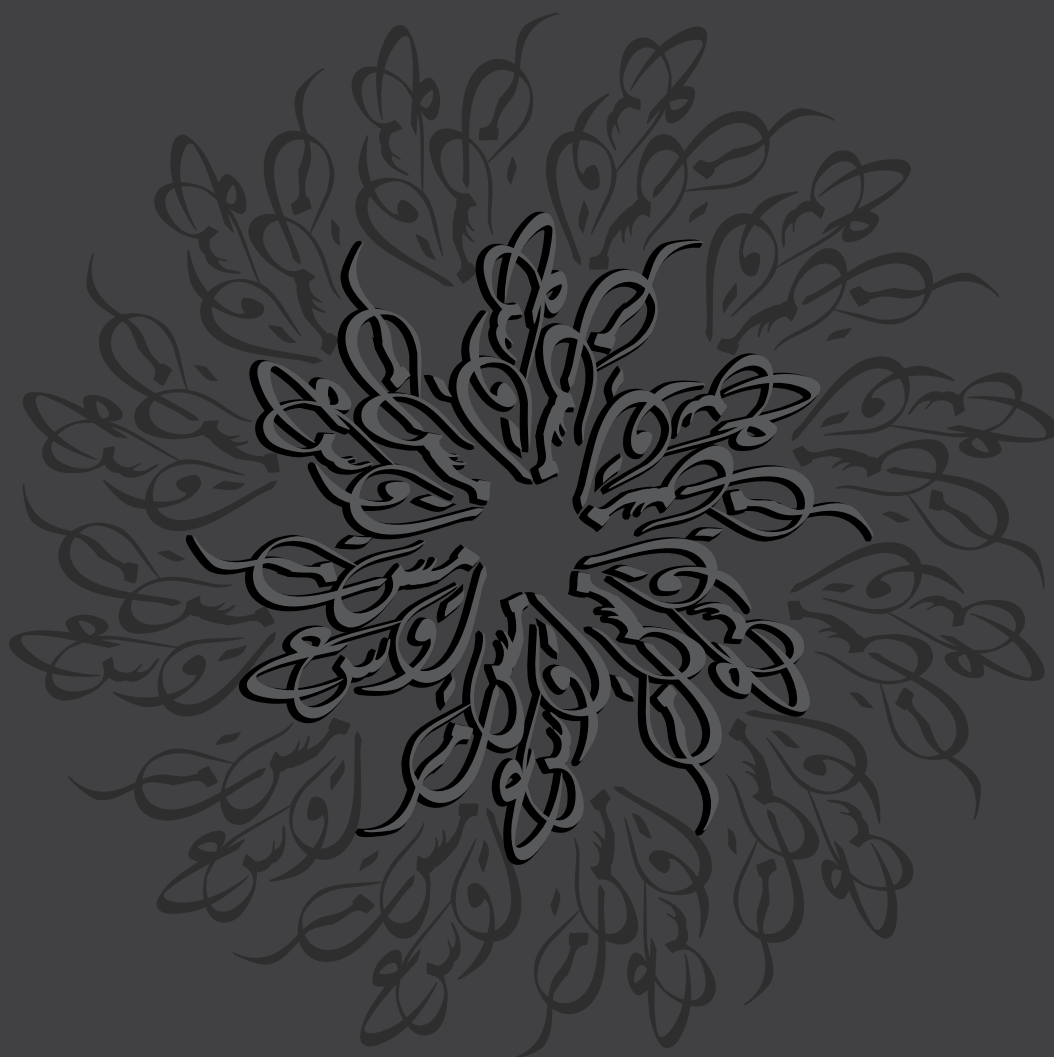


# Annual Report 2011

## Sustainable growth



بنك قطر الأول للاستثمار  
Qatar First Investment Bank



The theme of our annual report revolves around Sustainable Growth.

The calligraphy portrays words that relate to this theme.

We believe that sustaining **GROWTH** can only be achieved with **INNOVATION**, **DEVELOPMENT** and building **TRUST** with our stakeholders; This in the long run will lead to the organization's success and **PROSPERITY**.

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## Content

4-5	Board Of Directors
6	Shari’ah Supervisory Board Members
8	Financial Highlights
10 - 11	Chairman’s Message
12 - 14	Management Review
15	Tebyan Asset Management
16 - 17	Corporate Governance
18 - 19	Corporate Social Responsibility
20 - 39	Investment Portfolio
40 - 41	Qatar Real Estate & Construction Sector
42 - 43	Shari’ah Supervisory Board Report
44	Independent auditor’s report
45	Summarised consolidated statement of financial position
46	Summarised consolidated statement of net income
47	Summarised consolidated statement of changes in equity
48	Summarised consolidated statement of cash flows
49 - 59	Notes to the summarised consolidated financial statements

# Board Members



**Mr. Abdullah bin Fahad bin Ghorab Al Marri**  
*Chairman - State of Qatar*



**Sh. Hamad bin Nasser bin Jasim Al Thani**  
*State of Qatar*



**Mr. Ibrahim Al Jumaih**  
*Vice Chairman - Kingdom of Saudi Arabia*



**Sh. Khaled bin Khalifa Al Thani**  
*State of Qatar*



**Mr. Ibrahim Mohamed Ibrahim Al Jaidah**  
*State of Qatar*



**Mr. Khalid Abdullah Khouri**  
*United Arab Emirates*



**Mr. Ahmed bin Abdullah Al Marri**  
*State of Qatar*



**Mr. Ali bin Mohammed Al Obaidli**  
*State of Qatar*



**Mr. Anwar Bukhamseen**  
*State of Kuwait*



**Dr. Fahad Al Damer**  
*Kingdom of Saudi Arabia*



**Mr. Mike de Graffenried**  
*United States of America*

Shari'ah Supervisory Board



Prof. Dr. Ali Al Quradaghi  
Chairman



Shaikh Dr. Shafi Al-Hajri  
Member



Shaikh Dr. Yahia Al-Nuami  
Member

Best Investment Bank in the GCC Award for 2011



Financial Highlights

\$ 333 mn Total Capital Invested

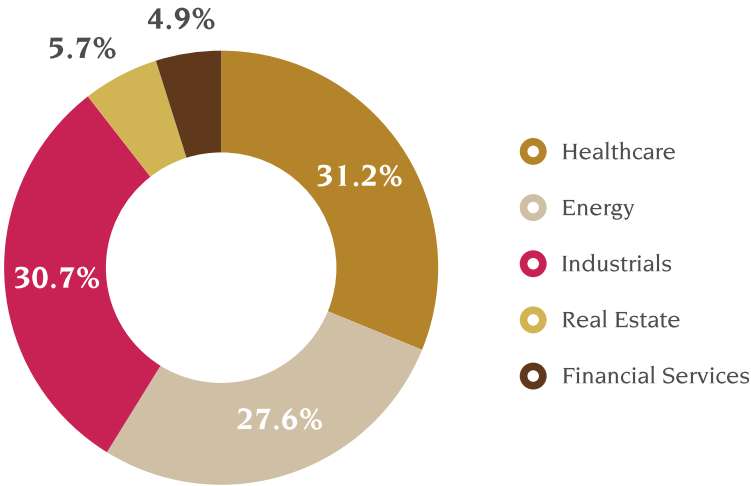
\$ 233.7 mn Total Income

\$ 25.8 mn Net Income

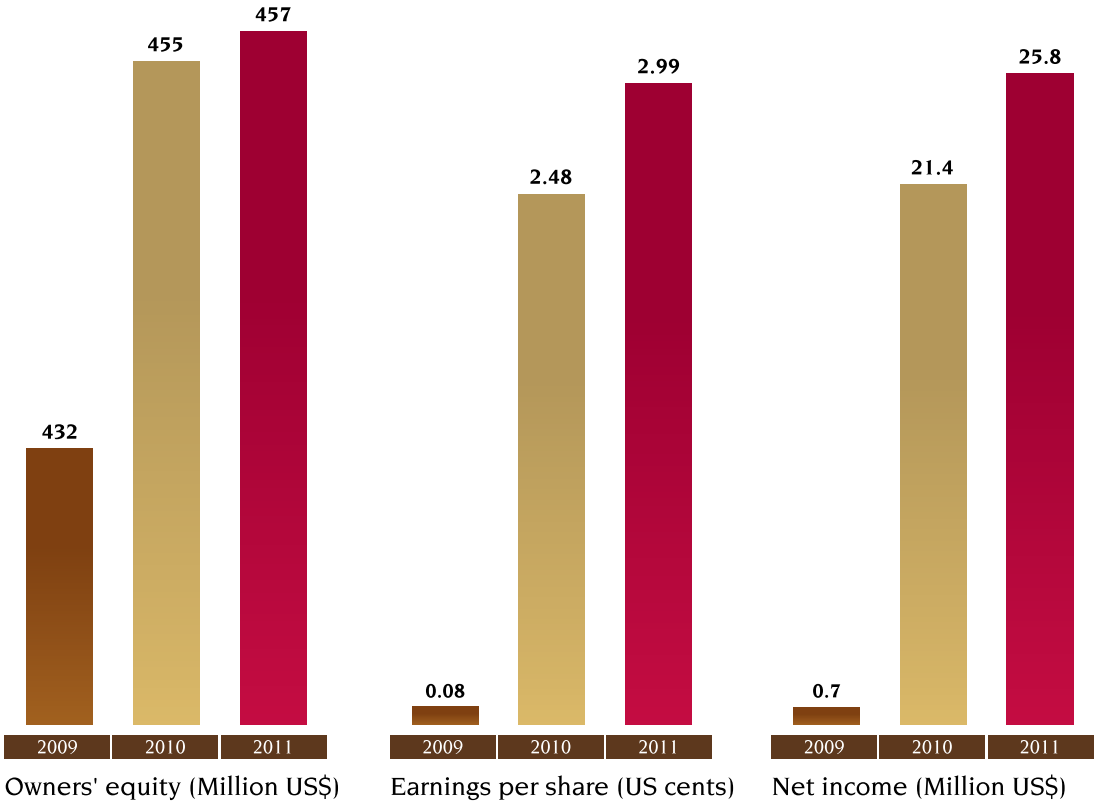
3 Investments

1 Partial Exit

Investments by Sector



Bank's Growth (2009 - 2011)



## Chairman's Message

In the name of Allah, the Most Beneficent, The Most Merciful. Prayer and Peace be upon our Prophet Mohammed, His Comrades and Relatives.

