

Masraf Al Rayan (Q.S.C.)

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2011

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF MASRAF AL RAYAN (Q.S.C.)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Masraf Al Rayan (Q.S.C.) ("Masraf") and its subsidiaries (together referred to as the "Group") as at 30 September 2011, comprising of the interim consolidated statement of financial position as at 30 September 2011 and the related interim consolidated statement of income, for the three - month and nine - month periods ended 30 September 2011, related interim consolidated statements of cash flows and changes in equity for the nine month period then ended and the related explanatory notes.


Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements. Our responsibility is to express a conclusion on these interim condensed consolidated 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 consist 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. Consequently, it 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 accounting policies disclosed in note2.



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

Date: 17 October 2011
Doha




Masraf Al Rayan (Q.S.C.)

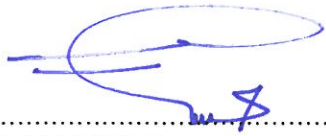
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	<i>30 September 2011</i>	<i>31 December 2010</i>	<i>30 September 2010</i>
	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
ASSETS			
Cash and balances with Qatar Central Bank		1,617,282	1,481,785
Balances and investments with banks and other financial institutions		4,593,025	4,988,930
Receivables and balances from financing activities		28,735,198	25,063,967
Financial investments	4	12,056,877	2,136,919
Investment property		91,250	160,220
Investment in associates		1,450,198	386,494
Property, furniture and equipment	5	79,222	86,956
Other assets		227,171	378,100
TOTAL ASSETS		48,850,223	34,683,371
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY			
Customers' current accounts		1,814,820	1,292,350
Other liabilities		692,219	540,031
TOTAL LIABILITIES		2,507,039	1,832,381
EQUITY OF INVESTMENT ACCOUNTHOLDERS		38,201,846	25,724,198
SHAREHOLDERS' EQUITY			
Paid up share capital	6	7,499,370	5,073,324
Legal reserve	7	-	633,382
Fair value reserve		8,233	6,117
Risk reserve	8	-	237,953
Proposed dividend	9	-	1,976,084
Retained earnings		633,392	70,924
		8,140,995	7,126,449
Non-controlling interest		343	343
TOTAL EQUITY		8,141,338	7,126,792
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND EQUITY		48,850,223	34,683,371

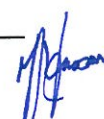


 Dr. Hussain Ali Al Abdulla
 Chairman and Managing Director



 Adel Mustafawi
 Group Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.



Masraf Al Rayan (Q.S.C.)

INTERIM CONSOLIDATED STATEMENT OF INCOME

Nine Months Ended 30 September 2011

	<i>Three Months Ended 30</i>		<i>Nine Months Ended 30</i>	
	<i>September</i>		<i>September</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
<i>Note</i>	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Income from financing activities	327,718	422,880	932,953	1,169,050
Income from investing activities	153,165	30,076	451,936	59,358
Total income from financing and investing activities	480,883	452,956	1,384,889	1,228,408
Commission and fee income	24,236	37,833	185,379	83,945
Commission and fee expense	(529)	(314)	(1,171)	(15,573)
Net commission and fee income	23,707	37,519	184,208	68,372
Gain from foreign exchange operations	18,627	7,409	34,574	30,859
Other income	936	33,955	174,360	101,855
Share of results of associates	-	-	14,849	(1,528)
TOTAL OPERATING INCOME	524,153	531,839	1,792,880	1,427,966
General and administrative expenses	(69,671)	(60,768)	(227,490)	(180,930)
Depreciation	(4,981)	(5,136)	(15,157)	(14,622)
Impairment losses on receivables from financing activities	-	-	(76,970)	(1,649)
Impairment losses on financial investments	-	-	(7,281)	-
Recoveries of impairment losses on other assets	-	-	-	91,250
PROFIT FOR THE PERIOD BEFORE RETURN ON EQUITY OF INVESTMENT ACCOUNTSHOLDERS	449,501	465,935	1,465,982	1,322,015
Less: Return on equity of investment accountholders	(128,498)	(159,100)	(453,256)	(410,482)
PROFIT FOR THE PERIOD BEFORE INCOME TAXES	321,003	306,835	1,012,726	911,533
Income tax expense	-	-	(296)	-
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	321,003	306,835	1,012,430	911,533
BASIC AND DILUTED EARNINGS PER SHARE (QAR)	0.43	0.41	1.35	1.22

