GULF HOLDING COMPANY (Q.S.C)
DOHA - QATAR

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008

GULF HOLDING COMPANY (QSC)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

For the year ended December 31, 2008

QR. 99 – 8

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Gulf Holding Company (QSC)
Doha – Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gulf Holding Company (QSC) (the" Company"), which comprise the consolidated balance sheet as at December 31, 2008 and the consolidated statements of income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Independent Auditors Report (Continued)…

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company management's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Gulf Holding Company (Q.S.C.) as of December 31, 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with **International Financial Reporting Standards.**

Other Legal and Regulatory Requirements

We have obtained all the information and explanations which we considered necessary for the purpose of our audit. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company and that we are not aware of any contravention by the Company of the Article of Association, the Qatar Commercial Companies Law No. 5 0f 2002 during the financial period that would materially affect its activities or its financial position.

For **Deloitte & Touche**

Doha - Qatar
………………., 2009

Samer H. Jaghoub
License No. 88

GULF HOLDING COMPANY (Q.S.C)

CONSOLIDATED BALANCE SHEET

At December 31, 2008

	Notes	December 31, 2008 QR.	December 31, 2007 QR.
ASSETS			
Current assets			
Cash and bank balances	**5**	**507,656,400**	579,447,820
Accrued income	**6**	**6,999,226**	12,820,628
Accounts receivable and other debit balances	**7**	**3,893,437**	3,819,963
Advances to suppliers	**8**	**118,723,924**	206,290,141
Total current assets		**637,272,987**	802,378,552
Non-current assets			
Property, plant and equipment	**9**	**760,107,067**	10,042,375
Investment properties	**10**	**216,191,950**	33,832,060
Available-for-sale investments	**11**	**61,205,000**	47,813,215
Total non-current assets		**1,037,504,017**	91,687,650
Total assets		**1,674,777,004**	894,066,202

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

GULF HOLDING COMPANY (Q.S.C)

CONSOLIDATED BALANCE SHEET

At December 31, 2008

	Notes	December 31, 2008 QR.	December 31, 2007 QR.
LIABILITIES			
Current liabilities			
Due to bank		**385,250**	450,000
Borrowings	**12**	**82,356,964**	--
Trade and other payables		**35,435,290**	4,537,272
Due to related party	**23**	**153,452,160**	
Notes payable	**13**	**22,886,228**	7,079,304
Total current liabilities		**294,515,892**	12,066,576
Non-current liabilities			
Borrowings	**12**	**448,649,249**	--
Notes payable	**13**	**39,853,562**	14,425,822
Employees end of service benefits		**521,612**	205,377
Retention payable		**17,034,472**	--
Total non-current liabilities		**506,058,895**	14,631,199
Total Liabilities		**800,574,787**	26,697,775
SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	**14**	**800,000,000**	800,000,000
Legal reserve	**15**	**25,676,980**	22,264,128
Fair value reserve	**11**	**(28,354,436)**	(1,059,710)
Retained earnings		**76,879,673**	46,164,009
Total Shareholders' Equity		**874,202,217**	867,368,427
Total Shareholders' Equity and Liabilities		**1,674,777,004**	894,066,202

These consolidated financial statements were approved by the Board of Directors on …………….., 2009 and signed on its behalf by:

Abdullah bin Nasser Al-Mesnad
Chairman and Managing Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

GULF HOLDING COMPANY (Q.S.C)

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2008

	Notes	For the year ended December 31, 2008 QR.	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Income			
Sale of cement	**16**	**10,959,788**	528,316
Income from short-term deposits and savings	**17**	**23,832,052**	60,974,930
Realized gain from sale of investments available-for-sale	**11**	**207,066**	4,360,432
Other income		**1,504,299**	1,423,370
Gain on sale of land		**31,080,278**	--
Total Income		**67,583,483**	67,287,048
Expenses			
Cost of cements sales		**(9,964,424)**	(492,800)
General and administrative expenses	**18**	**(16,239,943)**	(11,760,905)
Impairment loss of available-for-sale investments	**11**	**(6,150,600)**	**--**
Technical committees fees		**--**	(2,940,000)
Board of directors' remunerations		**(1,100,000)**	(800,000)
Total Expenses		**(33,454,967)**	(15,993,705)
Profit for the Year/ Period		**34,128,516**	51,293,343
Basic earnings per share	**19**	**0.43**	0.64