It gives me a great pleasure to present Qatar First Investment Bank's (QFIB) annual report. This is our third annual report; highlighting our major achievements during the year and financial results for the year ended 31 December, 2011.

I would like to begin by expressing my gratitude to our board members, business partners and employees, whose dedicated work helped us achieve the accolade of "Best Investment Bank in the GCC for 2011" by CPI Financial Islamic Business & Finance Awards. Although a young institution, QFIB has already established itself as a leading investment bank, a testament to its vision, prudent operating strategy, sound corporate governance and pool of seasoned professionals.

Looking back at the year under review, it is clear that 2011 was a challenging year for the world's economy. The most critical issue, and one that still has far-reaching implications, was the sovereign debt crisis in Europe. The contagion of threatened debt defaults spread rapidly from Greece to a number of other countries. European leaders were unable to agree on how to resolve the crisis, which negatively affected global markets, and correspondingly, Middle East and North African (MENA) economies.

However, the most important development for the MENA region was the so called "Arab Spring". These political uprisings created an atmosphere of uncertainty for businesses in the MENA region in general, equity markets were depressed and the general economic environment had a negative outlook. Fortunately, economies of the member countries of the Gulf Cooperative Council were largely shielded from this market instability mainly due to strong oil prices and robust government spending.

The State of Qatar delivered one of the world's highest growth rates, with real gross domestic product (GDP) expanding by 15 percent in 2011, due in large part to increases in national hydrocarbon capacity\* and a comprehensive infrastructure investment program. The country's external position remained very healthy, with the current account surplus rising above 20 percent of nominal GDP\*. Balance-of-payments strength and the investments that it financed continued to provide an important avenue of income diversification for the economy.

\* General Secretariat for Development Planning, Qatar

Notwithstanding the strong performance of the national economy, QFIB took measures to ensure that its performance would not be affected by the economic turbulence that disturbed the MENA region and the rest of the world. The bank adopted a cautious approach that was characterized by a strong focus on risk management and tight internal controls. As a result, I am pleased to report that market turbulence and economic volatility did not impact the bank's performance in any way. On the contrary, QFIB managed to deliver sound results for 2011, an improvement on those achieved in 2010 across all businesses.

We look at the achievements of the Bank in 2011 with pride. QFIB completed three strategic investments in key sectors; financial services, oil & gas and food processing industry. Our entrance into the F&B manufacturing sector underscores the bank's commitment to sectorial diversification. Investments made in our first two years of operation continued to perform according to expectations despite difficult economic conditions.

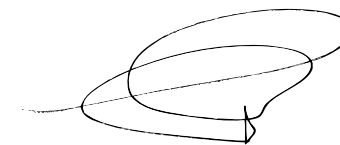
Our asset management joint venture, Tebyan, commenced work on establishing its first Shari'ah-compliant product in order to offer investors an opportunity to tap into the enormous potential offered by the new economic axis of the Arab-Indo-China regions. Furthermore, the bank was appointed as a co lead manager for a sukuk issuance transaction.

The global economic outlook for 2012 remains uncertain although there are certain indicators that it will be another turbulent year. The Eurozone is still struggling to resolve its debt issues and a recession is looming on the horizon. Events in the Arab Spring affected countries indicate that the political turmoil is far from over yet. The US economy is still anemic and growing at a slow pace. China's economy is slowing down as flaws in its growth model become more apparent. The World Bank has warned that the global economic outlook remains very challenging, particularly for emerging economies. However, we still believe that during crisis opportunities emerge and economic activity will certainly pick up.

Given our success in 2011 in managing the economic uncertainty, we are confident that QFIB will be able to sail through another year of difficulties and reap the benefits of opportunities as they emerge to deliver a creditable performance that will maximize shareholder returns.

On behalf of the Board of Directors, I extend my sincere appreciation to His Highness, the Emir, Sheikh Hamad Bin Khalifa Al Thani, and His Highness, Crown Prince Sheikh Tamim Bin Hamad Al Thani for their continued support of Qatar's financial institutions. I thank our shareholders and business partners for their continued loyalty and support; our Shari'ah Supervisory Board for its wise council and guidance; and the bank's management and staff for their dedication and contribution to our recognized success.

May Allah enlighten our path and bless us to realize our vision of becoming the leading Shari'ah compliant investment bank in the region.



Abdullah bin Fahad bin Ghorab Al Marri  
Chairman



# Management Review

It is with great pleasure that I present to you the management's review of operations of Qatar First Investment Bank for 2011.

Towards the end of 2010, many analysts were hopeful that the worst of the global financial crisis had passed, and that economic conditions were poised for improvement during 2011.

This was not to be the case, however, with the world's economy feeling the significant impact of the sovereign debt crisis in Europe and the political turmoil in the MENA region, which made 2011 extremely tough for business.

Despite these two major events in 2011, we were able to preserve shareholder value and fend off any impact on the bank's assets and profitability. The management team focused their efforts on navigating through these tough conditions to ensure that QFIB will continue to have a healthy financial standing in the long term. Few financial institutions anywhere in the world can make that claim.

We are proud that we ended our third year of operation on a high note due to positive performance from all our business lines. We closed 2011 recording a gross income of US\$ 233.7m (equivalent to QAR 850.7m), an increase of 37 percent on 2010. Our net income of US\$ 25.8m (QAR 94m) showed an increase of 20 percent on the 2010 figure. We invested US\$ 46M (QAR 167m) of capital, bringing to US\$ 333 (QAR 1.212 billion) our total capital invested to date.

During 2011 we continued to secure a reasonable flow of quality deals within our Principle Investments business in spite of difficult market conditions. We managed to conclude three important acquisitions in key sectors: financial services; oil and gas; and F & B industry.

In May, we took a 10.3 percent shareholding in Watania Takaful, an innovative, newly established Islamic insurance company based in Abu Dhabi. Watania was launched in May 2011 with total paid-up capital of AED 150 million, from which AED 82.5 million was raised in a very successful initial public offering that was oversubscribed more than seven times. The shares were subsequently listed on the Abu Dhabi Securities Exchange (ADX) in November 2011.

Following the Watania deal, QFIB acquired a US\$ 16 million shareholding in Kuwait Energy Company (KEC) from an existing shareholder. KEC is a leading regional independent oil and gas exploration and production company. It has valuable contracts in the oil and gas sector globally, and in MENA in particular. KEC plans to list its shares on the London Stock Exchange shortly.

Our final transaction for the year was acquiring a 15% stake in Al Rifai International Holding, the Lebanese leading manufacturer and retailer of nuts, kernels and complimentary snacks, with operations in the Middle East, Europe and the GCC. Al Rifai has more than 40 retail stores worldwide and a manufacturing presence in Sweden to serve the European market.

In addition, we made a partial exit from an existing investment still retaining a shareholding due to the attractive growth prospects of the company. Our existing portfolio investments continued to perform well during 2011 in line with expectations. In this respect Memorial Health group opened two new hospitals in Turkey and started to offer new services, whilst ENPI achieved remarkable growth by expanding into new markets and introducing new product lines.

In our Corporate Finance business, hiring for the core team was completed, and subsequently, we started offering corporate finance advisory services to clients across the GCC. Currently the team is working on a number of mandates, some of which should finalize during 2012 and deliver robust fee income.

During the year under review, we continued our efforts towards securing the approval to register Tebyan, our joint venture asset management arm with Gulfmena, under the Qatar Financial Centre. Furthermore, the Tebyan team worked on developing its first fund the "CHIME Opportunities Fund" which was launched early in 2012.

Also during 2011, we enhanced our placement capabilities, which are core to our day-to-day links to the business and investor communities across the region. Additional resources were allocated, and more have been earmarked for 2012. Our placement activities will be pivotal in placing our transactions in the market with both institutional and individual investors.

Although interbank liquidity management profit rates did not change in 2011, our overall Treasury performance improved dramatically compared to 2010, mainly due to the fact that our experienced Treasury team managed to extract better value despite market conditions. Furthermore, the team built a sukuk portfolio of around US\$ 90 million, which performed exceedingly well over the past 12 months. These are no small achievements given the extraordinary tumult in global markets in the past few years. Our Treasury activities will continue to expand in the year ahead and we are hopeful that we will be able to offer our investors some of the investment products that delivered rich returns for the bank.

While focusing on safely navigating the tough economic conditions prevailing in 2011, we also paid special attention to strengthening our internal control functions. We have fortified our risk management area and compliance function by maintaining a governance structure that reflects international best practices and hiring seasoned industry specialists.