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Masraf Al Rayan (Q.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Nine Months Ended 30 September 2011

	<i>Nine Months Ended 30 September</i>	
	<i>2011</i>	<i>2010</i>
<i>Note</i>	<i>QAR '000</i>	<i>QAR '000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Profit for the period	1,012,430	911,533
Adjustments for:		
Depreciation	15,157	14,622
Gain on disposal of subsidiary	(171,863)	-
Amortisation of discount on financial investments	(17,132)	-
Impairment losses on receivables from financing activities	76,970	1,649
Impairment losses on financial investments	7,281	-
Share of results of associates	(14,849)	1,528
Recovery of impairment losses on other assets	-	(91,250)
Operating profit before changes in operating assets and liabilities	907,994	838,082
Net decrease (increase) in assets:		
Cash reserve with Qatar Central Bank	(445,915)	(489,905)
Receivables and balances from financing activities	(3,748,201)	(6,424,693)
Other assets	150,929	48,672
Net increase (decrease) in liabilities:		
Customers' current accounts	522,470	(276,662)
Other liabilities	151,571	145,584
Net cash used in operating activities	(2,461,152)	(6,158,922)
INVESTING ACTIVITIES		
Purchase of property, furniture and equipment	5 (7,423)	(14,158)
Purchase of financial investments	(10,000,000)	(1,485,056)
Purchase of investment property	(2,027,706)	-
Proceeds from sale and redemption of financial investments	92,084	134,135
Proceeds from disposal of subsidiary	1,220,301	-
Investment in associates	-	(139,475)
Net cash used in investing activities	(10,722,744)	(1,504,554)
FINANCING ACTIVITY		
Increase in equity of investment accountholders	12,477,573	7,376,480
Net cash from financing activity	12,477,573	7,376,480
Decrease in cash and cash equivalents during the period	(706,323)	(286,996)
Balance of cash and cash equivalents at 1 January	5,568,028	4,609,151
Balance of cash and cash equivalents at 30 September	4,861,705	4,322,155

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Masraf Al Rayan (Q.S.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Nine Months Ended 30 September 2011

	Paid up share capital QAR '000	Legal reserve QAR '000	Fair value reserve QAR '000	Risk reserve QAR '000	Proposed dividend QAR '000	Retained earnings QAR '000	Equity attributable to shareholders of parent QAR '000	Non- controlling interest QAR '000	Total QAR '000
At 1 January 2011	5,073,324	-	6,117	-	1,976,084	70,924	7,126,449	343	7,126,792
Net changes in fair value reserve	-	-	2,116	-	-	-	2,116	-	2,116
Profit for the period	-	-	-	-	-	1,012,430	1,012,430	-	1,012,430
Dividend paid towards the uncalled share capital for 2010 (Note 9)	1,976,084	-	-	-	(1,976,084)	-	-	-	-
Dividend paid towards the uncalled share capital for 2011 (Note 9)	449,962	-	-	-	-	(449,962)	-	-	-
Balance at 30 September 2011 (Unaudited)	7,499,370	-	8,233	-	-	633,392	8,140,995	343	8,141,338
At 1 January 2010	4,124,654	633,382	465	237,953	948,670	16,630	5,961,754	-	5,961,754
Net changes in fair value reserve	-	-	3,669	-	-	-	3,669	-	3,669
Profit for the period	-	-	-	-	-	911,533	911,533	-	911,533
Dividend paid towards the uncalled share capital	948,670	-	-	-	(948,670)	-	-	-	-
Sports and social fund appropriation	-	-	-	-	-	(22,017)	(22,017)	-	(22,017)
Balance at 30 September 2010 (Unaudited)	5,073,324	633,382	4,134	237,953	-	906,146	6,854,939	-	6,854,939

