Qatar Oman Investment Company Q.S.C

FINANCIAL STATEMENTS

31 DECEMBER 2016

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

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Qatar Oman Investment Company Q.S.C. (the "Company") which comprise the statement of financial position as at 31 December 2016, and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.
We identified the following key audit matter:

Valuation of investment properties
The Company records its investment property at fair value, with changes in fair value being recognised in the statement of income. The fair values are determined by external valuators appointed by the management. The valuation is based on estimates such as estimated rental revenues, occupancy rates, yield rates and market indicators.

Investment property valuation involves computations of dependent on estimates and a significant judgment area, we consider the valuation of investment properties as a key audit matter.

Our audit procedures over valuation of investment property included the following:

- Evaluated the objectivity, independence and expertise of the external valuators appointed by the management.
- Tested the accuracy and completeness of the underlying data used as inputs for the valuation.
- Evaluate the resonableness of the underlying assumptions used by the valuator by comparing the assumptions used to internal and external data.
- Assesed the adequacy and completeness of the disclosures on the valuation of investment properties, presented in Note 3 of the financial statements.

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

Other information

Other information consists of the information included in the Company's 2016 Annual Report other than the financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. The Company's 2016 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

Auditors' responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and 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. 11 of 2015 and the Company's Articles of Association. 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 its financial position.

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 15 February 2017
Doha

STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Notes	***2016*** ***QR***	*2015* *QR*
ASSETS			
Non-current assets			
Property and equipment		**2,908**	15,973
Investment property	3	**49,500,000**	47,000,000
Investment in an associate	4	**18,904,756**	18,904,756
Financial assets at fair value through other comprehensive income	5	**213,643,817**	207,753,775
		282,051,481	273,674,504
Currents assets			
Financial assets at fair value through profit or loss	5	**5,398,255**	3,037,800
Trade and other receivables	6	**318,674**	419,340
Cash and bank balances	7	**32,799,082**	66,830,428
		38,516,011	70,287,568
TOTAL ASSETS		**320,567,492**	343,962,072
LIABILITIES AND EQUITY			
Liabilities			
Non-current liability			
Employees' end of service benefits	8	**1,085,670**	954,660
Current liability			
Trade and other payables	9	**11,612,811**	11,579,791
Total liabilities		**12,698,481**	12,534,451
Equity			
Share capital	10	**315,000,000**	315,000,000
Legal reserve	11	**19,338,629**	18,001,203
Fair value reserve		**(55,529,990)**	(37,702,266)
Retained earnings		**29,060,372**	36,128,684
Total equity		**307,869,011**	331,427,621
TOTAL LIABILITIES AND EQUITY		**320,567,492**	343,962,072

Sheikh Abdul Rahaman Bin Jabr Al Thani
Chairman

Naser Mohamed Al Khaldi
Chief Executive Officer

The attached notes 1 to 20 form part of these financial statements.

STATEMENT OF INCOME

For the year ended 31 December 2016

	Notes	***2016 QR***	*2015 QR*
Net income from financial assets	13	**14,064,108**	21,201,635
Fair value gain on revaluation of investment property	3	**2,500,000**	1,000,000
Rental income from investment property	3	**2,851,867**	2,879,533
		19,415,975	25,081,168
General and administrative expenses	14	**(6,321,254)**	(5,668,175)
Depreciation		**(13,065)**	(149,225)
		(6,334,319)	(5,817,400)
Other income		**292,604**	277,296
Board of directors' remunerations	9	**-**	(1,200,000)
PROFIT FOR THE YEAR		**13,374,260**	18,341,064
Basic and diluted earnings per share	15	**0.425**	0.582

The attached notes 1 to 20 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INOME

For the year ended 31 December 2016

	2016	*2015*
	QR	*QR*
PROFIT FOR THE YEAR	**13,374,260**	18,341,064
Other comprehensive income		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Unrealized loss from fair valuation of financial investments carried at fair value through other comprehensive income	**(17,827,724)**	(17,788,702)
Realized gain / (loss) from sale of financial investments carried at fair value through other comprehensive income	**129,211**	(7,514,861)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	**(17,698,513)**	(25,303,563)
Total other comprehensive loss for the year	**(17,698,513)**	(25,303,563)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(4,324,253)**	(6,962,499)