In other developments, we established a shareholder relations department to provide innovative services to our shareholders. This has been extremely well received, and we look forward to fostering our investor relations.

We continued to invest in our IT infrastructure to support the growing needs of the business. We were the first bank to employ the cloud computing technology which saved the bank a substantial amount of capital expenditure and running maintenance cost. This resulted in us achieving the "Best Financial Service Industry Deployment of the Year" award by Computer News ME's (CNME).

During the course of the year we continued to invest significantly in developing our human capital. We introduced a training and career development plan and put in place a clear and focused Qatarization policy. By the end of 2011 our head count reached 86 representing a 9% increase over 2010.





## Tebyan Asset Management

The growth in our talent pool reflects the bank's operational expansion, and we are confident we have the appropriate skills set in place to enhance our performance even further.

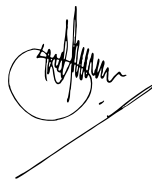
We never forget that we are part of a larger society and play a key role in developing the local community. To this end, we continued to target education as our core corporate social responsibility focus. The bank continued to support Injaz initiatives and a number of our staff volunteered to deliver their programs at different schools. On the community front, we supported the Ramadan initiative of Reach Out To Asia (ROTA), a non-profit organization based in Doha that promotes education in less developed countries in Asia. We also sponsored an Islamic art exhibition by the renowned artist Sabah Arbili to promote calligraphy and its importance in Arab culture.

All this lead us to win the accolade of "Best Investment Bank in the GCC" by CPI Financials, a leading publishing house based in Dubai, voted first in a very competitive field that included 11 other leading financial institutions in the GCC.

Looking ahead to 2012, the outlook for investment banking in the region remains full of challenges. There is no doubt that once these hurdles have been addressed the medium to long term prospects for the private equity sector will be promising due to the regions' sound macroeconomic fundamentals manifested in favorable demographics, natural resources and aggressive government spending.

Over the past three years, we have been able to successfully navigate exceptionally difficult market conditions. We have been careful in our approach to principal investment acquisitions, and acted prudently when managing liquidity. The result is a sound balance sheet coupled with strong performance and dividend distribution. This is a significant milestone in the evolution of any company, especially when considering the tough economic backdrop.

We are confident that we will manage any challenges that emerge in 2012. Our prudent investment approach, sound corporate governance and seasoned professionals will enable us to focus on our vision of building one of the finest Shari'ah-compliant investment institutions in the MENA region.



**Emad Mansour**  
Chief Executive Officer

Tebyan Asset Management (Tebyan) is the joint venture asset management arm of Qatar First Investment Bank (QFIB) with its partner Gulfmena Investments Limited. Tebyan is positioned as a total solutions investment provider that combines asset management and wealth management services to serve the needs of the growing Islamic investment community. It enjoys its own Shari'ah board chaired by Dr. Ali Al Quradaghi.

Tebyan, during 2011, focused its activities on finalizing the establishment of its operating company within the Qatar Financial Centre. Tebyan is expected to obtain its license from the Qatar Financial Centre Regulatory Authority (QFCRA) during 2012.

In addition, Tebyan worked on structuring its first fund, the Tebyan CHIME Opportunities Fund which is an open-ended fund for institutional qualified individuals and investors.

The fund is the first of its kind Shari'ah compliant product to offer investors a gateway into the "New Silk Route". The fund uniquely invests in long term public equities in China, India and the Middle East or what is known as the CHIME region.

QFIB is the cornerstone investor of the fund. Gulfmena will co-manage the fund and oversee the investments in the Middle East and Africa whilst Lion Global Investors, a Singapore-based and one of the largest asset management companies in South East Asia was appointed to co-manage the Asian investments.

To benchmark the fund's performance, Dow Jones Indexes, a leading global index provider has granted a license to Tebyan to establish a unique Dow Jones CHIME Islamic Market (DJIM CHIME Index). The DJIM CHIME Index is designed to measure the performance of 100 leading stocks from China, India and the Middle East/North Africa (MENA) region that pass rules based on screens determined by Tebyan's Shari'ah Board.

# Corporate Governance

Qatar First Investment Bank's (QFIB) business is conducted by its employees, managers and officers under the direction of the Chief Executive Officer (CEO) and the oversight of the Board of Directors. QFIB's principal aim is to build and enhance the value of the Company for its shareholders.

The Board is elected by the shareholders to oversee management and to ensure that the interests of the shareholders are served.

The Board and management recognize that shareholders' interests are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including employees, customers, financial counterparts, local communities, government officials and the public at large.

The Board's key responsibilities include focusing on areas important to shareholders, including strategy, risk management, management development, performance, regulatory and legal matters.

During the year under review, 2011, there were four meetings of the Board of Directors.

The Board delegates certain functions to specially constituted committees, which undertake specific operations on its behalf. In this respect, the following committees assist the Board:

**Executive Committee** This committee's six non-executive directors have a mandate to provide oversight of QFIB's business. Roles and responsibilities include reviewing and recommending strategic plans, policies and updates, annual budgets, and business plans. In addition, the committee also reviews projects assigned by the Board, including managing and monitoring investments made by QFIB.

**Audit, Risk and Compliance Committee** This committee's four non-executive directors are responsible for reviewing and overseeing QFIB's internal controls related to internal audit, risk management and compliance. It is also responsible for ensuring that QFIB's annual financial statements in the Annual Report are accurate.

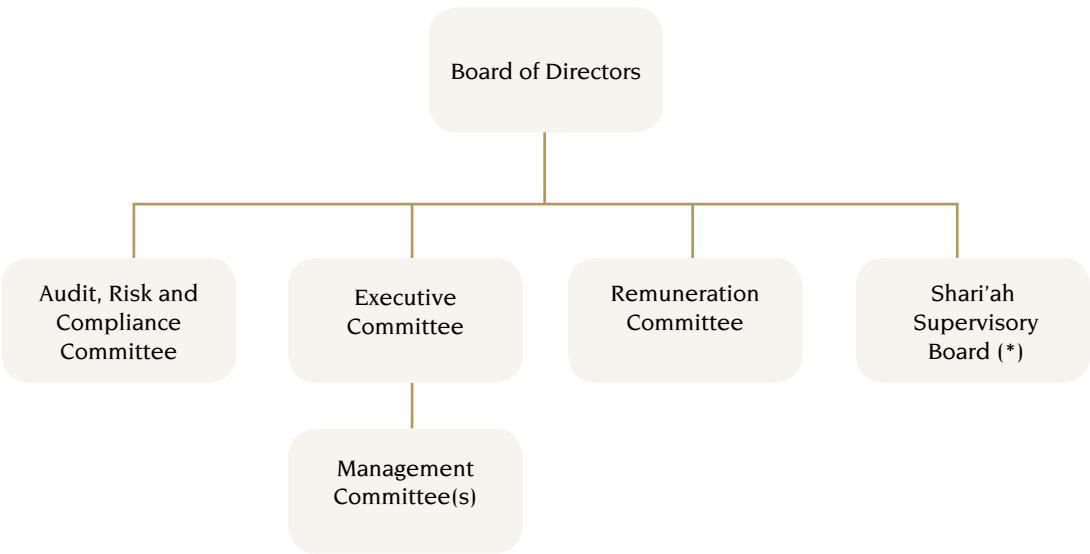
**Remuneration Committee:** This committee's six non-executive directors are responsible for determining broad policy for the remuneration of the Chairman, Board of Directors, and executive management. Additional responsibilities include monitoring remuneration levels and structures.

**Management Committee:** QFIB's senior management meets monthly on a formal basis to discuss strategic and tactical issues facing the business. This committee is chaired by the Chief Executive Officer and includes the Chief Operating Officer, the Head of Private Equity, the Head of Strategic Investments and the Head of Compliance.

The chairmen of the respective committees report any material highlights of their meetings to the Board after each meeting, and produce standalone audit reports when needed. The committees usually hold meetings in conjunction with the Board. For example, it is the practice of the Audit, Risk and Compliance Committee to meet with the Board in the early part of the financial year to enable all directors to review the annual financial statements and operations for the prior year, and to consider the financial strategy for the current year.

**Shari'ah Supervisory Board** The Shari'ah Supervisory Board, led by Professor Dr. Ali Al-Quradaghi, comprises three scholars, all of whom have extensive experience in the field of Islamic Law known as fiqh al-mu'amalat. The Shari'ah Supervisory Board operates according to a charter governing its processes and procedures. The Board of Directors appointed Shari'ah Supervisory Board reviews QFIB's activities to ensure all transactions comply with the principles and precepts of Islamic Shari'ah. QFIB adheres to the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

**Report for 2011** The Board encouraged its directors to accept nominations as directors on the boards of investment companies in which QFIB has directorship rights. This allows the culture of QFIB and, in particular, its Shari'ah tenets to be introduced and instilled into the processes of these entities and for independent review of the performance of its investments.



(\*) – members appointed by the Board



# Corporate Social Responsibility

Qatar First Investment Bank is committed to playing an active role in supporting the communities in which it operates. In 2011, it expanded its activities to demonstrate its strong links to the people of Qatar.

QFIB's core corporate social responsibility focuses on education and development of the youth of Qatar. QFIB strongly believes that investing in the youth by educating and indentifying opportunities to harness their talents will equip them with the right skills to contribute positively to the society. This comes in line with Qatar's National Vision 2030 which emphasises the importance of developing human capital in order to drive the economic and social progress of the nation.