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Masraf Al Rayan (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2011

1 LEGAL STATUS AND MAIN ACTIVITIES

Masraf Al Rayan (Q.S.C.) ("Masraf") was incorporated as Qatari Public Shareholding Company under Article 68 of Qatar Commercial Companies' Law No. 5 of 2002, under decision No. 11 of 2006 dated 4 January 2006 of the Ministry of Business and Trade.

Masraf and its subsidiaries (together referred to as "the Group") is engaged in banking, financing, investing and brokerage activities in accordance with its Articles of Incorporation, Islamic Shari'a principles and regulations of Qatar Central Bank and operates through its head office and local branches, all operating in the State of Qatar. Masraf is listed and its shares are traded in the Qatar Exchange.

The interim condensed consolidated financial statements of Masraf Al Rayan Q.S.C. for the nine months ended 30 September 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 17 October 2011.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of Masraf Al Rayan and its subsidiaries (together referred to as the "Group") for the nine month period ended 30 September 2011 have been prepared in accordance with the guidance given by the International Accounting Standard 34 - "Interim Financial Reporting". The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2010. In addition, results for the nine month period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010 except for the new and amended conceptual framework financial accounting standards, which were prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (the "AAOIFI"), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group, related regulations of Qatar Central Bank and applicable provisions of the Qatar Commercial Company's Law No. 5 of 2002. For matters which are not covered by AAOIFI standards, including "Interim Financial Reporting", the Group uses the International Financial Reporting Standards (the "IFRSs").

New and amended standards and framework

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new standards and interpretations as of 1 January 2011, noted below:

IAS 24 Related Party Transactions (Amendment)

The IASB has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

Masraf Al Rayan (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2011

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and framework (continued)

IAS 32 Financial Instruments: Presentation (Amendment)

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group.

During 2010, AAOFI amended its conceptual framework and issued new Financial Accounting Standard (FAS 25) "Investment in sukuk, shares and similar instruments", which are effective as of 1 January 2011.

Statement of financial accounting no.1: conceptual framework for the financial reporting by Islamic financial institutions

The amended conceptual framework provides the basis for the financial accounting standards issued by AAOFI. The amended framework introduces the concept of substance and form compared to the concept of form over substance. The framework states that it is necessary that information, transaction and other events are accounted for and presented in accordance with its substance and economic reality as well as the legal form.

The adoption of this standard did not have any impact on the accounting policies, financial position or performance of the Group.

Financial accounting standard (FAS 25) "Investment in sukuk, shares and similar instruments".

The Group has adopted FAS 25 issued by AAOIFI which covers the recognition, measurement, presentation and disclosure of investment in sukuk, shares and similar investments that exhibit characteristics of debt and equity instruments made by the Islamic financial institutions.

The adoption of FAS 25 had an effect on the classification and measurement of the Group's financial assets. As a result of the application of this new standard, the classification of the investment portfolio were revisited and changes if any, were made in these classification in line with FAS 25.

The adoption of this standard has an impact on the classification of investments and current year consolidated statement of income.

Improvements to IFRSs (issued May 2010)

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

IFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

IFRS 7 Financial Instruments — Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

IAS 34 Interim Financial Statements: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements.

Masraf Al Rayan (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2011

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and framework (continued)

Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of Masraf Al Rayan and its subsidiaries after elimination of intercompany transactions and balances.

	<i>Country of incorporation</i>	<i>Share capital</i>	<i>Percentage of ownership</i>
Al Rayan Investment LLC	Qatar	USD 100,000,000	100%
Al Rayan Financial Brokerage	Qatar	QAR 50,000,000	100%

Loss of Control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognized in statement of income. If the Group retains any interests in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. The detail of the disposal of the subsidiary are disclosed in Note 10.