The attached notes 1 to 20 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2016	315,000,000	18,001,203	(37,702,266)	36,128,684	331,427,621
Profit for the year	-	-	-	13,374,260	13,374,260
Other comprehensive loss	-	-	(17,698,513)	-	(17,698,513)
Total comprehensive loss for the year	-	-	(17,698,513)	13,374,260	(4,324,253)
Transfer to legal reserve	-	1,337,426	-	(1,337,426)	-
Dividend paid (Note 12)	-	-	-	(18,900,000)	(18,900,000)
Realized gain on FVTOCI investments recycled to retained earnings *	-	-	(129,211)	129,211	-
Social and sports activities support fund contribution	-	-	-	(334,357)	(334,357)
Balance at 31 December 2016	**315,000,000**	**19,338,629**	**(55,529,990)**	**29,060,372**	**307,869,011**

* Pursuant to Law No. 13 of 2008 and further clarification of the Law issued in 2010, the Company made appropriation of QR 334,357 (2015: QR 458,527) from retained earnings for its contribution to Social and Sports activities. This amount represents 2.5% of the net profit for the year ended 2016.

The attached notes 1 to 20 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2016

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2015	315,000,000	16,167,097	(19,913,564)	52,795,114	364,048,647
Profit for the year	-	-	-	18,341,064	18,341,064
Other comprehensive loss	-	-	(25,303,563)	-	(25,303,563)
Total comprehensive loss for the year	-	-	(25,303,563)	18,341,064	(6,962,499)
Transfer to legal reserve	-	1,834,106	-	(1,834,106)	-
Dividend paid	-	-	-	(25,200,000)	(25,200,000)
Realized loss on FVTOCI investments recycled to retained earnings	-	-	7,514,861	(7,514,861)	-
Social and sports activities support fund contribution	-	-	-	(458,527)	(458,527)
Balance at 31 December 2015	315,000,000	18,001,203	(37,702,266)	36,128,684	331,427,621

The attached notes 1 to 20 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	***2016*** ***QR***	*2015* *QR*
OPERATING ACTIVITIES			
Profit for the year		**13,374,260**	18,341,064
Adjustments for:			
Depreciation of property and equipment		**13,065**	149,225
Interest income	13	**(714,604)**	(827,312)
Revaluation gain of investment property		**(2,500,000)**	(1,000,000)
Employees' end of service benefits		**131,010**	133,939
Unrealized loss on valuation of financial assets at fair value through profit and loss		**390,152**	253,822
Gain on sale of financial assets carried at fair value through profit or loss		**(2,153,495)**	(8,326,811)
		8,540,388	8,723,927
Movement in working capital:			
Trade and other receivables	6	**100,666**	114,419
Trade and other payables	9	**(301,337)**	(2,289,061)
Purchase of financial assets at fair value through other comprehensive income		**(40,153,220)**	(33,512,745)
Proceeds from sale of financial assets at fair value through other comprehensive income		**16,564,665**	17,954,326
Purchase of financial assets at fair value through profit or loss		**(30,207,771)**	(52,373,106)
Proceeds from sale of financial assets at fair value through profit or loss		**29,610,659**	106,203,795
Purchase of investment in associate		**-**	(18,904,756)
End of service benefits paid		**-**	(99,594)
Net cash flow (used in)/ from operating activities		**(15,845,950)**	25,817,205
INVESTING ACTIVITIES			
Interest received		**714,604**	827,312
Net cash flows from investing activities		**714,604**	827,312
FINANCING ACTIVITY			
Dividend paid	12	**(18,900,000)**	(25,200,000)
Net cash flows used in financing activity		**(18,900,000)**	(25,200,000)
Net (decrease) / increase in cash and cash equivalents		**(34,031,346)**	1,444,517
Cash and cash equivalents at the beginning of the year		**66,830,428**	65,385,911
Cash and cash equivalents at the end of the year	7	**32,799,082**	66,830,428

The attached notes 1 to 20 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 15 February 2017.

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 18).

