

**Qatar Oman Investment Company Q.S.C.**

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**30 JUNE 2017**

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

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Qatar Oman Investment Company Q.S.C. (the “Company”), as at 30 June 2017 and the related interim condensed 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 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

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

Date:  
Doha

Qatar Oman Investment Company Q.S.C.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	<i>Notes</i>	<b>30 June 2017 (Unaudited) QR</b>	<b>31 December 2016 (Audited) QR</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		59,825	2,908
Investment property	3	49,500,000	49,500,000
Investment in an associate		18,904,756	18,904,756
Financial assets at fair value through other comprehensive income	4	188,889,982	213,643,817
		<u>257,354,563</u>	<u>282,051,481</u>
<b>Currents assets</b>			
Financial assets at fair value through profit or loss	4	7,865,000	5,398,255
Trade and other receivables	5	535,777	318,674
Cash and cash equivalents	6	39,007,194	32,799,082
		<u>47,407,971</u>	<u>38,516,011</u>
<b>TOTAL ASSETS</b>		<u><u>304,762,534</u></u>	<u><u>320,567,492</u></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Non-current liability</b>			
Employees' end of service benefits		1,154,827	1,085,670
<b>Current liability</b>			
Trade and other payables	7	14,092,066	11,612,811
<b>Total liabilities</b>		<u>15,246,893</u>	<u>12,698,481</u>
<b>Equity</b>			
Share capital	8	315,000,000	315,000,000
Legal reserve		19,338,629	19,338,629
Fair value reserve		(70,345,275)	(55,529,990)
Retained earnings		25,522,287	29,060,372
<b>Total equity</b>		<u>289,515,641</u>	<u>307,869,011</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>304,762,534</u></u>	<u><u>320,567,492</u></u>

Sheikh Abdulrahaman Bin Mohamed Bin Jabr Al Thani  
Chairman

Naser Mohammed Al Khaldi  
Chief Executive Officer

The accompanying notes from 1 to 13 form part of these interim unaudited condensed financial statements.

Qatar Oman Investment Company Q.S.C.

INTERIM CONDENSED STATEMENT OF INCOME

For the six month period ended 30 June 2017

	<i>Notes</i>	<i>For the six months ended</i>	
		<b>30 June 2017 <i>(Unaudited)</i> QR</b>	<b>30 June 2016 <i>(Unaudited)</i> QR</b>
Net income from financial investments	10	<b>12,013,623</b>	13,673,329
Rental income		<b>1,414,000</b>	1,437,117
		<b>13,427,623</b>	15,110,446
General and administrative expenses		<b>(2,960,739)</b>	(2,429,966)
Depreciation		<b>(4,833)</b>	(6,947)
Other income		<b>89,078</b>	203,979
<b>PROFIT FOR THE PERIOD</b>		<b>10,551,129</b>	12,877,512
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	11	<b>0.33</b>	0.41

The accompanying notes from 1 to 13 form part of these interim unaudited condensed financial statements.

Qatar Oman Investment Company Q.S.C.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2017

	<i>For the six months ended</i>	
	<u>30 June</u>	<u>30 June</u>
	<u>2017</u>	<u>2016</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR</i>	<i>QR</i>
<b>Profit for the period</b>	<b><u>10,551,129</u></b>	<b><u>12,877,512</u></b>
<i>Other comprehensive income:</i>		
Unrealized loss from revaluation of financial assets at fair value through other comprehensive income	<b>(14,815,285)</b>	(13,557,371)
Realized gain from sale of financial assets at fair value through other comprehensive income	<b><u>1,660,786</u></b>	<u>-</u>
Other comprehensive loss for the period	<b><u>(13,154,499)</u></b>	<b><u>(13,557,371)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>(2,603,370)</u></b>	<b><u>(679,859)</u></b>

The accompanying notes from 1 to 13 form part of these interim unaudited condensed financial statements.