3 OPERATING SEGMENTS

For management purposes, the Group is divided into three operating segments which are as follows:

- Corporate Banking provides an extensive range of Islamic funded and non-funded credit facilities, deposit services, investment advisory, currency exchange facilities, profit rate swaps, loan syndication and other services to Corporate, Commercial and Multinational Customers.
- Retail Banking provides investment accounts services, credit card and Islamic financing to retail and individual customers.
- Al Rayan Investment has two distinct functions. Firstly, the management of Masraf Al Rayan's portfolio of listed and private equities and funds, strategic investments, income producing instruments such as sukuk and real estate investments. Secondly, the development and operation of Masraf Al Rayan's investment products, asset management and investment placement business.

Unallocated assets, liabilities and revenues are related to some central functions and non core business operations, like common property & equipments, cash functions and development projects related payables etc.

The performance of the Group's main segments can be illustrated below:

30 September 2011 (Unaudited)	<i>Corporate banking</i>	<i>Retail banking</i>	<i>Al Rayan Investment</i>	<i>Unallocated</i>	<i>Total</i>
	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
Operating income	1,684,667	95,071	13,142	-	1,792,880
Expenses	(504,893)	(31,442)	(8,329)	(235,786)	(780,450)
Net profit / (loss)	<u>1,179,774</u>	<u>63,629</u>	<u>4,813</u>	<u>(235,786)</u>	<u>1,012,430</u>
Total assets	<u>46,871,838</u>	<u>1,539,569</u>	<u>92,026</u>	<u>346,790</u>	<u>48,850,223</u>
Total liabilities	<u>37,643,516</u>	<u>2,784,301</u>	<u>12,447</u>	<u>268,621</u>	<u>40,708,885</u>

Masraf Al Rayan (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2011

3 OPERATING SEGMENTS (continued)

30 September 2010 (Unaudited)	<i>Corporate banking</i> <i>QAR'000</i>	<i>Retail banking</i> <i>QAR'000</i>	<i>Al Rayan Investment</i> <i>QAR'000</i>	<i>Unallocated</i> <i>QAR'000</i>	<i>Total</i> <i>QAR'000</i>
Operating income	1,409,871	86,974	22,371	-	1,519,216
Expenses	(364,018)	(33,794)	(12,670)	(197,201)	(607,683)
Net profit / (loss)	<u>1,045,853</u>	<u>53,180</u>	<u>9,701</u>	<u>(197,201)</u>	<u>911,533</u>
Total assets	<u>30,869,913</u>	<u>1,428,262</u>	<u>72,363</u>	<u>(86,133)</u>	<u>32,284,405</u>
Total liabilities	<u>23,459,386</u>	<u>2,031,769</u>	<u>6,943</u>	<u>(68,632)</u>	<u>25,429,466</u>

4 FINANCIAL INVESTMENTS

	<i>30 September 2011</i> <i>QAR'000</i> <i>(Unaudited)</i>	<i>31 December 2010</i> <i>QAR'000</i> <i>(Audited)</i>	<i>30 September 2010</i> <i>QAR'000</i> <i>(Unaudited)</i>
Financial instruments in			
- Equity type instruments			
Quoted	<u>18,661</u>	<u>16,470</u>	<u>14,461</u>
Unquoted	<u>71,763</u>	<u>151,606</u>	<u>305,998</u>
	<u>90,424</u>	<u>168,076</u>	<u>320,459</u>
- Debt type instrument			
Quoted	<u>702,255</u>	<u>702,643</u>	<u>713,337</u>
Unquoted	<u>11,264,198</u>	<u>1,266,200</u>	<u>1,266,200</u>
	<u>11,966,453</u>	<u>1,968,843</u>	<u>1,979,537</u>
	<u>12,056,877</u>	<u>2,136,919</u>	<u>2,299,996</u>

5 PROPERTY, FURNITURE AND EQUIPMENT

During the nine months ended 30 September 2011, the Group acquired assets with a cost of QR 7,423 thousand (31 December 2010: QR 24,129 thousand and 30 September 2010: QR 14,158 thousand).