GULF HOLDING COMPANY (Q.S.C)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2008

	Notes	Issued capital	Legal reserve	Fair value reserve	Retained earnings	Total
		QR.	QR.	QR.	QR.	QR.
Balance - May 4, 2006		**--**	--	--	--	**--**
Paid of share capital		800,000,000				800,000,000
Profit for the period		--	--	--	51,293,343	51,293,343
Transfer to legal reserve		--	5,129,334	--	(5,129,334)	--
Surplus from issuance fees	**15**	--	16,690,995	--	--	16,690,995
Surplus from sales of fractional shares	**15**	--	443,799	--	--	443,799
Net change in fair value reserve on available -for-sale investments	**11**	--	--	(1,059,710)	--	(1,059,710)
Balance - December 31, 2007		**800,000,000**	**22,264,128**	**(1,059,710)**	**46,164,009**	**867,368,427**
Profit for the year		**--**	**--**	**--**	**34,128,516**	**34,128,516**
Transfer to legal reserve		**--**	**3,412,852**	**--**	**(3,412,852)**	**--**
Net change in fair value reserve on available -for-sale investments	**11**	**--**	**--**	**(27,294,726)**	**--**	**(27,294,726)**
Balance - December 31, 2008		**800,000,000**	**25,676,980**	**(28,354,436)**	**76,879,673**	**874,202,217**

GULF HOLDING COMPANY (Q.S.C)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2008

	Notes	For the year ended December 31, 2008 QR.	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
OPERATING ACTIVITIES			
Profit for the year / period		**34,128,516**	51,293,343
Adjustments for:			
Depreciation of property, plant and equipment		**2,232,469**	564,586
Loss on disposal of property and equipment		**--**	46,771
Realized gain from sale of available-for-sale investments		**(207,066)**	(4,360,432)
Gain on sale of investment property		**(31,080,278)**	--
Impairment loss of available-for-sale investments		**6,150.600**	--
Employees' end of service benefits		**323,306**	209,577
		11,547,547	47,753,845
Changes in working capital:			
Accrued income		**5,821,402**	(12,820,628)
Accounts receivable and other debit balances		**(73,474)**	(3,819,963)
Advances to suppliers		**87,566,218**	(206,290,141)
Trade and other payables		**30,898,018**	4,537,272
Due to related party		**153,452,160**	
Notes payable		**41,234,664**	186,966
Retention payable		**17,034,472**	--
Cash used in operations		**347,481,007**	(170,452,649)
Employees' end of service benefits paid		**(7,070)**	(4,200)
Net cash used in operating activities		**347,473,937**	(170,456,849)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	**9**	**(752,297,161)**	(10,653,732)
Net proceeds from sale of investment property		**64,912,338**	--
Payments for investment properties	**10**	**(216,191,950)**	(12,513,900)
Payments for investments available-for-sale	**11**	**(208,630,127)**	(347,742,022)
Proceeds on sale of investments available-for-sale	**11**	**162,000,080**	303,229,529
Net cash used in investing activities		**(950,206,820)**	(67,680,125)
FINANCING ACTIVITIES			
Borrowings		**531,006,213**	--
Proceeds from issuance of equity shares	**14**	**--**	800,000,000
Surplus proceeds from issuance fees and fractional shares	**15**	**--**	17,134,794
Net cash from financing activities		**531,006,213**	817,134,794
Net increase in cash and cash equivalents		**(71,726,670)**	578,997,820
Cash and cash equivalents – Beginning of year		**578,997,820**	--
Cash and cash equivalents at the end of the year	**20**	**507,271,150**	578,997,820