Against the believe in the importance of developing Qatari youth to become the future activists in the economic advancement of the nation, QFIB continued to support INJAZ Qatar initiatives in 2011. A group of QFIB employees joined the INJAZ company volunteer program. They used their experience and skills to deliver several INJAZ programs to a large number of independent schools in Qatar.

To complement class room learning QFIB and INJAZ organized a school trip for Al Ruqaya Preparatory Independent School to visit the Bank premises. The students toured the different departments of the bank where each head explained the main functions of the department.

## Community Support

In 2011 QFIB expanded its community outreach supporting several local based organizations.

In order to generate awareness of Islamic values, culture and art, QFIB sponsored the Al Joud art exhibition, organized by Qatar Islamic Cultural Centre (Fanar). The exhibition showcased Arabic calligraphy art by the renowned calligrapher Sabah Arbili. The exhibition featured several art pieces featuring verses from the Holy Quran that outline the rules that govern spending and charitable giving in Islam.

During Ramadan of 2011, QFIB supported the Ramadan initiatives of Reach Out to Asia (ROTA) the non-governmental organization arm of Qatar Foundation, launched in 2005 to provide quality education to the needy children in Asia.

QFIB and ROTA organized several community based activities to promote solidarity and brotherhood. This included organizing an iftar for The Elderly Institute, distributing food supplies to those in need, and renovating a house for a less fortunate family.

As an Islamic financial institution, QFIB places great emphasis on the teachings of Islam. The Quran sets the tone on the treatment of orphans and encourages everyone in society to contribute for their welfare. In this regard, QFIB organized an Iftar for the orphans of the Dhriema and shared with them the joys of the Garangaou celebrations.



Garangaou celebrations with children of Dhriema

# Investment Portfolio Energy Sector





## Kuwait Energy Company

Date	Sector	Stake	Country
June 2011	Energy, Oil & Gas	US\$16m	Kuwait

### Company description

- Kuwait Energy Company (KEC) is a leading regional independent oil & gas exploration and production company. It has strong contracts in the global E&P space generally and in the MENA region in particular
- KEC was established in 2005, is headquartered in Kuwait, and has around 300 employees
- The company has a diverse portfolio of oil and gas assets and is focused on exploration, production and development of oil and gas reserves in the MENA and Eurasia regions, including Egypt, Iraq and Russia
- KEC has a balanced target portfolio including producing (30-40%), development (40-50%) and exploration (10-20%) by acreage

### Major highlights

- QFIB acquired a US\$16m stake in KEC in June 2011 from an existing shareholder
- KEC has achieved average annual revenue growth of 25% and EBITDA growth of 24% over the past 4 years. In addition it has increased its daily average production by 80% in this period
- KEC has a 5-year strategy to increase the size of the business to achieve production of 75,000 barrels of oil equivalent per day and increase its reserves to 400 million barrels
- Following approval from shareholders at the 2009 AGM, KEC is planning to list its shares on the London Stock Exchange when market conditions improve, possibly in 2012

## Qatar Engineering and Construction Company

Date	Sector	Stake	Country
October 2009	Energy, Oil & Gas	41.59%	Qatar

### Company description

- Qcon is a leading Oil & Gas EPC and maintenance contractor in Qatar. QFIB acquired a 40% stake in 2009 as part of a consortium
- Qcon has executed over 1,400 construction projects within the range of US\$10m-US\$300m per project
- The company has three main business segments including: EPC, maintenance, and fabrication that provide the following services: EPC of plants and related infrastructure, onshore and offshore fabrication, erection and installation of steel structures, piping and LNG tanks, plant maintenance and refurbishment, emergency services and repair work, heavy rigging and, fabrication / construction of naval vessels
- Qcon has a diversified client base (30% international and 70% domestic) including: GE, Maersk Oil, Mitsubishi, Qatar Petroleum, QatarGas, RasGas and Siemens

### Major highlights

- Low competitive environment in Qatar in the specific market segments covered by QCon and the project sizes undertaken by the company (US\$10m-300m)
- Strong access to human resources allowing the company to easily broaden the number of projects to be undertaken
- Unique expertise and knowledge of the Qatar oil & gas infrastructure in place, positioning the company as the preferred partner for maintenance works. QCon is a pioneer in its field and has therefore worked on many of the country's iconic oil & gas projects
- Asset-light business with minimal debt and diligent working capital management
- Reputed for high safety and quality standards as well as a strong track record of completing projects on time
- Plans to expand in the civil contracting segment to also capture part of the country's US\$100bn of investments planned for the next 10 years
- High growth potential for marine yard business with neighbouring countries due to proximity by sea
- By leveraging its remarkable track record, and strong experience built throughout the years, QCon is expanding its operations in the Kingdom of

# Financial Services Sector





## Watania Takaful

Date	Sector	Stake	Country
May 2011	Financial services	10.3%	UAE

### Company description

- Watania Takaful (Watania) is an innovative, newly established Islamic insurance company (Takaful) based in Abu Dhabi
- Established in May 2011, Watania has a total paid-up capital of AED 150 million out of which AED 82.5 million was raised through an initial public offering (IPO)
- The IPO was very successful and was oversubscribed by more than 7x
- Watania's shares were subsequently listed on the Abu Dhabi Stock Exchange in November 2011
- QFIB has a 10.3% shareholding and holds one seat on the Board of Directors

### Major highlights

- Industry experts project the Islamic insurance industry to grow by an average of 16% per year between 2009 and 2012
- The founding shareholders of Watania are amongst the strongest institutions in the Emirate of Abu Dhabi: Abu Dhabi National Islamic Finance, Abu Dhabi National Insurance Company, Abu Dhabi Taqa and Al Dar Properties
- As a leader in Islamic investment banking, QFIB participated in a high growth success story while supporting the expansion of the Islamic insurance industry in the region

## Al Jazeera Finance

Date	Sector	Stake	Country
June 2009	Financial services	3.5%	Qatar

### Company description

- Al Jazeera Finance (AJF), established in 1989, is a Shari'ah compliant consumer finance company
- AJF offers comprehensive consumer financing solutions for real estate, automobiles, commodities and consumer goods
- AJF caters to customers who prefer personal service rather than the corporate service of banks that often feature long queues and delays
- Major shareholders include Qatar Islamic Bank, QNB and the Ministry of Awqaf and Islamic Affairs
- Led by its strong management team, AJF has been able to attain a leading market share of the consumer finance market in Qatar

### Major highlights

- In September 2011, AJF joined Al Dhameen program, an initiative of QDB, as the first and only finance house in Qatar to participate in this scheme, in order to support the growth of the SME sector in Qatar
- AJF is planning to undergo an initial public offering on the Qatari Stock Exchange
- In line with its efforts to diversify its revenue base, AJF launched a new financing product for education and training

# Healthcare Sector



Building **TRUST** is important in achieving sustainable growth.

## Memorial Health Group

Date	Sector	Stake	Country
August 2010	Healthcare	20.0%	Turkey

### Company description

- Memorial, founded in 1995, is one of the leading private “Class A” healthcare providers in Turkey with a particular expertise in Invasive Cardiology, Cardiovascular Surgery, Organ Transplantation, In-Vitro Fertilization (“IVF”) and da Vinci Robotic Surgery
- Memorial operates two medical centers (Etiler and Suadiye in Istanbul) and eight hospitals (three in Istanbul, four in Antalya and one in Diyarbakir) with total capacity of 1,000 beds
- In 2002, Memorial was the first Joint Commission International (“JCI”) accredited hospital in Turkey and 21st hospital in the world, providing the hospital with global recognition for its world-class services

### Major highlights

- QFIB has been actively working with Memorial on its strategic expansion plans and played a key role in the hiring of a Chief Financial Officer
- Memorial admitted 1,100,000 outpatients, 83,000 inpatients and performed 35,000 surgical operations in 2011
- Memorial has achieved robust growth with revenue and EBITDA growing by 88.2% & 47.3% in 2011 respectively
- Memorial renewed its JCI certificate in 2011 and received outstanding points from the audit committee
- Memorial's Diyarbakir hospital, located in South East Anatolia in Turkey, was opened in Q4 2011, increasing Memorial's total bed capacity to 1,000 beds
- Memorial has successfully passed the audit for Bone Marrow Transplantation and started performing such operations in Sisli hospital in Istanbul

## Astro SPV

Date	Sector	Stake
April 2010	Healthcare	17.5%

### Company description

- QFIB acquired ownership stake in Astro SPV Cayman Islands, a vehicle founded by Ithmar Capital (“Ithmar”) which invests in medical care companies
- Astro SPV Cayman Islands first investment was in Al Noor Medical Company («Al Noor»)
- Al Noor, co-founded in 1985 by Dr. Kassem Al Oum and Sheikh Mohammed Bin Butti, is an Abu Dhabi based integrated healthcare service provider. It comprises of 3 hospitals, 2 clinics, 8 pharmacies and 1 warehouse. Al Noor provides primary and secondary healthcare services operating 300 beds
- Al Noor is the leading Abu Dhabi private healthcare provider having a 34% market share

### Major highlights

- QFIB worked closely with Ithmar and Al Noor management to instill proper corporate governance this included hiring a Chief Financial Officer, Chief Medical Officer and putting in place a well defined corporate strategy plan
- Such initiatives have been successfully implemented as evident in Al Noor's recent financial performance where profit margins have improved (18% during 2011 as being compared to 16% in 2010). During 2011, Al Noor recorded a growth of 27% and 45% in Sales and Net Income respectively
- Al Noor is currently exploring several joint venture opportunities with renowned medical institutions
- As part of the corporate strategy plan, Al Noor made significant investments in developing its IT infrastructure