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 amendments to IFRS effective for annual periods beginning on or after 1 January 2016, which did not have any impact to the Company:

Topic	***Effective date***
Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisition of Interests	1 January 2016
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 investment Entities: Applying the Consolidation Exception	1 January 2016
Annual Improvements 2012 - 2014 Cycle	1 January 2016

These amendments do not have any impact on the Company.

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

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.

Standards issued 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.

Topic	***Effective date***
IAS 7 Disclosure Initiative – Amendments to IAS 7	1 January 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	1 January 2017
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (an entity that early adopts the amendments must apply them prospectively)	Deferred indefinitely

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.

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

Financial assets carried at fair value through profit and loss
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.

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

2.5 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets carried at fair value through profit and loss (continued)
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 recognized 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 recognized in profit or loss and are included in the ‘investment income’.

All financial assets are recognized and derecognized 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 recognized for amounts to be paid in the future for goods, assets or services received, whether billed by the supplier or not.

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.

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.

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

2.5 Summary of significant accounting policies (continued)

Current versus non-current classification (continued)
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.

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 recognized 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 recognized in the statement of income 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.

Impairment of financial assets
The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a Company of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3 INVESTMENT PROPERTY

	2016	*2015*
	QR	*QR*
At fair value		
At 31 December	**49,500,000**	47,000,000

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 the investment property amounting to QR 49,500,000 (2015: QR 47,000,000) have been determined based on valuations obtained from two independent valuers, who they are an industry specialised in valuing these types of properties. The methods used in the valuation are the Yield Method, and the combination of the market comparison approach for the land and cost minus depreciation approach of the building. The management used the lower valuation.

Investment property is categorised in level 3 in the fair value hierarchy. The movement in the fair value of the investment properties is shown in the table above.

The significant assumptions used in the valuations are set out below:

	2016	*2015*
	QR	*QR*
Estimated market price for the land (per sqm) (QR)	**27,986**	27,986
Construction costs (per sqm) (QR)	**3,850**	3,800
Average monthly rent (per sqm) (QR)	**301**	301
Yield rate	**6%**	6%
Vacancy rate	**0%**	0%

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment property.

	Changes in valuation assumptions		***2016***	*2015*
			QR	*QR*
Estimated market price for the land	5%	±	**1,125,053**	1,125,053
Average rent	5%	±	**145,200**	145,200
Yield rate	5%	±	**148,500**	141,000
Vacancy rate	5%	±	**145,200**	145,200

Movement of fair value

	2016	*2015*
	QR	*QR*
As at 1 January	**47,000,000**	46,000,000
Revaluation gain recognised in statement of income	**2,500,000**	1,000,000
As at 31 December	**49,500,000**	47,000,000

4 INVESTMENT IN AN ASSOCIATE

	Country of incorporation	*Ownership interest*			
		2016 %	*2015 %*	***2016 QR***	*2015 QR*
Muzn Oman Commercial project	Oman	**20%**	20%	**18,904,756**	18,904,756

Investment in an associate represents investment in Muzn Oman Commercial S.A.O.C a company incorporated in the Sultanate of Oman. The assets consists of a mall along with a hotel and is currently under construction. On 23 March 2015, the board of directors of the company conducted a meeting and agreed to a 20% investment in Muzn Oman Commercial project amounting to QR 18,904,756, on 18 May 2015. The expected completion date of the project is 15th of March 2018.

Management has carried out its investment using the cost method, as the project is still under construction and no available recent financial statement was issued.

5 FINANCIAL INVESTMENTS

	2016 QR	*2015 QR*
Financial assets at fair value through profit or loss	**5,398,255**	3,037,800

	2016 QR	*2015 QR*
Financial assets at fair value through OCI		
Quoted shares *	**136,170,704**	130,280,661
Un-quoted shares	**77,473,113**	77,473,114
	213,643,817	207,753,775

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

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 2016.

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

	2016 QR	*2015 QR*
At 1 January	**207,753,775**	217,498,919
Additions	**40,153,220**	33,512,745
Disposals	**(16,435,454)**	(25,469,187)
Unrealized gains on financial assets at fair value through OCI	**(17,827,724)**	(17,788,702)
	213,643,817	207,753,775

* An amount of QR 23,545,263 (2015: 26,123,973) represents Investments in Managed Portfolio of equity shares publicly traded in stock markets.