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

1. INCORPERATION AND ACTIVITIES

Gulf Holding Company (the "**Company"**) is a Qatari Shareholding Company (Q.S.C.) incorporated in the State of Qatar on May 4, 2006 under Commercial Registration No.32831. The Company is governed by the provisions of the Qatar Commercial Companies law No. (5) of (2002) and the Doha Securities Market Regulations. The Company has been formed to primarily engage in the production and sale of cement. The Company also engages in setting up factories, importing and exporting cement, and invests in shares and real estate.

The Company had not started operations as of the date of the consolidated balance sheet . As of the consolidated balance sheet date, the Company's activities were confined to setting up the plant and utilization of the monies received from the shareholders in investment activities in addition to financing all the stages of the plant's construction.

The accompanying consolidated financial statements comprise the financial statements of the Company and of its wholly owned subsidiaries (collectively, the "Group").

Certain sales of cement were made during the year by one of the subsidiaries (Gulf Holding Services Company) of the Company. These sales are included in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations effective in the current period

In the current year, the Company adopted no new Standards as those newly issued ones are effective for future financial periods.

Three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 11 – *IFRS 2*: *Group and Treasury Share Transactions* which is effective for annual periods beginning on or after 1 March 2007, IFRIC 12 *Service Concession Arrangements* which is effective for annual periods beginning on or after 1 January 2008 and IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* which is effective for annual periods beginning on or after 1 January 2008.

The adoption of these three Interpretations had no significant effect on the consolidated financial statements of the Company for the year ended December 31, 2008.

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Standards and Interpretations in issue not yet effective

At the date of authorisation of these consolidated financial statements, the following Standards and Interpretations were in issue but not yet effective:

Revised Standards

• IAS 1 (Revised) *Presentation of Financial Statements*	Effective for annual periods beginning on or after 1 January 2009
• IAS 23 (Revised) *Borrowing Costs*	Effective for annual periods beginning on or after 1 January 2009
• IAS 27 (Revised) *Consolidated and Separate Financial Statements*	Effective for annual periods beginning on or after 1 July 2009
• IAS 28 (Revised) *Investments in Associates*	Effective for annual periods beginning on or after 1 July 2009
• IAS 31 (Revised) *Interests in Joint Ventures*	Effective for annual periods beginning on or after 1 July 2009
• IAS 32 (Revised) *Financial Instruments: Presentation*	Effective for annual periods beginning on or after 1 January 2009
• IFRS 1 (Revised) *First time adoption*	Effective for annual periods beginning on or after 1 January 2009
• IFRS 2 (Revised) *Share-based Payments*	Effective for annual periods beginning on or after 1 January 2009
• IFRS 3 (Revised) *Business Combinations*	Effective for annual periods beginning on or after 1 July 2009

New Standard

• IFRS 8 *Operating Segments*	Effective for annual periods beginning on or after 1 January 2009

New Interpretation

• IFRIC 13 – *Customer loyalty Programmes*	Effective for annual periods beginning on or after July 1, 2008
• IFRIC 15 - *Agreement for Construction of Real Estate*	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 16 – *Hedges of Net Investment in Foreign Operations*	Effective for annual periods beginning on or after October 1, 2008

2. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the consolidated financial statements of the Company in the period of initial application other than certain presentation and disclosure changes.

3. BASIS OF CONSOLIDATION

The consolidated financial statements for the year ended December 31, 2008 comprise of the Company and its subsidiaries.

Subsidiaries are those enterprises that are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries at the balance sheet date:

Gulf for Trading and Industrial Agencies Company is a Sole Owner Company incorporated in Qatar on May 2, 2007 with a share capital of QR. 5,000,000. The Company has controlling interest of 100% in this subsidiary. The principal activity of the subsidiary is cement and building materials trading.