# Industrial Sector



## Al Rifai International Holding

Date	Sector	Stake	Country
December 2011	F&B Industry	15.0%	Lebanon / Sweden

### Company description

- Al Rifai International Holding (Al Rifai), founded in 1948, is an integrated manufacturer and retailer of nuts, kernels and complimentary snacks with operations in the Middle East, Europe and GCC. Al Rifai is currently Lebanon's undisputed market leader in the nuts and kernels sector with more than 40 retail stores
- In 2006, Al Rifai established a 10,000 sqm manufacturing facility equipped with the latest state-of-the-art machinery in Sweden, to cater to European markets

### Major highlights

- Al Rifai has more than 35 products using the finest crops catering to all segments of the market. In addition, the Company offers complimentary snacks including sweets and confectionery
- Al Rifai facilities were awarded the ISO 22000, International Food Standards (IFS) and British Retail Consortium (BRC) Global Food Technical Standard
- In 2009, the Company diversified its product base to include coffee roasting business, and acquired a high-tech coffee roasting plant in Lebanon
- Al Rifai achieved a revenue growth of CAGR 33% between 2009 and 2011
- Al Rifai currently distributes its products in Sweden, Denmark (Dansk), UK (Morrison), Germany, France, Norway, Holland, Finland, Bulgaria, Greece, Romania, Algeria, Switzerland, Austria and Cyprus

## Emirates National Factory for Plastic Industries “ENPI”

Date	Sector	Stake	Country
July 2009	Industry	71.3%	UAE

### Company description

- Established in 1995, ENPI is a diversified group of companies involved in the production and trading of a wide range of packaging products, plastic cards and security documents
- With operations in Sharjah, Abu Dhabi and Riyadh, ENPI has more than 1,000 employees including R&D researchers, production and chemical engineers as well as software and design specialists
- ENPI offers superior quality products including bubble film, polyethylene bags and rolls, construction sheets, aluminum foil, plastic cards, labels, lids, boarding passes, PET preforms, closures and PVC cling film
- With more than 4,000 customers in more than 80 countries, ENPI has established a strong and diversified customer base including blue chip regional companies

### Major highlights

- QFIB has been active on instilling best-in-class corporate governance, institutionalization of operations, expansion into new markets and played a key role in securing a five-year AED250 million syndicated Islamic facility arranged by Abu Dhabi Islamic Bank
- ENPI has achieved robust growth with revenue and net profit growing by 35.9% & 55.8% in 2011 respectively
- ENPI's expansion in Abu Dhabi has commenced commercial production and reached full capacity utilization in Q4 2011
- ENPI's expansion in Saudi Arabia is expected to commence commercial production in Q1 2012
- ENPI has been awarded the SAS certification, making it one of the worldwide limited accreditation plants for security and data protection



# Real Estate Sector



Continuous **DEVELOPMENT** results in sustainable growth.



# Nobles Consortium– Burj Khalifa Development

Date	Sector	Stake	Country
March 2009	Real Estate	50.0%	UAE

## Company description

- Downtown Dubai, regarded as the center of Dubai, is located next to Dubai Financial District and Business Bay. The area comprises some of the world's most iconic buildings including Burj Khalifa
- The plot is situated on the south side of Downtown Dubai close to 8 Boulevard Walk, The Lofts are on the opposite side of the road to the Burj Residences
- Access to the site is currently restricted, as the surrounding infrastructure is still under construction. Once completed, access will be directly from the main internal circular road
- The site is situated on a corner plot and when complete will have frontages onto two internal roads within Downtown Dubai. The site is leveled and quite prominent
- The plot area is 51,439 sqft with a permitted Built Up Area of 621,431 sqft for a mixed use scheme

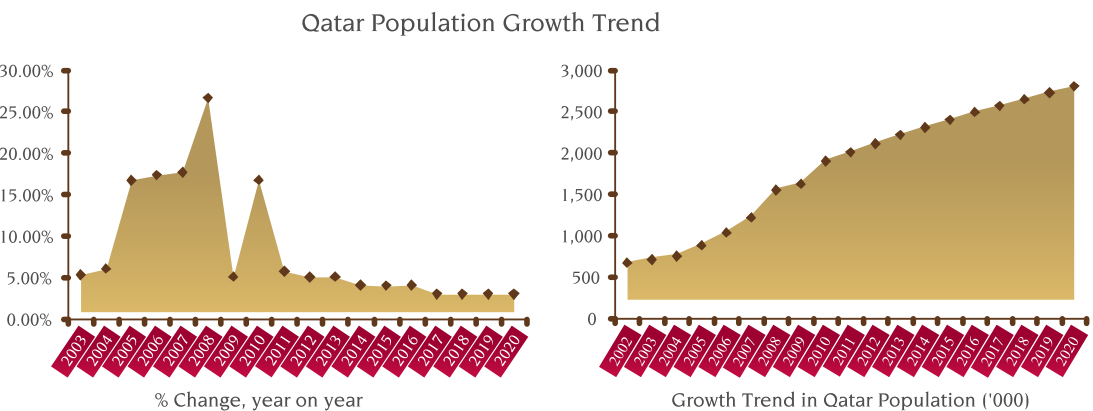


# Qatar Real Estate & Construction Sector

## Introduction

We expect the Qatar economy to remain one of the world’s fastest growing economies in the medium term. In spite of the global financial crisis, Qatar has flourished in recent years, recording the world’s second highest gross domestic product (GDP) per capita of US\$ 98,000 in 2011. GDP growth reached 18 percent in 2011 as a result of the expansion in the hydrocarbon production but is expected to stabilize at an average rate of 5.3 percent per annum in the next three years.

As part of its national development strategy, the Government will allocate US\$ 125 billion over the next five years to invest in energy and construction projects. It is also planning investments of over US\$ 35.7 billion on residential and business construction projects. Furthermore, the successful bid to host the FIFA World Cup in 2022 will boost the country’s economy, thanks to a planned US\$ 100 billion expenditure on infrastructure and other development projects.



## Qatar Real Estate Sector

The real estate sector is enjoying a mild recovery from the downturn stemming from the global economic crisis in 2008. According to some analysts real estate was over-priced and a correction was necessary. Prices have now stabilized. In the next few years several projects will be completed, expanding supply and reducing upward price pressure, given modest growth forecasts in some sectors.

Office space supply is expected to continue growing over the next two years as several new projects reach completion, especially in the Diplomatic district, which houses almost half the total office supply. Total office space currently stands at 3.6 million square meters, with 24 percent currently vacant or available for lease. Despite this high vacancy rate, Grade A office supply remains limited, especially for tenants requiring smaller premises. This leaves some room for growth in this segment. Overall, however, we expect office space demand to remain stable in 2012.

Residential demand is expected to increase in line with population growth driven by Qatar’s expanding economy. Qatar recorded population growth of approximately 4.25 percent in 2011, and has shown compound growth of 18 percent in the past five years.

The hotel sector has reported significant growth in recent years due to the Government’s commitment to improving the tourism industry, and to diversify and expand the local economy. Thirteen new hotels opened in 2011 – bringing to 79 the number of hotels in Qatar – and more are in the pipeline. The total supply of rooms increased to 11,500, 20 percent up on 2010. This could lead to oversupply in the sector, and put pressure on occupancy and average room rates.

The retail market is expected to increase substantially, driven by Qatar’s high GDP per capita. Retail consumption in Qatar was estimated to be QAR 32.3 billion in 2010, representing an 8.3 percent increase on 2009. The retail market in Qatar is dominated by the Villagio and City Centre malls, which comprise 50 percent of available mall space. Qatar is relatively underdeveloped in terms of malls and there is evidence of demand for additional retail space.

Total retail mall space is expected to reach 684,000 square meters by the end of 2012, after several new malls open. Additional retail malls are planned for the future.

## Qatar Construction Sector

Qatar’s construction sector has substantial potential over the medium term, catalyzed by infrastructure and other projects related to the “Qatar 2030 Vision”. Furthermore, Qatar’s selection as the host of the 2022 FIFA World Cup put the country on a new growth trajectory in terms of construction and the wider economy.

Qatar plans to spend US\$ 100 billion on infrastructure projects over the next five years as part of its National Development Strategy to launch mega projects, including those related to the World Cup. Analysts see growth rising sharply by 11.6 percent to QAR 27.4 billion (US\$ 7.5 billion) in 2011 and continuing in this vein thereafter.

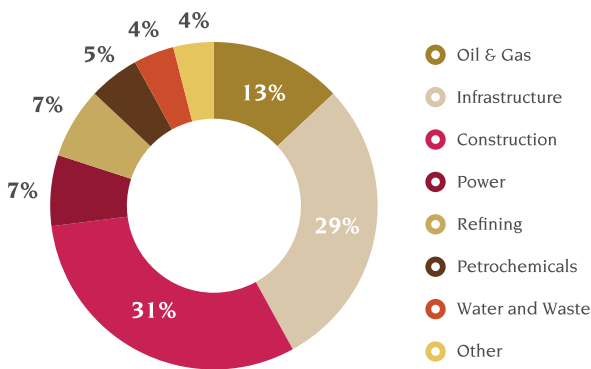
The World Cup related projects will provide a significant boost to Qatar’s construction industry. While major international players may stand to win from big-ticket stadiums and infrastructure projects, local contractors will also benefit substantially from partnerships with foreign firms or by undertaking the myriad smaller projects required for an event of this size.