Masraf Al Rayan (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2011

6 SHARE CAPITAL

	<i>30 September 2011 QAR'000 (Unaudited)</i>	<i>31 December 2010 QAR'000 (Audited)</i>	<i>30 September 2010 QAR'000 (Unaudited)</i>
<i>Authorised</i>			
750,000,000 shares at QAR 10 each	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>
<i>Issued & paid-up</i>			
	<i>No. of shares</i>	<i>30 September 2011 QAR'000 (Unaudited)</i>	<i>31 December 2010 QAR'000 (Audited)</i>
		<i>30 September 2010 QAR'000 (Unaudited)</i>	
At 1 January	749,936,932	5,073,324	4,124,654
Dividends towards uncalled share capital for 2009	-	-	948,670
Dividend towards uncalled share capital for 2010 (at QAR 2.635 per share) (Note 9)	-	1,976,084	-
Dividend towards uncalled share capital during 2011 (at QAR 0.6 per share) (Note 9)	-	449,962	-
	<u>749,936,932</u>	<u>7,499,370</u>	<u>5,073,324</u>
		<u>5,073,324</u>	<u>5,073,324</u>

7 LEGAL RESERVE

According to Qatar Central Bank Law No. 33 of 2006, 10% of the net profit is required to be transferred to the legal reserve until the reserve equals 100% of the paid up capital. No transfer has been made for the period ended 30 September 2011 as Masraf will transfer the required amount by 31 December 2011.

Also, the General Assembly, in its meeting held on 28 March 2011 and after the approval of Qatar Central Bank and the Ministry of Business and Trade, has resolved to transfer the balance of legal reserve as of 31 December 2009 to retained earnings for the purpose of capitalising the reserve into the uncalled portion of the share capital.

8 RISK RESERVE

In accordance with Qatar Central Bank regulations, risk reserve has been created to cover contingencies on both the public and private sector financing activities, with a minimum requirement of 1.5% of the total private sector exposure granted by Masraf and its branches inside and outside Qatar after the exclusion of the specific provisions and profit in suspense. The finance provided to/or secured by the Ministry of Finance or finance against cash guarantees are excluded from the gross direct finance, and should be appropriated from share holders profit according to Qatar Central Bank Circular No 87/2009. No transfer has been made for the period ended 30 September 2011 as Masraf will transfer the required amount by 31 December 2011.

Also, the General Assembly, in its meeting held on 28 March 2011 and after the approval of Qatar Central Bank, has resolved to transfer the balance of risk reserve as of 31 December 2009 to retained earnings for the purpose of capitalising the reserve into the uncalled portion of the share capital.

Masraf Al Rayan (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2011

9 DIVIDEND

On 28 March 2011, the General Assembly approved a dividend of 38.95% (2010: 23%) of the paid up share capital towards the uncalled share capital (QAR 2.635 per share, 2010: QAR 1.265 per share) amounting to QAR 1,976,084 thousand (2010: QAR 948,670 thousand).

Also on 23 May 2011, the Board of Directors based on the approval of the General Assembly meeting on 28 March 2011, approved a dividend of 6% of the par value of issued capital towards the uncalled share capital (QAR 0.6 per share) amounting to QAR 449,962 thousand, this was paid from the profits of 2011.

10 DISPOSAL OF SUBSIDIARY

During the period, the Group sold 50% of its investment in a subsidiary, Lusail Waterfront Real Estate Company, for an amount of QAR 1,220 million which resulted in a gain of QAR 171,863 thousand recorded under other income in the consolidated statement of income. Subsequent to the sale, the investment in Lusail Waterfront Real Estate Co. has been reclassified as investment in associate.