Qatar Oman Investment Company Q.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six month period ended 30 June 2017

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Investments fair value reserve QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
At 1 January 2017 (Audited)	315,000,000	19,338,629	(55,529,990)	29,060,372	307,869,011
Profit for the period	-	-	-	10,551,129	10,551,129
Other comprehensive income	-	-	(13,154,499)	-	(13,154,499)
Total comprehensive income for the period	-	-	(13,154,499)	10,551,129	(2,603,370)
Realized gain from sale of financial assets at fair value through other comprehensive income	-	-	(1,660,786)	1,660,786	-
Dividends paid (Note 9)	-	-	-	(15,750,000)	(15,750,000)
<b>At 30 June 2017 (Unaudited)</b>	<b><u>315,000,000</u></b>	<b><u>19,338,629</u></b>	<b><u>(70,345,275)</u></b>	<b><u>25,522,287</u></b>	<b><u>289,515,641</u></b>
At 1 January 2016 (Audited)	315,000,000	18,001,203	(37,702,266)	36,128,684	331,427,621
Profit for the period	-	-	-	12,877,512	12,877,512
Other comprehensive income	-	-	(13,557,371)	-	(13,557,371)
Total comprehensive income for the period	-	-	(13,557,371)	12,877,512	(679,859)
Realized loss from sale of financial assets at fair value through Other Comprehensive Income	-	-	-	-	-
Dividends paid (Note 9)	-	-	-	(18,900,000)	(18,900,000)
At 30 June 2016 (Unaudited)	<u>315,000,000</u>	<u>18,001,203</u>	<u>(51,259,637)</u>	<u>30,106,196</u>	<u>311,847,762</u>

The accompanying notes from 1 to 13 form part of these interim unaudited condensed financial statements.

Qatar Oman Investment Company Q.S.C.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2017

	<i>For the six months ended</i>	
	<u>30 June</u> <u>2017</u> <i>(Unaudited)</i> <u>QR</u>	<u>30 June</u> <u>2016</u> <i>(Unaudited)</i> <u>QR</u>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	<b>10,551,129</b>	12,877,512
Adjustments for:		
Depreciation of property and equipment	<b>4,833</b>	6,947
Employees' end of service benefits	<b>69,157</b>	65,062
Interest income	<b>(270,823)</b>	(347,849)
Unrealized gain on valuation of financial assets at fair value through profit and loss	<b>40,390</b>	(11,882)
Gain from sale of financial assets at fair value through profit and loss	<b>(1,417,580)</b>	(2,127,437)
<b>Net operating profit before changes in operating assets and liabilities</b>	<b>8,977,106</b>	10,462,353
Trade and other receivables	<b>(217,103)</b>	(898,486)
Trade and other payables	<b>2,479,255</b>	(1,440,752)
Purchase of financial investments at fair value through other comprehensive income	<b>(15,443,166)</b>	(25,010,553)
Proceeds from sale of financial assets at fair value through other comprehensive income	<b>27,042,503</b>	-
Purchase of financial investments carried at fair value through profit and loss	<b>(20,222,860)</b>	(24,698,872)
Proceeds from sale of financial investments carried at fair value through profit and loss	<b>19,133,304</b>	28,759,991
<b>Net cash flow from (used in) operating activities</b>	<b>21,749,039</b>	(12,826,319)
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<b>(61,750)</b>	-
Interest received	<b>270,823</b>	347,849
<b>Net cash flows from investing activities</b>	<b>209,073</b>	347,849
<b>FINANCING ACTIVITY</b>		
Dividends paid	<b>(15,750,000)</b>	(18,900,000)
<b>Net cash flow used in financing activity</b>	<b>(15,750,000)</b>	(18,900,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,208,112</b>	(31,378,470)
Cash and cash equivalents at 1 January	<b>32,799,082</b>	66,830,428
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>39,007,194</b>	35,451,958

The accompanying notes from 1 to 13 form part of these interim unaudited condensed financial statements.