Gulf for Investments and Development is a Sole Owner Company incorporated in Qatar on November 11, 2007 with a share capital of QR. 200,000. The Company has controlling interest of 100% in this subsidiary. The principal activity of the subsidiary relates to investing in investment properties.

Gulf Industries Company is a Sole Owner Company incorporated in Qatar on November 11, 2007 with a share capital of QR. 500,000. The Company has controlling interest of 100% in this subsidiary. The principal activity of the subsidiary relates to investing in subsidiaries and trade agencies .The subsidiary had not commenced operations as of the date of the consolidated balance sheet.

Gulf Cement Company is a Sole Owner Company incorporated in Qatar on March 25, 2008 with a share capital of QR., 5,000,000. The Company has controlling interest of 100% in this subsidiary. The principal activity of the subsidiary is cement and building materials trading and industry. The subsidiary had not commenced operations as of the date of the consolidated balance sheet.

Gulf Investments Company is a Sole Owner Company incorporated in Qatar on September 9, 2008 with a share capital of QR. 200,000. The Company has controlling interest of 100% in this subsidiary. The principal activity of the subsidiary is investments and other trading. The subsidiary had not commenced operations as of the date of the consolidated balance sheet.

3. BASIS OF CONSOLIDATION (CONTINUED)

Transactions eliminated on consolidation:
Inter-company balances and transactions, and any unrealized gains arising from such transactions are eliminated in the consolidated financial statements.

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with **International Financial Reporting Standard**.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of available-for-sale investments. The Company's functional and reporting currency in Qatari Riyals (QR.).

The principal accounting policies are set out below.

Revenue recognition

Sales
Revenues from sale of cement is measured at the fair value of the consideration received or receivable when the Company has transferred to the buyer the significant risk and rewards of ownership of the goods.

Dividend Income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

Income on Fixed Deposits and Savings Accounts
Income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

4 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-sale investments

Available-for-sale investments are those that are designated as available-for-sale and intended to be held for an indefinite period of time.

Available-for-sale investments are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition.

Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

The fair value of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the fair value is established using valuation techniques. These include the use of recent arms length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants. Investment in equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are valued at cost.

The Company assesses at each balance sheet date whether there is objective evidence that available-for-sale investments are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. When there is objective evidence that are available-for-sale investment is impaired the cumulative loss that has been recognised directly in equity is removed from equity and recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged as to write off the cost or valuation of assets, other than work in progress, over their estimated useful lives, using the straight-line method.

Properties in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Upon the completion of these projects these costs will be transferred to the relevant asset category. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Accounts receivable

Accounts receivables are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances with original maturities of less than three months net of amounts due to banks.

Investment properties

Investment properties, which are properties, held to earn rentals and/or for capital appreciation are carried at cost less any accumulated depreciation and any accumulated impairment losses. No depreciation is provided on investments in land.

Accounts payable and other credit balances

Liabilities are recognised for amounts to be paid in future for goods or services received whether or not billed to the Company.

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees' end of service benefits

The Company provides for end of service benefits to its employees based on the Company's policy which is determined in accordance with the local labour laws.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Foreign currency

The consolidated financial statements of the Company are presented in Qatari Riyals, which is the functional currency of the Company. Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated into Qatari Riyals at the rates of exchange ruling at that date, and exchange differences are recognized in the consolidated statement of income.

Impairment of tangible assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss, being the excess of the carrying amount over the recoverable amount, is recognised. Impairment losses are recognised in the consolidated statement of income.

Impairment and uncollectability of financial assets:

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value;
(b) For assets carried at cost, impairment is the difference between cost and the present value of future estimated cash flows discounted at the current market rate of return for a similar financial asset.
(c) For assets carried at amortised cost, impairment in the difference between the carrying amount and the present value of estimated cash flows discounted at the financial assets' original effective interest rate.

