</u>



Sheikh Abdulrahman Bin Mohamed Bin Jabr Al Thani
Chairman



Naser Mohammed Al Khaldi
Chief Executive Officer

The accompanying notes from 1 to 12 form part of these interim condensed financial statements.

Qatar Oman Investment Company Q.S.C.

UNAUDITED INTERIM STATEMENT OF INCOME

For the six month period ended 30 June 2014

	<i>For the six months ended</i>	
	<i>30 June 2014 (Unaudited) QR</i>	<i>30 June 2013 (Unaudited) QR</i>
Revenue		
Investment and interest income	<u>20,943,116</u>	<u>16,034,821</u>
Expenses		
General and administrative expenses	<u>(3,385,580)</u>	<u>(3,086,932)</u>
Depreciation	<u>(74,121)</u>	<u>(75,309)</u>
Total expenses	<u>(3,459,701)</u>	<u>(3,162,241)</u>
Other income	<u>408,394</u>	<u>241,647</u>
Profit for the period	<u>17,891,809</u>	<u>13,114,227</u>
Basic and diluted earnings per share	10 <u>0.57</u>	<u>0.42</u>

The accompanying notes from 1 to 12 form part of these interim unaudited financial statements.

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2014

	<i>For the six months ended</i>	
	<u>30 June</u> <u>2014</u> <i>(Unaudited)</i> <u>QR</u>	<u>30 June</u> <u>2013</u> <i>(Unaudited)</i> <u>QR</u>
Profit for the period	<u>17,891,809</u>	<u>13,114,227</u>
<i>Other comprehensive income not to be reclassified to statement of income in subsequent periods</i>		
Unrealized gain from revaluation of financial investments carried at fair value through other comprehensive income	2,012,900	1,952,641
Realized gain from sale of financial investments carried at fair value through other comprehensive income	<u>4,299,039</u>	<u>838,154</u>
Other comprehensive income for the period	<u>6,311,939</u>	<u>2,790,795</u>
Total comprehensive income for the period	<u>24,203,748</u>	<u>15,905,022</u>

The accompanying notes from 1 to 12 form part of these interim unaudited financial statements.

Qatar Ocean Investment Company Q.S.C.

UNAUDITED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six month period ended 30 June 2014

	Share capital QR	Legal reserve QR	Investments fair value reserve QR	Proposed dividends QR	Retained earnings QR	Total QR
Balance as at 1 January 2014 (Audited)	315,000,000	13,568,540	(16,813,969)	18,900,000	3,259,002	333,913,573
Profit for the period	-	-	-	-	17,891,809	17,891,809
Other comprehensive income	-	-	6,311,939	-	-	6,311,939
Total comprehensive income for the period	-	-	6,311,939	-	17,891,809	24,203,748
Realized gain from sale of financial investments carried at fair value through other comprehensive income	-	-	(4,299,039)	-	4,299,039	-
Dividends paid (Note 9)	-	-	-	(18,900,000)	-	(18,900,000)
Balance as at 30 June 2014 (Unaudited)	315,000,000	13,568,540	(14,801,069)	-	25,449,850	339,217,321
Balance as at 1 January 2013 (Audited)	315,000,000	11,585,469	(27,494,430)	15,750,000	3,470,860	318,311,899
Profit for the period	-	-	-	-	13,114,227	13,114,227
Other comprehensive income for the period	-	-	2,790,795	-	-	2,790,795
Total comprehensive income for the period	-	-	2,790,795	-	13,114,227	15,905,022
Realized gain from sale of financial investments carried at fair value through other comprehensive income	-	-	(838,154)	-	838,154	-
Dividends paid (Note 9)	-	-	-	(15,750,000)	-	(15,750,000)
Balance as at 30 June 2013 (Unaudited)	315,000,000	11,585,469	(25,541,789)	-	17,423,241	318,466,921

The accompanying notes from 1 to 12 form part of these interim unaudited financial statements.