The Government has already allocated US\$ 20 billion for tourism investment between 2010 and 2013, with a focus on stadiums and hotel capacity. Qatar expects to build nine air-conditioned outdoor stadiums and to re-develop three stadiums at a combined cost of about US\$ 4 billion.

Qatar Major Projects

Major Projects in Qatar	Value (US\$ bn)
<strong>Transport</strong>	
National Rail System	17
Abu Dhabi - Qatar Causeway	13
New Doha International Airport	11
Qatar - Bahrain Causeway	4
<strong>Energy &amp; Utility</strong>	
Mesaieed A IPP	2.3
Ras Laffan C	2
Water Desalination Plant	1
<strong>Multi District Projects</strong>	
Education City	8.2
Barwa Al Khor City	8.2
Lusail	5.5
Al Waab City Development	3.2
The Pearl Qatar	2.5

Qatar Project Market Breakdown





## Shari'ah Supervisory Board Report For the financial year ended 31 December 2011

**To the Shareholders of Qatar First Investment Bank L.L.C:**

**Praise is to Allah, Lord of the worlds; and prayers & peace be upon Our Prophet Muhammad, and upon his kinsfolk, companions and those who followed his teachings...**

In compliance with the terms of letter of appointment, the Shari'ah Supervisory Board ("SSB") of Qatar First Investment Bank ("the Bank"), have carried out its tasks as follows:

- 1- The SSB, in coordination with the management, have developed Shari'ah Standards and guidelines for the Bank and ensured their implementation;
- 2- The SSB have endorsed tasks performed by its Executive Member which consists of formulating, reviewing and preparing contracts and agreements presented to the SSB during the period and have made the necessary amendments to comply with Shari'ah principles and rules. The Executive Member's responses to the questions and queries raised by the Bank were also approved by the Board;
- 3- The Executive Member has, through series of meetings and when required, articulated principles and guidelines related to all aspects of banking activities. The Executive Member has also identified and provided innovative Shari'ah compliant solutions for many new banking's issues which were approved by the SSB;
- 4- The SSB, through internal Shari'ah audit, have provided an adequate supervision over the activities of the Bank to ensure compliance with Shari'ah principles and proper implementation of the transactions;
- 5- The SSB have endorsed and approved the financial statement and balance sheet and ensured that the allocation of profits and losses related to the investments conform with the Shari'ah principles;
- 6- The SSB have calculated Zakat according to the approved guidelines and in the light of statement of financial position for 2011 as presented;
- 7- The SSB have supervised principles applied by the Bank as well as the transactions and deals entered into by the Bank during this period where the SSB performed the diligent supervision in order to express a transparent opinion on whether the Bank has complied with Shari'ah principles and Fatwa and resolutions issued by the SSB

In order to ensure proper implementation, we have, through the Sharia Audit Department, conducted review and examination on documentation of products and procedures adopted by the Bank so as to obtain all the information and explanations that we considered necessary in providing us with sufficient evidence to give assurance that the Bank has not violated any rules or principles of Shari'ah and Shari'ah Standards of AAOIFI;

As general principle and practice, the Bank's management is responsible for implementing the provisions and principles of Shari'ah as well as abiding by specific Fatwa and guidelines issued by the SSB. As far as the SSB's responsibility is concerned, it is limited only to expressing an independent opinion, approving the contracts, reviewing, Shari'ah auditing and playing guiding role based on Shari'ah principles.

### **Shari'ah Supervisory Board's Opinion:**

- a) The contracts, transactions and dealings entered into by the Bank and which were presented to the SSB do not contradict with Shari'ah rules and principles;
- b) The investments of the Bank have been performed through Shari'ah compliant contracts, instruments and products as approved by the SSB and do not conflict with the principles of Shari'ah and in accordance with Shari'ah Standards of AAOIFI;
- c) After reviewing the financial statement and balance sheet for year 2011, the SSB did not notice any violation of Shari'ah rules and principles in general;
- d) All earnings that have been realized from sources or by means prohibited by rules and principles of Shari'ah have been (or would be) disposed of to charitable causes.

In conclusion, we avail ourselves of this opportunity to express our thanks and sincere prayer to those who have contributed to this great achievement; our special thanks go to the Board Members, the Chairman and to the management of the Bank for their efforts, response and cooperation with the Executive Member of Shari'ah Supervisory Board, praying for Allah Almighty to bless them with continuous growth and successes based on Shari'ah principles and rules in a way that contributes to the development of our country.

The last of our prayer is praise is to Allah, the Lord of the worlds.



**Shaikh Dr. Ali Mohi - Aldeen Al - Ouradaghi**

Chairman and Executive Member of the Shari'ah Supervisory Board

## Report of the independent auditor on the summary consolidated financial statements to the Shareholders of Qatar First Investment Bank L.L.C

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2011 and the summary consolidated statements of net income, changes in shareholders' equity and cash flows for the year then ended and other explanatory notes are derived from the audited consolidated financial statements of Qatar First Investment Bank L.L.C for the year ended 31 December 2011. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 8 March 2012.

The summary consolidated financial statements do not contain all the disclosures required by Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Qatar First Investment Bank L.L.C.

### Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary of the audited consolidated financial statements.

### Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

### Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Qatar First Investment Bank L.L.C for the year ended 31 December 2011 are consistent, in all material respects, with those consolidated financial statements.

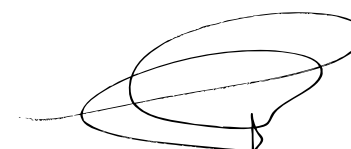
PricewaterhouseCoopers - Qatar L.L.C  
Doha, State of Qatar  
8 March 2012

## Summarised consolidated statement of financial position As at 31 December 2011

(All amounts in United States Dollars thousands)

	Notes	2011	2010
<b>Assets</b>			
Cash and cash equivalents	3	85,995	190,156
Investments carried at amortised cost		87,757	10,000
Accounts receivable	4	50,555	40,150
Inventories	5	35,565	30,546
Investments in securities	6	210,434	115,549
Investment in associate	7	-	40,606
Investments in real estate	8	19,760	19,960
Other assets	9	10,333	16,189
Fixed assets	10	164,608	149,039
Intangible assets		1,916	2,061
<b>Total assets</b>		<b>666,923</b>	<b>614,256</b>
<b>Liabilities and Owners' equity</b>			
<b>Liabilities</b>			
Financing from financial institutions	11	117,143	86,377
Other liabilities	12	53,697	40,849
<b>Total liabilities</b>		<b>170,840</b>	<b>127,226</b>
<b>Owners' equity</b>			
Share capital	13	431,476	431,476
Reserves		(405)	1,361
Retained earnings		26,301	22,084
<b>Total equity attributable to Owners of the parent</b>		<b>457,372</b>	<b>454,921</b>
<b>Non-controlling interest</b>		<b>38,711</b>	<b>32,109</b>
<b>Total Owners' equity</b>		<b>496,083</b>	<b>487,030</b>
<b>Total liabilities and Owners' equity</b>		<b>666,923</b>	<b>614,256</b>

The consolidated financial statements were authorised for issuance by the Board of Directors on 7 March 2012 and signed on their behalf by:



**Abdulla bin Fahad bin Ghorab Al Marri**  
Chairman



**Emad Rashed Mansour**  
Chief Executive Officer

The attached explanatory notes 1 to 21 form an integral part of these summarised consolidated financial statements.

## Summarised consolidated statement of net income

### For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

	Notes	2011	2010
<b>Income</b>			
Revenue from non-banking activities	14	169,892	125,264
Gain on disposal of investment in real estate	8	-	19,973
Share of profit of associate		3,563	3,525
Income from placements with financial institutions		1,243	2,683
Gain on re-measurement of investments at fair value through statement of net income		38,333	12,510
Dividends income		12,617	481
Profit on investments carried at amortised cost		2,267	60
Gain on disposal of investments carried at amortised cost		948	-
Gain on disposal of investment in associate		2,200	-
Other income	15	2,674	6,174
<b>Total income</b>		<b>233,737</b>	<b>170,670</b>
<b>Expenses</b>			
Non-banking activity expenses	14	163,516	120,182
Staff costs		23,402	15,462
Other operating expenses	16	18,078	7,341
Depreciation and amortisation		2,284	3,444
<b>Total expenses</b>		<b>207,280</b>	<b>146,429</b>
Net income before tax		26,457	24,241
Income Tax		1,037	(1,451)
<b>Net income after tax</b>		<b>27,494</b>	<b>22,790</b>
<b>Attributable to:</b>			
Owners of the parent		25,791	21,414
Non-controlling interest		1,703	1,376
<b>Net income for the year</b>		<b>27,494</b>	<b>22,790</b>
Basic earnings per share – US cents	17	2.99	2.48

The attached explanatory notes 1 to 21 form an integral part of these summarised consolidated financial statements.