5. CASH AND BANK BALANCES

Cash and bank balances comprises the following:

	December 31, 2008 QR.	December 31, 2007 QR.
Current accounts	**1,120,424**	3,214,943
Saving accounts	**2,493,056**	17,678,689
Cash held by Islamic Financial Company	**42,920**	8,554,188
Term deposits	**504,000,000**	550,000,000
Cash and bank balances	**507,656,400**	579,447,820

Short term deposits and saving accounts in various banks earn effective rates of return ranging from 4% to 5%. These short term deposits and saving accounts have maturity periods of up to 90 days.

6. ACCRUED INCOME

	December 31, 2008 QR.	December 31, 2007 QR.
Income from saving accounts	**280,558**	1,113,684
Income from term deposits	**6,718,668**	11,706,944
Total	**6,999,226**	12,820,628

7. ACCOUNTS RECEIVABLE AND OTHER DEBIT BALANCES

	December 31, 2008 QR.	December 31, 2007 QR.
Accounts receivable *	**211,495**	300,800
Prepayments	**3,572,450**	3,416,640
Others	**109,492**	102,523
Total	**3,893,437**	3,819,963

* Accounts receivable relates to certain sales of cement made by one of the subsidiaries of the Company (Note 1). This accounts receivable is current. The Company's sales terms is 30 days.

8. ADVANCES TO SUPPLIERS

Advances to suppliers represent amounts paid to suppliers towards building, machineries and equipment relating to the construction of Cement plant. Advances to suppliers shall be transferred to work-in- progress upon completion of work related to these advances.

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and Building QR.	Equipment QR.	Furniture and fixture QR.	Computers and software QR.	Motor & Heavy vehicles QR.	Capital work in progress* QR.	Total QR.
Cost:							
Additions during the period	60,800	1,616,624	994,527	266,254	784,500	6,931,027	10,653,732
Disposals	(44,650)	(2,200)	(3,230)	--	--	--	(50,080)
As of December 31, 2007	**16,150**	**1,614,424**	**991,297**	**266,254**	**784,500**	**6,931,027**	**10,603,652**
Additions during the year	927,125	375,435	131,983	169,565	38,779,000	711,914,053	752,297,161
Disposals	--	--	--	--	--	--	--
As of December 31, 2008	**943,275**	**1,989,859**	**1,123,280**	**435,819**	**39,563,500**	**718,845,080**	**762,900,813**
Depreciation:							
Charge for the period	5,187	78,090	255,384	86,701	139,224	--	564,586
Disposals	(2,650)	(535)	(124)	--	--	--	(3,309)
As of December 31, 2007	**2,537**	**77,555**	**255,260**	**86,701**	**139,224**	**--**	**561,277**
Charge for the year	17,119	216,015	212,786	125,091	1,661,458	--	2,232,469
Disposals	--	--	--	--	--	--	--
As of December 31, 2008	**19,656**	**293,570**	**468,046**	**211,792**	**1,800,682**	**--**	**2,793,746**
Net book value:							
As of December 31, 2008	**923,619**	**1,696,289**	**655,234**	**224,027**	**37,762,818**	**718,845,080**	**760,107,067**
As of December 31, 2007	**13,613**	**1,536,869**	**736,037**	**179,553**	**645,276**	**6,931,027**	**10,042,375**
Rates of depreciation	33.33%	20%	20%	33%	20%	--	

* The capital work in progress as of December 31, 2008 represents amounts paid for the development of the Company's Cement plant on the proposed site.

10. INVESTMENT PROPERTIES

	December 31, 2008 QR.	December 31, 2007 QR.
Opening Balance	**33,832,060**	--
Additions	**223,784,400**	35,754,000
Disposals	**(33,832,060)**	--
Ending balance	**223,784,400**	35,754,000
Less: future finance charges (net)	**(7,592,450)**	(1,921,940)
Total	**216,191,950**	33,832,060

On June 19, 2006, the Company entered into a purchase agreement whereby it purchased a plot of land having an area of 59,590 sq. ft in the Marina district from Qatar Diar Real Estate Investment Company. The purchase price for this land was QR. 35,754,000 based on QR. 600 per sq. ft and 59,590 sq. ft at the date of purchase.