## 1 CORPORATE INFORMATION

Qatar Oman Investment Company (Q.S.C) (“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 principal activities of the Company are as follow:

- Provide the necessary support to its affiliates.
- Ownership of the movables and real estate needed for necessary for its activity in accordance with the applicable laws.
- Management of commercial projects.
- Participate in the management of subsidiaries and provide support is necessary.
- Investment in shares, bonds and funds.
- Ownership and trade of patents, business and franchises.
- Providing industrial services.
- Real estate investment including the construction, sale, purchase and operation of real estate.
- General Marketing Services.

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

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed financial statements of the Company for the six-month period ended 30 June 2017 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 2016. In addition, results for the six-month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

The 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 property that have been measured at fair value.

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

### 2.2 Changes in accounting policies and disclosures

During the current period, below are the amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2017:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses
- Annual Improvements Cycle - 2014-2016
- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The adoption of the above amendments and improvements had no significant impact on the interim condensed financial statements.



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

**2.3 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 interim condensed financial statements are disclosed below.

<i>Topic</i>	<i>Effective date</i>
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	Deferred

**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 31 December 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 amortized 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 recognized in accordance with IAS 18 Revenue, are recognized 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 is 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.

**3 INVESTMENT PROPERTY**

	<i>30 June 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
<b>At fair value</b>	<b><u>49,500,000</u></b>	<b><u>49,500,000</u></b>

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

### 3 INVESTMENT PROPERTY (CONTINUED)

The fair value of investments in real estate is based on valuations performed by independent valuator possessing relevant professional qualification, with recent experience in the location and category of the properties being fair valued as at 31 December 2016. The fair value has been determined based on recent transactions in the market, the independent Valuators' knowledge and professional judgment. The management believes that no significant change in the fair value as at 30 June 2017 comparing to 31 December 2016.

Rental income included in the statement of income from investing in real estate amounted to QR 1,414,000 (30 June 2016: QR 1,437,117).

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.

### 4 FINANCIAL INVESTMENTS

	<i>30 June 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
Financial assets at fair value through profit or loss	<b><u>7,865,000</u></b>	<u>5,398,255</u>
	<i>30 June 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
Financial assets at fair value through OCI		
Quoted shares	<b>111,416,868</b>	136,170,704
Un-quoted shares	<b><u>77,473,114</u></b>	<u>77,473,113</u>
	<b><u>188,889,982</u></b>	<u>213,643,817</u>

#### 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.

#### 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 sources to assess and quantify their fair value, they are carried at cost in the statement of financial position as at 30 June 2017 as management believes that the fair value doesn't significantly differ from recorded value.

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.

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

	<i>30 June 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
At beginning of year	<b>213,643,817</b>	207,753,775
Additions	<b>15,443,166</b>	40,153,220
Disposals	<b>(27,042,503)</b>	(16,564,664)
Realized gains on financial assets at fair value through OCI	<b>1,660,787</b>	129,210
Unrealized loss on financial assets at fair value through OCI	<b><u>(14,815,285)</u></b>	<u>(17,827,724)</u>
At end of year	<b><u>188,889,982</u></b>	<u>213,643,817</u>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2017

**5 TRADE AND OTHER RECEIVABLES**

	<i>30 June 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
Accrued income	436,121	111,003
Dlala Brokerage	-	46,409
Staff furniture allowance	15,360	19,280
Staff loans	52,396	90,682
Others	31,900	51,300
	<u>535,777</u>	<u>318,674</u>

**6 CASH AND CASH EQUIVALENTS**

	<i>30 June 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
Cash on hand	2,000	2,000
Current accounts	13,686,357	9,767,256
Call deposits	17,718,837	1,169,826
Term deposits	7,600,000	21,860,000
	<u>39,007,194</u>	<u>32,799,082</u>

Call and term deposits carry average interest rate of 2.9%, (2016: 2.7%) with an original maturity of less than 90 days.