The details of the carrying amounts of the subsidiary disposed of during the period at the date of the transactions and resulting gain on sale are summarised in the following:

	<i>QAR '000</i> <i>(Unaudited)</i>
<i>Assets</i>	
Investment properties	2,096,670
Bank balances	<u>200</u>
	<u>2,096,870</u>
<i>Carrying value of net assets of the subsidiary</i>	2,096,870
Consideration received for the 50% sold	<u>1,220,298</u>
Net gain recognised from the sale of 50% of the subsidiary	<u><u>171,863</u></u>

11 COMMITMENTS

(a) Operating lease commitments

Masraf has long-term lease agreements for its office premises. The future aggregate minimum lease payments under these rent agreements are as follows:

	<i>30 September</i> <i>2011</i> <i>QAR '000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2010</i> <i>QAR '000</i> <i>(Audited)</i>	<i>30 September</i> <i>2010</i> <i>QAR '000</i> <i>(Unaudited)</i>
Payable not later than 1 year	24,482	21,400	22,820
Payable later than 1 year and not later than 5 years	<u>56,316</u>	<u>13,980</u>	<u>18,814</u>
	<u><u>80,798</u></u>	<u><u>35,380</u></u>	<u><u>41,634</u></u>

Masraf Al Rayan (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2011

11 COMMITMENTS (continued)

(b) Trade finance contingencies

	<i>30 September 2011 QAR '000 (Unaudited)</i>	<i>31 December 2010 QAR '000 (Audited)</i>	<i>30 September 2010 QAR '000 (Unaudited)</i>
Letter of guarantees	3,868,495	4,786,953	5,321,583
Letter of credit	<u>2,047,045</u>	<u>795,524</u>	<u>788,090</u>
	<u>5,915,540</u>	<u>5,582,477</u>	<u>6,109,673</u>

(c) Other contracts & commitments

	<i>30 September 2011 QAR '000 (Unaudited)</i>	<i>31 December 2010 QAR '000 (Audited)</i>	<i>30 September 2010 QAR '000 (Unaudited)</i>
Ijara unutilised limits	1,074,371	744,473	3,343,255
Profit rate swap	1,529,010	2,548,350	2,548,350
Unilateral promise to buy/sell currencies	<u>8,062,554</u>	<u>10,629,267</u>	<u>8,564,243</u>
	<u>10,665,935</u>	<u>13,922,090</u>	<u>14,455,848</u>

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the cash flow statement represent cash on hand, current account with Qatar Central Bank and balances with banks and other financial institutions with an original maturity of three months or less.

13 RELATED PARTY DISCLOSURES

These include various transactions with Board Members and Executive Management or with the companies which held significant interests or any other parties having significant influence on the financial or operational decisions of Masraf. As at the financial position date, such significant accounts include;

Related party transactions

(a) Financial position items

	<i>30 September 2011 QAR '000 (Unaudited)</i>	<i>31 December 2010 QAR '000 (Audited)</i>	<i>30 September 2010 QAR '000 (Unaudited)</i>
Assets			
Murabaha	<u>4,263,648</u>	<u>4,482,693</u>	<u>4,555,441</u>
Liabilities			
Current Account	222	216	217
Equity of investment accountholders	<u>3,067</u>	<u>1,423,201</u>	<u>1,410,256</u>
	<u>3,289</u>	<u>1,423,417</u>	<u>1,410,473</u>

Masraf Al Rayan (Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2011

13 RELATED PARTY DISCLOSURES (continued)

(b) Income statement items

	<i>30 September 2011 QAR'000 (Unaudited)</i>	<i>30 September 2010 QAR'000 (Unaudited)</i>
Income from financing activities	209,347	223,049
Gain from foreign exchange operations	<u>29,752</u>	<u>102,127</u>
	<u>239,099</u>	<u>325,176</u>
Return on equity of investment accountholders	<u>23,134</u>	<u>50,297</u>

Compensation of key management personnel

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

	<i>30 September 2011 QAR'000 (Unaudited)</i>	<i>30 September 2010 QAR'000 (Unaudited)</i>
Remuneration of directors including meeting allowances	<u>8,726</u>	<u>7,829</u>
Salaries and other benefits	<u>4,032</u>	<u>4,115</u>