During the current year, the entity sold its investment property for net proceeds amounting to QR. 64,912,338. As a result of this, the net gain on sale of investment property amounted QR. 31,080,278.

During the year, the Company entered into an agreement with a related party. Under this agreement the related party has transferred its rights on purchase of a plot of land having an area of 106,564 sq. ft in the Marina district from Diar Real Estate Investment Company ("Diar") for a consideration of QR 223,784,400, payable in installments, effective from March 2009.

11. AVAILABLE-FOR-SALE INVESTMENTS

	December 31, 2008 QR.	December 31, 2007 QR.
Quoted:		
Opening Balance	**48,872,925**	--
Cost of investments purchased during the year / period	**198,130,127**	347,742,022
Cost of investments sold during the year / period	**(161,793,016)**	(298,869,097)
Total cost of investments at balance sheet date	**85,210,036**	48,872,925
Less: Impairment loss in available-for-sale investment	**(6,150,600)**	--
Less: Fair value reserve	**(28,354,436)**	(1,059,710)
Fair value of investments available-for-sale	**50,705,000**	47,813,215
Unquoted investments	**10,500,000**	--
End of year	**61,205,000**	47,813,215

	December 31, 2008 QR.	December 31, 2007 QR.
Cost of investments sold	**(161,793,016)**	(298,869,097)
Proceeds from sale of investments	**162,000,080**	303,229,529
Realized profit from sale of investments available-for-sale	**207,066**	4,360,432

Movement in Fair Value Reserve

	December 31, 2008 QR.	December 31, 2007 QR.
Balance at January 1, 2008	**(1,059,710)**	
Decrease in fair value of available-for-sale investment	**(33,445,326)**	(1,059,710)
Impairment loss in available-for-sale investment	**6,150,600**	
Balance at December 31, 2008	**(28,354,436)**	(1,059,710)

12. BORROWINGS

	December 31, 2008 QR.	December 31, 2007 QR.
LC Murabaha Loan (i)	**444,849,505**	--
Tawarruq Finance (ii)	**50,000,000**	--
Murabaha Vehicle Loan (iii)	**27,887,000**	--
Murabaha Vehicle Loan (iv)	**8,269,708**	--
	531,006,213	--
Classified as:		
Current portion	**82,356,964**	--
Non-Current portion	**448,649,249**	--
	531,006,213	--

(i) During the year 2008, the Company entered into a Murabaha agreement with one of the local Banks for financing letter of credits with up to QR. 784,750,000. The Murabha's will be repayable within six months from the date of the first withdrawal which was during year 2008. The Company has entered into a memorandum of undersanding during 2008 whereby, this Murabaha arrangement will be converted into a loan and will be repayable in 9 years.

(ii) During the year 2008, the Company entered into an agreement with one of the local Banks for a financing arrangement with up to QR. 50,000,000. This arrangement is repayable in 9 years from the date of the first withdrawal which was during the first quarter of the year 2008. This financing arrangement carries a interest rate of 8% per annum.

(iii) During the year 2008, the Company entered into an agreement with one of the local Banks, whereby the bank will finance the purchase of vehicles in the form of vehicle loans. The loans are repayable in one payment on December 2009. The effective interest rate is 10.84%.

(iv) In 2008, the Company entered into an agreement with a bank, whereby the bank will finance the purchase of vehicles in the form of vehicle loans. The loans are repayable on monthly installment basis with an effective interest rate of 5.35%.

13. SHORT AND LONG TERM NOTES PAYABLE

Short-Term Notes Payable (Due within twelve months from the consolidated balance sheet date).

	Note	December 31, 2008 QR.	December 31, 2007 QR.
Post dated checks for staff accommodation		--	186,966
Present value of minimum payments	**12**	**22,886,228**	6,892,338
Total		**22,886,228**	7,079,304

Long-term notes payable (due after twelve months from the consolidated balance sheet date).