**7 TRADE AND OTHER PAYABLES**

	<i>30 June 2017 (Unaudited) QR</i>	<i>31 December 2016 (Audited) QR</i>
Dividends payable	13,359,376	9,343,329
Accrued expenses	390,341	2,263,999
Trade and other payables	342,349	5,483
	<u>14,092,066</u>	<u>11,612,811</u>

**8 SHARE CAPITAL**

	<i>30 June 2017 (Unaudited)</i>	<i>31 December 2016 (Audited)</i>
<i>Authorised, issued and fully paid share capital:</i>		
31,500,000 shares (2015: 31,500,000) with a par value of QR 10 per share	<u>315,000,000</u>	<u>315,000,000</u>

**9 DIVIDENDS**

On 8 March 2017, the shareholders approved a cash dividend amounting to QR 15,750,000 on their General Assembly meeting relating to the year ended 31 December 2016 (2015: 18,900,000).

**10 NET INCOME FROM FINANCIAL INVESTMENTS**

	<i>30 June 2017 (Unaudited) QR</i>	<i>30 June 2016 (Unaudited) QR</i>
Net gain from sale of financial assets at fair value through profit or loss	<b>1,417,580</b>	2,127,437
Unrealized (loss) gain from financial assets at fair value through profit or loss	<b>(40,390)</b>	11,882
Dividends income	<b>9,428,854</b>	11,186,161
Gain from sale of rights issue	<b>936,756</b>	-
Interest income	<b>270,823</b>	347,849
	<b><u>12,013,623</u></b>	<u>13,673,329</u>

During the period, the Company sold the rights issue received for one of its quoted investments in Qatar realized in a gain of QR 936,756 for the period ended 30 June 2017.

**11 BASIC AND DILUTED EARNINGS PER SHARE**

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

	<i>30 June 2017 (Unaudited)</i>	<i>30 June 2016 (Unaudited)</i>
Net profit for the period (QR)	<b><u>10,551,129</u></b>	<u>12,877,512</u>
Weighted average number of shares	<b><u>31,500,000</u></b>	<u>31,500,000</u>
Basic and dilutive earnings per share (QR)	<b><u>0.33</u></b>	<u>0.41</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.

**12 RELATED PARTIES DISCLOSURES**

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

**Compensation of key management personnel**

Key management personnel are those that possess significant decision-making and direction setting responsibilities within the Company.

	<i>For the six month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2017</i>	<i>2016</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR</i>	<i>QR</i>
Short term benefits	<u><b>612,000</b></u>	<u><b>612,000</b></u>

**13 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2017

13 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Quantitative disclosures fair value measurement hierarchy for assets as at 30 June 2017:

	<i>Fair value QR</i>	<i>Fair value measurement using (Unaudited)</i>		
		<i>Quoted prices in active markets (Level 1) QR</i>	<i>Significant observable inputs (Level 2) QR</i>	<i>Significant unobservable inputs (Level 3) QR</i>
<b>Fair value through statement of income investments :</b>				
Investment property	49,500,000	-	49,500,000	-
Quoted equity shares	7,865,000	7,865,000	-	-
<b>Fair value through other comprehensive income investments :</b>				
Quoted equity shares	<u>111,416,868</u>	<u>111,416,868</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>168,781,868</u></u>	<u><u>119,281,868</u></u>	<u><u>49,500,000</u></u>	<u><u>-</u></u>

Note:

- (i) During the period ended 30 June 2017 and 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.

**13 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2016:

	<i>Fair value QR</i>	<i>Fair value measurement using (Audited)</i>		
		<i>Quoted prices in active markets (Level 1) QR</i>	<i>Significant observable inputs (Level 2) QR</i>	<i>Significant unobservable inputs (Level 3) QR</i>
<b>Fair value through income statement investments</b>				
Investment Property	49,500,000	-	49,500,000	-
Quoted equity shares	5,398,255	5,398,255	-	-
<b>Fair value through other comprehensive income investments :</b>				
Quoted equity shares	<u>136,170,704</u>	<u>136,170,704</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>191,068,959</u>	<u>141,568,959</u>	<u>49,500,000</u>	<u>-</u>