6 TRADE AND OTHER RECEIVABLES

	2016	*2015*
	QR	*QR*
Dlala Brokerage	**46,409**	10,953
Staff furniture allowance	**19,280**	37,280
Accrued interest income	**111,003**	133,574
Staff loans	**90,682**	100,038
Others	**51,300**	137,495
	318,674	419,340

7 CASH AND BANK BALANCES

	2016	*2015*
	QR	*QR*
Cash on hand	**2,000**	2,000
Current accounts	**9,767,256**	9,259,238
Call deposits	**1,169,826**	26,057,594
Term deposits*	**21,860,000**	31,511,596
	32,799,082	66,830,428

*The term deposits have original maturity of 90 days or less.

8 EMPLOYEES' END OF SERVICE BENEFITS

	2016	*2015*
	QR	*QR*
At 1 January	**954,660**	920,315
Provided during the year	**131,010**	133,939
Paid during the year	**-**	(99,594)
At 31 December	**1,085,670**	954,660

9 TRADE AND OTHER PAYABLES

	2016	*2015*
	QR	*QR*
Dividends payable	**9,343,329**	8,779,928
Accruals and other payables	**2,263,999**	1,596,827
Trade Payables	**5,484**	3,036
Accrued board of directors remuneration*	**-**	1,200,000
	11,612,811	11,579,791

*This amount represents a provision against Board of Directors remuneration. The remuneration is subject to the approval of the shareholders and the annual general assembly.

10 SHARE CAPITAL

	2016	*2015*
	QR	*QR*
Authorised, issued and fully paid share capital:		
31,500,000 shares (2015: 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. 11 of 2015 and the Company's Articles of association, 10% of the profit is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the issued share capital. The Company has transferred an amount of QR 1,337,426 to the legal reserve for the year ended 31 December 2016 (2015: QR 1,834,106). 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 on 15 February 2017 to propose a cash dividend of 5% (2015: 6%) of the paid up capital, amounting to QR 15,750,000.This proposal is subject to approval at the Company's General Assembly Meeting on 8 March 2017. During last year the approval of Annual General Assembly Meeting on 13 March 2016 for QR 18,900,000.

13 NET INCOME FROM FINANCIAL ASSESTS

	2016	*2015*
	QR	*QR*
Net gain from sale of financial assets at fair value through profit or loss	**2,153,495**	8,326,811
Unrealized loss on financial assets at fair value through profit or loss	**(390,152)**	(253,822)
Dividend income	**11,586,161**	12,301,334
Interest income	**714,604**	827,312
	14,064,108	21,201,635

14 GENERAL AND ADMINISTRATIVE EXPENSES

	2016	*2015*
	QR	*QR*
Staff costs	**3,233,845**	3,404,738
Rent	**676,260**	668,525
Board of directors allowance	**1,156,000**	289,000
Maintenance	**273,875**	265,800
Qatar exchange fees	**242,000**	242,000
Legal and professional fees	**166,000**	171,200
Advertisement expenses	**165,976**	182,490
End of service benefits (Note 8)	**131,010**	133,939
Travel and transportation	**79,277**	179,074
Governmental fees	**55,669**	35,815
Hospitality expenses	**39,253**	31,962
Miscellaneous expenses	**102,089**	63,632
	6,321,254	5,668,175

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:

	2016	*2015*
Net profit for the year –QR	**13,374,260**	18,341,064
Weighted average number of shares	**31,500,000**	31,500,000
Basic and diluted earnings per share-QR	**0.425**	0.582

16 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 and benefits of the board of directors and other members of key management during the period were as follows:

	2016	*2015*
	QR	*QR*
Short-term benefits	**2,624,000**	2,713,000
Long-term benefits	**80,000**	80,000
	2,704,000	2,793,000

17 SEGMENT ANALYSIS

For management purposes, the Company is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Real estate investing activities comprise investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.
- Equity and other investing activities comprise participation in financial and real estate funds and managing the Company's liquidity requirements.