	Note	December 31, 2008 QR.	December 31, 2007 QR.
Present value of minimum payments	**12**	**39,853,562**	14,425,822
Total		**39,853,562**	14,425,822

The present value of notes payable has been calculated as below:

	Minimum Payments December 31, 2008 QR.	Present Value of Minimum Payments December 31, 2008 QR.	Minimum Payments December 31, 2007 QR.	Present Value of Minimum Payments December 31, 2007 QR.
Not later than one year	**23,444,080**	**22,886,228**	7,150,800	6,892,338
Later than one year and not later than five years	**46,888,160**	**39,853,562**	16,089,300	14,425,822
Total	**70,332,240**	**62,739,790**	**23,240,100**	**21,318,160**
Less future finance charges	**(7,592,450)**	**--**	(1,921,940)	--
Present value of minimum payments	**62,739,790**	**62,739,790**	**21,318,160**	**21,318,160**

Management used a discount rate of approximately 7.5% to calculate the present value of these future payments. The notes payable as of December 31, 2007 were fully settled in the current year.

14. SHARE CAPITAL

	December 31, 2008 QR.	December 31, 2007 QR.
Authorised issued and fully paid up share capital 80,000,000 shares of QR.10 each	**800,000,000**	800,000,000
	=========	=========

15. LEGAL RESERVE

In accordance with the Qatar Commercial Companies' Law No. 5 of 2002, 10% of net income for the year is to be transferred to legal reserve. This annual transfer may cease when the reserve equals 50% of the paid up capital and must be maintained at a minimum of 50% of paid up capital. This reserve is not available for distribution. Any excess over 50% may be distributed in circumstances specified in the Qatar Commercial Companies Law of 2002.

During the year 2007, amounts of QR. 19,618,345 and QR. 3,650,000 relating to pre-operating costs and IPO charges, respectively have been offset against surplus proceeds from shares issuance fees in the amount of QR. 39,959,340 computed on the basis of 5% of issued and fully paid share capital amount of QR. 799,186,790. The net amount of QR. 16,690,995 has been transferred to legal reserve as per article 192 of the Qatari Companies Law of 2002. Also, an amount of QR. 443,799 has been transferred to legal reserve received as a surplus from the sales of fractional shares.

16. SALE OF CEMENT

Income from sales transactions relate to sales of cement by one of the subsidiaries of the Company (Note 7).

17. INCOME FROM BANK DEPOSITS AND SAVING

	For the year ended December 31, 2008 QR.	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Term deposit	**23,222,436**	55,309,558
Saving accounts	**609,616**	5,665,372
	-------------	--------------
Total	**23,832,052**	60,974,930
	========	========

18. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31, 2008	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007
	QR.	QR.
Salaries, allowances and other benefits	**5,980,592**	4,578,513
Rent	**1,520,841**	2,589,622
DSM registration	**699,340**	734,910
Printing & Stationary	**254,703**	83,232
Bank charges	**1,725,061**	99,895
Repairs and maintenance	**145,870**	102,338
Advertisement	**294,216**	849,404
License fees	**138,165**	57,050
Travel & Entertainment	**393,162**	195,995
Accommodation	**31,034**	41,480
Insurance	**472,054**	26,095
Depreciation	**2,232,469**	564,586
Legal and professional services	**737,945**	323,950
Technical office expenses	**--**	240,408
Site office expenses	**--**	403,398
Post & Telecommunication	**890,250**	205,397
Gifts and donations	**110,000**	36,475
Utilities	**63,309**	19,469
Commissions	**--**	103,828
Miscellaneous	**550,932**	504,859
Total	**16,239,943**	11,760,905

19. BASIC EARNINGS PER SHARE:

Earnings per share are calculated by dividing the net income for the period by the weighted average number of ordinary shares outstanding during the year / period as follows**:**