	<i>For the six months ended</i>	
	<i>30 June 2014 (Unaudited) QR</i>	<i>30 June 2013 (Unaudited) QR</i>
Operating activities		
Profit for the period	17,891,809	13,114,227
Adjustments for:		
Depreciation of property and equipment	74,121	75,309
Employees' end of service benefits	100,914	78,787
Interest income	(413,052)	(467,730)
Unrealized loss on revaluation of financial investments	(11,995)	(23,983)
Gain from sale of financial investments carried at fair value through statement of income	<u>(8,730,140)</u>	<u>(2,933,255)</u>
Net operating profit before changes in operating assets and liabilities	8,911,657	9,843,355
Prepayments and other assets	111,898	(12,778)
Accruals and other liabilities	7,693,958	289,960
Purchase of financial investments carried at fair value through Other comprehensive income	<u>(103,241,903)</u>	<u>(57,816,975)</u>
Proceeds from sale of financial investments carried at fair value through other comprehensive income	55,367,876	19,893,592
Purchase of financial investments carried at fair value through statement of income	<u>(86,417,129)</u>	<u>(83,370,723)</u>
Proceeds from sale of financial investments carried at fair value through statement of income	<u>118,436,292</u>	<u>65,098,761</u>
Net cash from (used in) operating activities	<u>862,649</u>	<u>(46,074,808)</u>
Investing activity:		
Interest received	413,052	467,730
Purchase of property and equipment	<u>(30,221)</u>	<u>(21,064)</u>
Net cash from investing activities	<u>382,831</u>	<u>446,666</u>
Financing activity:		
Dividends paid	<u>(18,900,000)</u>	<u>(15,750,000)</u>
Net cash used in financing activities	<u>(18,900,000)</u>	<u>(15,750,000)</u>
Net decrease in cash and cash equivalents	(17,654,520)	(61,378,142)
Cash and cash equivalents at 1 January	<u>101,715,559</u>	<u>111,540,429</u>
Cash and cash equivalents at 30 June	<u>84,061,039</u>	<u>50,162,287</u>

The accompanying notes from 1 to 12 form part of these interim unaudited financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

The unaudited interim condensed financial statements were approved by the Board of Directors and authorized for issue on 20 July 2014.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed financial statements of the Company for the six month period ended 30 June 2014 have been prepared in accordance with International Financial Reporting Standard 34 - "Interim Financial Reporting". The interim condensed financial statements do not contain all information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2013. In addition, results for the six month period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

The unaudited interim condensed financial statements are prepared on historical cost basis, except for investments designated as fair value through statement of income, investments designated as fair value through other comprehensive income and investment in property that have been measured at fair value.

The unaudited interim financial statements are presented in Qatari Riyals which is the presentational and functional currency of the Company.

Significant accounting policies

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the unaudited interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The Company has adopted the following new and amended standards in preparation of these unaudited interim condensed financial statements. The new standards do not have any material impact to the Company, but they will result in additional disclosures.

IASB Standards and Interpretations

<i>Topic</i>	<i>Effective date</i>
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39	1 January 2014
Recoverable Amount Disclosure for Non-Financial Assets (Amendment to IAS 36)	1 January 2014

Also, during the period, the following new standards have been issued but are not yet effective. The Company is currently evaluating the impact of these new standards.

<i>Topic</i>	<i>Effective date</i>
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017

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

3 CASH AND BANK BALANCES

	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Cash on hand	5,000	5,000
Current accounts	11,579,098	7,502,654
Call deposits	48,550,104	70,481,450
Fixed deposits	<u>23,926,837</u>	<u>23,726,456</u>
	<u>84,061,039</u>	<u>101,715,560</u>

Fixed deposits carry interest at an annual rate of 1.75% with an original maturity of 90 days or less.

4 PREPAYMENTS AND OTHER ASSETS

	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Trade receivables	-	104,462
Employee's furniture allowance	120,000	120,000
Prepaid expenses	74,000	74,000
Accrued interest income	71,516	57,588
Others	<u>181,853</u>	<u>203,216</u>
	<u>447,369</u>	<u>559,266</u>

5 FINANCIAL INVESTMENTS CARRIED AT FAIR VALUE THROUGH STATEMENT OF INCOME

	<i>30 June 2014 (Unaudited)</i>			<i>31 December 2013 (Audited)</i>		
	<i>Quoted QR</i>	<i>Unquoted QR</i>	<i>Total QR</i>	<i>Quoted QR</i>	<i>Unquoted QR</i>	<i>Total QR</i>
Equity-type investments	<u>4,550,000</u>	<u>-</u>	<u>4,550,000</u>	<u>27,827,027</u>	<u>-</u>	<u>27,827,027</u>
	<u>4,550,000</u>	<u>-</u>	<u>4,550,000</u>	<u>27,827,027</u>	<u>-</u>	<u>27,827,027</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