Year ended 31 December 2016	*Real estate investing activities QR*	*Equities and other investing activities QR*	*Unallocated QR*	*Total QR*
Segment revenue -net	**2,577,992**	**13,107,504**	**1,007,208**	**16,692,704**
Segment results				
Unrealised profit from re-measurement of investment properties to fair value	**2,500,000**	**-**	**-**	**2,500,000**
Expenses - net	**-**	**-**	**(5,818,444)**	**(5,818,444)**
Segment profit / (Loss)	**5,077,992**	**13,107,504**	**(4,811,236)**	**13,374,260**
Segment assets	**49,500,000**	**237,946,828**	**33,120,664**	**320,567,492**
Segment liabilities	**-**	**-**	**12,698,481**	**12,698,481**

Year ended 31 December 2015	*Real estate investing activities QR*	*Equities and other investing activities QR*	*Unallocated QR*	*Total QR*
Segment revenue	2,613,733	20,132,323	1,104,608	23,850,664
Segment results				
Unrealised profit from re-measurement of investment properties to fair value	1,000,000	-	-	1,000,000
Expenses - net	-	-	(6,509,600)	(6,509,600)
Segment profit / (Loss)	3,613,733	20,132,323	(5,404,992)	18,341,064
Segment assets	47,000,000	229,696,331	67,265,741	343,962,072
Segment liabilities	-	-	12,534,451	12,534,451

18 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.

18 FAIR VALUES DISCLOSURES (CONTINUED)

Fair value hierarchy
As at 31 December 2016, 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 2016	*Level 1* *QR*	*Level 2* *QR*	*Level 3* *QR*	*Total* *QR*
Investment property	-	-	**49,500,000**	**49,500,000**
Financial assets at fair value through other comprehensive income	**136,170,704**	-	-	**136,170,704**
Financial assets at fair value through profit or loss	**5,398,255**	-	-	**5,398,255**

31 December 2015	*Level 1* *QR*	*Level 2* *QR*	*Level 3* *QR*	*Total* *QR*
Investment property	-	-	47,000,000	47,000,000
Financial assets at fair value through other comprehensive income	130,280,661	-	-	130,280,661
Financial assets at fair value through profit or loss	3,037,800	-	-	3,037,800

During the reporting year ended 31 December 2016, 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.

19 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:

	2016 ***QR***	*2015* *QR*
Bank balances	**32,799,082**	66,830,428
Dlala Brokerage	**46,409**	10,953
Staff receivables	**19,280**	37,280
Other receivables	**252,985**	371,107
	33,117,756	67,249,768

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, 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.

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 2016	*On demand QR*	*Less than 1 year QR*	*1-5 years QR*	*Total QR*
Accounts payable and accruals	-	**11,612,811**	-	**11,612,811**
Total	-	**11,612,811**	-	**11,612,811**

31 December 2015	*On demand QR*	*Less than 1 year QR*	*1-5 years QR*	*Total QR*
Accounts payable and accruals	-	11,579,791	-	11,579,791
Total	-	11,579,791	-	11,579,791

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.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

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*
2016		
Qatar Exchange	**+10%**	**14,156,896**
Oman Exchange	**+10%**	**2,354,526**
2015		
Qatar Exchange	+10%	10,413,020
Oman Exchange	+10%	2,615,046

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.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company’s exposure to the risk of changes in market interest rate relates primarily to the Company’s financial assets and liabilities with floating interest rates. As the Company does not have any financial assets and liabilities at floating interest rate and therefore the Company is not exposed to material interest rate risk.

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 optimization of the debt and equity balances.

Capital comprises of share capital, fair value reserve and retained earnings and is measured at QR 288,530,382 (2015: QR 294,526,418).

20 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.

20 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Use of estimates (continued)
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.

Valuation of Investment property
Investment property is stated at fair value. The Company used external, independent evaluator to determine the fair value of certain investment property. The independent evaluator assesses the fair value using a capital ratio of estimated future cash inflows expected to be generated over the term of the lease (rental income less lease expense and other relevant operating costs).

The fair values of interest in the lease of property leased by the Company from third parties and leased out to tenants under operating lease were valued by the management using discounted cash flow model. The management assessed the present value of estimated future rental income less related operating cost over the lease term. No terminal value is used at the end of the lease term as the properties will be reverted to the lessor.

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.