## Summarised consolidated statement of changes in equity

### For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

	Attributable to Owners of the parent				Non-controlling interest	
	Share capital	Reserves	Retained earnings	Total	interest	Total
Balance at 1 January 2010	431,451	-	670	432,121	30,733	462,854
Issuance of the capital	25	-	-	25	-	25
Fair value adjustment	-	1,361	-	1,361	-	1,361
Net profit for the year	-	-	21,414	21,414	1,376	22,790
<b>Balance at 31 December 2010</b>	<b>431,476</b>	<b>1,361</b>	<b>22,084</b>	<b>454,921</b>	<b>32,109</b>	<b>487,030</b>
Balance at 1 January 2011	431,476	1,361	22,084	454,921	32,109	487,030
Non-controlling interest's share in issued capital of subsidiary	-	-	-	-	4,899	4,899
Fair value adjustment	-	(1,766)	-	(1,766)	-	(1,766)
Dividends	-	-	(21,574)	(21,574)	-	(21,574)
Net profit for the year	-	-	25,791	25,791	1,703	27,494
<b>Balance at 31 December 2011</b>	<b>431,476</b>	<b>(405)</b>	<b>26,301</b>	<b>457,372</b>	<b>38,711</b>	<b>496,083</b>

The attached explanatory notes 1 to 21 form an integral part of these summarised consolidated financial statements.

## Summarised consolidated statement of cash flows For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

	Notes	2011	2010
<b>Operating activities</b>			
Net income for the year		27,494	22,790
<b>Adjustments for:</b>			
Gain on disposal of investment in real estate		-	(19,973)
Gain on disposal of investments carried at amortised cost		(948)	-
Gain on disposal of investment in associate		(2,200)	-
Share of profit of associate		(3,563)	(3,525)
Gain on sale of fixed assets		(59)	(78)
Gain on re-measurement of investments at fair value through statement of net income		(38,333)	(12,510)
Depreciation and amortisation		9,788	9,733
Amortisation of sukuk premium/ discount (net)		(36)	-
Dividend income		(12,617)	(481)
Provisions (net)		1,336	525
		<b>(19,138)</b>	<b>(3,519)</b>
<b>Net change in:</b>			
Accounts receivable	4	(11,750)	(3,279)
Inventories	5	(5,067)	(6,917)
Other assets	9	5,913	(7,157)
Other liabilities	12	12,331	4,400
<b>Net cash used in operating activities</b>		<b>(17,711)</b>	<b>(16,472)</b>
<b>Investing activities</b>			
Acquisition of investment in associate		-	(40,077)
Acquisition of investments in securities		(32,765)	(50,923)
Purchase of investments at amortised cost		(112,845)	(10,000)
Purchase of fixed and intangible assets		(25,173)	(27,410)
Dividends received		15,903	19,183
Proceeds from sale of investment in real estate		-	68,681
Proceeds from sale of investment at amortised cost		36,071	-
Proceeds from partial disposal of investment in associate		17,531	-
Proceeds from sale of fixed assets		220	332
<b>Net cash used in investing activities</b>		<b>(101,058)</b>	<b>(40,214)</b>
<b>Financing activities</b>			
Issuance of share capital		-	25
Net change in financing from financial institutions		30,766	(2,252)
Dividends paid to shareholders		(21,057)	-
Non-controlling interest's share in issued capital of subsidiary		4,899	-
<b>Net cash flows from/ (used in) financing activities</b>		<b>14,608</b>	<b>(2,227)</b>
Net decrease in cash and cash equivalents		(104,161)	(58,913)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>190,156</b>	<b>249,069</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>85,995</b>	<b>190,156</b>

The attached explanatory notes 1 to 21 form an integral part of these summarised consolidated financial statements.

## Notes to the summarised consolidated financial statements For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

### 1. Legal status and principal activities

Qatar First Investment Bank L.L.C ("the Bank") is an Islamic bank, which was established in State of Qatar as a limited liability company to operate under Qatar Financial Centre. The Bank was authorised, as per QFC No. 91 dated 4 September 2008, by the Qatar Financial Centre Regulatory Authority (QFCRA) as an Islamic Financial Institution and to conduct the following regulated activities:

- Dealing in investments,
- Arranging deals in investments,
- Arranging credit facilities,
- Providing custody services,
- Arranging the provision of custody services,
- Managing investments,
- Advising in investments, and
- Operating a collective investment fund

On 30 June 2010 the bank has been granted a category 5 license under which the following additional regulated activities can be undertaken.

- Deposit taking,
- Providing credit facilities

All the Bank's activities are regulated by the QFCRA and are conducted in accordance with the Islamic Shari'a principles, as determined by the Shari'a Supervisory Board (SSB) and in accordance with the provisions of its Articles of Association. The Bank operates through its head office located in Suhaim bin Hamad Street, Doha, State of Qatar.

### 2. Significant accounting policies

The principal accounting policies adopted in the preparation of these summarised consolidated financial statements are as given below.

#### a) Basis of preparation

The summarised consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment securities at fair value. The summarised consolidated financial statements of the Group do not include all disclosures required by Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

#### b) Subsidiary

Subsidiaries are all entities (including special purpose entities) over which the Group has directly or indirectly the power to govern the financial and operating policies (Control) generally accompanying a shareholding of more than one half of the voting rights. The existing and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.



Notes to the summarised consolidated financial statements  
For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

2. Significant accounting policies (continued)

b) Subsidiary (continued)

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of net income and within Owners' equity in the consolidated statement of financial position, separately from the parent Owners' equity.

Basis of consolidation

The summarised consolidated financial statements comprise the financial statements of the Bank and its subsidiary as at and for the year ended 31 December each year. All intra-group balances, transactions, income and expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full on the consolidation. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

The bank has the following subsidiary as at 31 December 2011:

Subsidiary	Activity	Ownership	Year of Incorporation	Country
Emirates National Factory for Plastic Industries L.L.C (ENPI)	Manufacturing	71.30%	1995	UAE

2.1 Investments

a) Investments carried at amortised cost

Debt-type instruments carried at amortised cost where the investment is managed on a contractual yield basis and their performance evaluated on the basis of contractual cash flows. These investments are measured initially at fair value plus transaction costs, premium or discounts are then amortised over the investment's life using effective profit method less reduction for impairment, if any.

b) Investments carried at fair value

Equity type instruments are investments that do not exhibit the feature of debt type instruments and include instruments that evidence a residual interest in the assets of an entity after deducting all its liabilities.

- Investments carried at fair value through equity

These investments are initially recognised at fair value plus transaction costs and are subsequently re-measured at fair value and the resulting unrealised gains or losses are recognised in the consolidated statement of changes in equity under "Reserves", until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in the consolidated statement of net income.

Notes to the summarised consolidated financial statements  
For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

2.1 Investments (continued)

- Investments carried at fair value through statement of net income

An investment is classified at fair value through statement of net income if acquired or originated principally for the purpose of generating a profit from short term fluctuations in price or dealers margin, or designated at fair value through statement of net income.

These investments shall be recognised on the acquisition date at fair value. At the end of each reporting period, investments shall be re-measured at their fair value and the gain/loss shall be recognised in the consolidated statement of net income.

c) Venture capital investments

Venture capital investments are held as part of investments portfolio that are managed with the objective of earning a return on these investments. The Group aims to generate a growth in the value of investments in the medium terms and usually identifies an exit strategy or strategies when an investment is made.

The investments are typically in businesses unrelated to the Bank's business. Investments are managed on a fair value basis and are accounted for as investments designated at fair value through the statement of net income.

3. Cash and cash equivalents

	2011	2010
Cash on hand	237	124
Balances with banks (current accounts)	17,549	75,878
	<b>17,786</b>	<b>76,002</b>
Restricted deposits	2,390	-
Placement with financial institutions - Principal	65,668	113,770
Placement with financial institutions - Accrued profit	151	384
	<b>68,209</b>	<b>114,154</b>
	<b>85,995</b>	<b>190,156</b>

Placements with financial institutions represent inter-bank placements in the form of Wakala investments. The average rate of return on Wakala investments is 1.23% per annum (2010: 2.15%).

## Notes to the summarised consolidated financial statements For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

### 4. Accounts receivable

a) Accounts receivable comprise of the followings:

	2011	2010
Trade debtors	52,477	40,727
Less: Provision for doubtful debts	(1,922)	(577)
	<b>50,555</b>	<b>40,150</b>

b) The movement on the provision for doubtful debts is as follows:

	2011	2010
Beginning balance	577	226
Charge during the year	1,349	351
Allowance written back	(4)	-
<b>Balance at the end of the year</b>	<b>1,922</b>	<b>577</b>

### 5. Inventories

a) Inventories comprise of the followings:

	2011	2010
Raw materials	24,828	22,057
Semi finished goods	3,410	2,063
Finished goods	7,579	6,639
Goods in transit	26	17
Less: Provision for slow moving inventories	(278)	(230)
	<b>35,565</b>	<b>30,546</b>

b) The movement on the provision for slow moving inventories is as follows:

	2011	2010
Beginning balance	230	65
Charge during the year	88	165
Provision written back	(40)	-
<b>Balance at the end of the year</b>	<b>278</b>	<b>230</b>

## Notes to the summarised consolidated financial statements For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

### 6. Investments in securities

	2011	2010
Investments at fair value through equity	9,968	7,222
Investments at fair value through statement of net income	200,466	108,327
	<b>210,434</b>	<b>115,549</b>

#### 6.1 Investments at fair value through equity

Investments at fair value through equity comprise of equity investments as follows:

	2011	2010
Unquoted*	7,222	7,222
Quoted**	2,746	-
	<b>9,968</b>	<b>7,222</b>

\* Due to non-availability of the fair value, the investment is carried at cost.

\*\* The investment's fair value is determined based on prevailing bid prices in an active market.