As at 30 June 2014

6 FINANCIAL INVESTMENT CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2014 (Unaudited)			31 December 2013 (Audited)		
	Quoted QR	Unquoted QR	Total QR	Quoted QR	Unquoted QR	Total QR
Equity instruments	<u>148,997,591</u>	<u>79,104,806</u>	<u>228,102,397</u>	<u>94,811,627</u>	<u>79,104,806</u>	<u>173,916,433</u>

7 CAPITAL

	30 June 2014 (Unaudited) QR	31 December 2013 (Audit) QR
Authorized issued and paid up share capital: 31,500,000 shares with a par value of QR.10 per share	<u>315,000,000</u>	<u>315,000,000</u>

8 LEGAL RESERVE

As required by Qatar Commercial Companies Law No. 5 of 2002 and the Company's Articles of Association, 10% of the net profit of the Company is to be transferred to a legal reserve each year until the reserve reaches 50% of the share capital. The reserve is not normally available for distribution, except in circumstances stipulated in the above law. No appropriation was made in the current period ended 30 June 2014, the transfer to legal reserve will be made at the end of the financial year.

9 PROPOSED DIVIDENDS

The Board of Directors in its meeting held on 26 February 2014 proposed a cash dividend amounting to QR. 18,900,000 for the year ended 31 December 2013. The proposed dividends were approved by Company's General Assembly's on 24 March 2014. (2013: QR 15,750,000 to the year ended 31 December 2012).

10 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to shareholders holders by the weighted average number of ordinary shares outstanding during the period as follows:

	For the six months ended	
	30 June 2014 (Unaudited)	30 June 2013 (Unaudited)
Profit attributable to shareholders holders for the period	<u>17,891,809</u>	<u>13,114,227</u>
Weighted average number of shares outstanding during the period (No. of shares)	<u>31,500,000</u>	<u>31,500,000</u>
Basic and diluted earnings per share (QR)	<u>0.57</u>	<u>0.42</u>

There were no potentially diluted shares outstanding at any time during the period and therefore the diluted earnings per share is equal to the basic earnings per share.

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company uses the following hierarchy for determining and disclosing the fair value of financial investments 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

Quantitative disclosures fair value measurement hierarchy for assets as at 30 June 2014:

	<i>Date of valuation</i>	<i>Fair Value</i>	<i>Fair value measurement using (Unaudited)</i>		
			<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
		<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Assets measured at fair value:					
Fair value through statement of income investments :	30 June 2014				
Quoted equity shares		<u>4,550,000</u>	<u>4,550,000</u>	<u>-</u>	<u>-</u>
Total		<u>4,550,000</u>	<u>4,550,000</u>	<u>-</u>	<u>-</u>
Fair value through other comprehensive income investments :	30 June 2014				
Quoted equity shares		<u>148,997,591</u>	<u>148,997,591</u>	<u>-</u>	<u>-</u>
Unquoted equity shares		<u>-</u>	<u>-</u>	<u>-</u>	<u>79,104,806</u>
Total		<u>148,997,591</u>	<u>148,997,591</u>	<u>-</u>	<u>79,104,806</u>

Note:

- (i) During the six-month period ended 30 June 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.

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	<i>Date of valuation</i>	<i>Fair Value</i> <i>QR</i>	<i>Fair value measurement using</i> <i>(Audited)</i>		
			<i>Quoted prices in active markets (Level 1)</i> <i>QR</i>	<i>Significant observable inputs (Level 2)</i> <i>QR</i>	<i>Significant unobservable inputs (Level 3)</i> <i>QR</i>
Assets measured at fair value:					
Fair value through income statement investments	31 December 2013				
Quoted equity shares		<u>27,827,027</u>	<u>27,827,027</u>	<u>-</u>	<u>-</u>
Total		<u>27,827,027</u>	<u>27,827,027</u>	<u>-</u>	<u>-</u>
Fair value through other comprehensive income investments :	31 December 2013				
Quoted equity shares		<u>94,811,627</u>	<u>94,811,627</u>	<u>-</u>	<u>-</u>
Unquoted equity shares		<u>-</u>	<u>-</u>	<u>-</u>	<u>79,104,806</u>
Total		<u>94,811,627</u>	<u>94,811,627</u>	<u>-</u>	<u>79,104,806</u>

12 RELATED PARTIES TRANSACTIONS

Related parties represent major shareholders and key management personnel of the Company, and companies of which they are principal owners.

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

For the six month period ended

	<i>For the six month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2014</i>	<i>2013</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR</i>	<i>QR</i>
Short term benefits	<u>612,000</u>	<u>612,000</u>