#### 6.2 Investments at fair value through statement of net income

Investments at fair value through statement of net income comprise of unlisted equity investments as follows:

Investment Type	2011	2010
Venture capital investments	137,284	108,324
Investments at fair value through statement of net income*	63,182	3
	<b>200,466</b>	<b>108,327</b>

\* The above investments include the transfer from investment in associate (note 7).

## Notes to the summarised consolidated financial statements For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

### 7. Investment in associate

Investment in associate comprises of the following:

Company's name	Country of Incorporation	2011	2010
		%	%
Astro SPV Cayman Islands	Cayman Island	-	40,606
		-	<b>40,606</b>

\* During 2011, the group has partially disposed investment in Astro which resulted in losing significant influence and a capital gain on disposal has been accounted for in the consolidated statement of net income.

\*\* Retained investment has been classified as investments at fair value through statement of net income along with recognising the resulting difference between fair value and carrying value at dates of disposal and financial position as gain in the statement of net income. (note 6.2)

### 8. Investments in real estate

	2011	2010
Investment in real estate held for capital appreciation (carried at fair value)	15,091	15,091
Investment in real estate held for generating periodical consideration (rent-carried at cost)	4,669	4,869
	<b>19,760</b>	<b>19,960</b>

The following summarises the movement in investments in real estate during the year:

- Investment in real estate held for capital appreciation

	2011	2010
At the beginning of year	15,091	-
Addition	-	13,730
Fair value adjustments	-	1,361
<b>At the end of the year</b>	<b>15,091</b>	<b>15,091</b>

- Investment in real estate held for generating periodical consideration (rent)

	2011	2010
At the beginning of year	4,869	50,219
Additions	-	5,106
Disposal	-	(48,708)
Depreciation for disposals	-	(1,511)
Depreciation for the year	(200)	(237)
<b>At the end of the year</b>	<b>4,669</b>	<b>4,869</b>

The fair value of investment in real estate held for generating periodical consideration amounted to US\$ 4.8 million (2010: US\$ 4.1 million).

## Notes to the summarised consolidated financial statements For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

### 9. Other assets

a) Other assets comprise the followings:

	2011	2010
Advances for investments	474	5,099
Other receivables	3,457	4,468
Margin on bank guarantees	436	2,047
Prepayments	3,396	1,213
Refundable deposits	1,103	1,211
Due from related parties (note 20)	1,277	1,794
Due from employees	416	640
Total	10,559	16,472
Provision for other receivables	(226)	(283)
	<b>10,333</b>	<b>16,189</b>

b) The movement in the provision for the other receivables is as follows:

	2011	2010
Beginning balance	283	275
Charge during the year	57	8
Amount written off	(114)	-
	<b>226</b>	<b>283</b>

## Notes to the summarised consolidated financial statements For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

### 10. Fixed assets

	Plant & machinery	Land & buildings	Office equipment	Furniture & fixture	Building renovation & fixtures	Motor vehicle	Capital work in progress	Total
<b>Cost</b>								
As at December 31, 2009	70,139	70,530	3,329	5,242	4,498	2,906	1,058	157,702
Additions	3,324	737	550	708	826	168	20,494	26,807
Transfers	1,590	(5,487)	(33)	-	62	-	(1,652)	(5,520)
Disposals	-	-	(2)	-	-	(578)	(1)	(581)
<b>As at December 31, 2010</b>	<b>75,053</b>	<b>65,780</b>	<b>3,844</b>	<b>5,950</b>	<b>5,386</b>	<b>2,496</b>	<b>19,899</b>	<b>178,408</b>
Additions	2,556	-	1,205	2,099	336	323	18,271	24,790
Transfers	13,989	16,755	-	-	-	-	(30,744)	-
Disposals	(11)	-	(2)	-	-	(464)	-	(477)
<b>As at December 31, 2011</b>	<b>91,587</b>	<b>82,535</b>	<b>5,047</b>	<b>8,049</b>	<b>5,722</b>	<b>2,355</b>	<b>7,426</b>	<b>202,721</b>
<b>Accumulated depreciation</b>								
As at December 31, 2009	16,216	2,339	1,286	385	1,296	1,036	-	22,558
Depreciation charge*	4,091	506	898	834	685	539	-	7,553
Disposals /transfer	-	(381)	(1)	-	-	(360)	-	(742)
<b>As at December 31, 2010</b>	<b>20,307</b>	<b>2,464</b>	<b>2,183</b>	<b>1,219</b>	<b>1,981</b>	<b>1,215</b>	<b>-</b>	<b>29,369</b>
Depreciation charge*	4,637	1,118	1,046	949	842	437	-	9,029
Disposals/transfers	-	-	(1)	-	-	(284)	-	(285)
<b>As at December 31, 2011</b>	<b>24,944</b>	<b>3,582</b>	<b>3,228</b>	<b>2,168</b>	<b>2,823</b>	<b>1,368</b>	<b>-</b>	<b>38,113</b>
<b>Net book amount</b>								
<b>As at 31 December 2010</b>	<b>54,746</b>	<b>63,316</b>	<b>1,661</b>	<b>4,731</b>	<b>3,405</b>	<b>1,281</b>	<b>19,899</b>	<b>149,039</b>
<b>As at 31 December 2011</b>	<b>66,643</b>	<b>78,953</b>	<b>1,819</b>	<b>5,881</b>	<b>2,899</b>	<b>987</b>	<b>7,426</b>	<b>164,608</b>

\* Depreciation charges included an amount of US\$ 7,304 thousands (2010: US \$6,052 thousands) which relates to non-banking activities. The land, buildings and machinery are mortgaged to banks against finance of their purchase.

### 11. Financing from financial institutions

	2011	2010
Bank borrowings	95,914	82,831
Bank overdraft	-	1,514
Murabaha Finance	7,282	2,032
Accepted wakala deposits	13,947	-
	<b>117,143</b>	<b>86,377</b>

## Notes to the summarised consolidated financial statements For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

### 12. Other liabilities

	2011	2010
Accounts payable	40,744	30,515
Staff-related payables	4,057	4,686
Other payables	3,182	3,122
Accrued finance costs	1,147	1,247
Accrued expenses	3,936	768
Due to related parties	13	404
Unearned revenue	101	107
Dividends payable	517	-
	<b>53,697</b>	<b>40,849</b>

Accounts payable represents mainly amounts due to various suppliers originated from regular business activities undertaken by ENPI.

### 13. Share capital

	2011	2010
<b>Authorised:</b>		
1,000,000,000 ordinary shares of US\$1 each	1,000,000	1,000,000
<b>Issued and partially paid:</b>		
862,952,155 ordinary shares of US\$ 1 each (paid US\$0.50 each)	431,476	431,476

The call for the unpaid portion of capital is subject to the Board of Directors decision based on strategic requirements of the bank.

### 14. Revenue and expenses from non-banking activities

	2011	2010
Sales	168,188	123,775
Other income	1,704	1,489
Revenue from non-banking activities	169,892	125,264
Cost of sales	(132,172)	(96,475)
Other expenses	(31,344)	(23,707)
Non-banking activity expenses	(163,516)	(120,182)
<b>Net income from non-banking activities</b>	<b>6,376</b>	<b>5,082</b>

## Notes to the summarised consolidated financial statements For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

### 15. Other income

	2011	2010
Rental income	2,612	5,859
Advisory fees	30	150
Other income	32	165
	<b>2,674</b>	<b>6,174</b>

### 16. Other operating expenses

	2011	2010
Rent expense	6,198	40
Board of Directors' remuneration	3,000	769
Professional services	2,222	1,362
Other general and administrative expenses	2,081	1,709
Business trip expenses	1,899	1,074
Public relations and advertising	968	516
IT expenses	701	964
Building maintenance and utilities	649	703
Information service	213	145
Social responsibility	147	59
	<b>18,078</b>	<b>7,341</b>

### 17. Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to the Banks' Owners and the number of shares outstanding during the year.

	2011	2010
Net profit attributable to the Owners of the parent	25,791	21,414
Total number of shares	862,952	862,948
<b>Basic earnings per share (US cents)</b>	<b>2.99</b>	<b>2.48</b>

### 18. Contingent liabilities

The Group had the following contingent liabilities as at 31 December:

	2011	2010
Letters of credit	2,528	2,569
Letters of guarantee	1,489	3,146

## Notes to the summarised consolidated financial statements For the year ended 31 December 2011

(All amounts in United States Dollars thousands)

### 19. Commitments

	2011	2010
Commitment for operating lease	55,629	61,810

### 20. Related parties transactions and balances

Related parties comprise Owners, directors and senior management personnel of the Group, close family members, entities owned or controlled by them, associates and affiliated companies.

#### a) Due from related parties

	2011	2010
Key management personnel	19	802
Affiliated entities	1,258	992
	<b>1,277</b>	<b>1,794</b>

Due from related parties balance is included under other assets (note 9).

#### b) Compensation of key management personnel

	2011	2010
Senior management personnel	5,765	7,549
Board of directors' remuneration	3,000	769
Shari'a supervisory board remunerations	147	138
	<b>8,912</b>	<b>8,456</b>

### 21. Zakah

Zakah is directly borne by the Owners. The Group does not collect or pay Zakah on behalf of its Owners. Zakah payable by the Owners is computed by the Group on the basis of the method prescribed by the Group's SSB and notified to the Owners. Zakah payable by the Owners for the year ended 31 December 2011 was US cents 0.95 for every share held (2010: US cents 0.82).