	For the year ended December 31, 2008 QR.	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Profit for the year / period	**34,128,516**	51,293,343
Weighted average number of shares	**80,000,000**	80,000,000
Basic earnings per share per QR.	**0.43**	0.64

20. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents at the end of the year / period as shown in the consolidated cash flow statement can be reconciled to the related items in the balance sheet as follows:

	December 31, 2008 QR.	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Cash and bank balances	**507,656,400**	579,447,820
Due to bank	**(385,250)**	(450,000)
Total	**507,271,150**	578,997,820

21. COMMITMENTS AND CONTINGENT LIABILITIES

The following bank guarantees given by the Company were outstanding at the year end:

	December 31, 2008 QR.	December 31, 2007 QR.
Letter of guarantees	**12,365,051**	8,690,782
Letter of Credits	**297,374,776**	134,402,500

22. FINANCIAL INSTRUMENTS:

Financial instruments comprise financial assets and financial liabilities:

The financial assets of the company include balances with banks, accounts receivable, advances to suppliers and available-for-sale investments. The financial liabilities of the Company include borrowings, accounts payable and notes payable.

Fair value of financial instruments

Available-for-sale investments are carried at fair value which is based on quoted market prices of securities. The fair value of other financial instruments approximates their carrying value.

23. RISK MANAGEMENT

The activities of the Company expose it to routine financial risks, including the effects of defaults by customers, changes in interest rates and liquidity. The Company management seeks to minimize potential adverse effects on the financial performance of the Company by taking appropriate steps to address specific risk management areas, such as interest rate risk, credit risk and liquidity management.

Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

The capital structures of the Company consist of borrowings, net of cash and cash equivalents and equity comprising share capital, reserve and retained earnings

The Company's risk management team reviews the capital structure on a quarterly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

23. RISK MANAGEMENT (CONTINUED)

Capital risk (Continued)

Gearing ratio:

The gearing ratio at the year end was as follows:

	Note	December 31, 2008 QR.
Debt (i)		531,006,213
Cash and cash equivalents	20	(507,271,150)
Net debt		23,735,063
Equity (ii)		874,202,217
Net debt to equity ratio		2.7%

(i) Debt is defined as term loans, as detailed in Note 12.

(ii) Equity includes all capital and reserves of the Company.

Interest rate risk

The Company invests in time deposits and saving accounts that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash is denominated.

Market risk

Market risk is the risk that the value of financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company limits market risk relating to its available-for-sale investments by monitoring of developments in financial markets.

A 10% increase or decrease in market value of the Company's portfolio of available-for-sale investments is expected to result in an increase or decrease of QR. 5,070,500 in the assets and equity of the Company.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities and commitments when they fall due. In accordance with prudent liquidity risk management, the management of the Company aims to maintain an adequate amount of funding in the form of cash and bank balances.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its exposure to currency risk. However, management is of the opinion that the Company's exposure to currency risk is minimal.

24. RELATED PARTY TRANSACTIONS:

Related parties comprise shareholders and companies of which the related parties are principal owners. As explained in Note 10, the Company has purshaced a plot of land during the year from Qatari Investor Group a related party. The amount payable on the transaction as December 31, 2008 has beed disclosed as below:

	December 31, 2008 QR.
Due to a related party	**153,452,160**
Notes payable –current	**22,886,228**
Notes payable-non current	**39,853,562**

Total	**216,191,950**
	==========

Compensation of key management personnel

	For the year ended December 31, 2008 QR.	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Short-term benefits	4,253,500	4,748,500
	=========	=========

25. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The following are the critical estimates and judgements that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in the consolidated financial statements.

Classification of equity investments

The Company invests in quoted securities. Management's intention is to keep these securities for the long term and not for short-term regular trading. Consequently, these investments are classified as "available for sale". Short term unrealized gains or losses are treated as part of equity.

Impairment of investments

Management evaluates its investments for impairment on a regular basis where there is a significant or prolonged decline in the value of the investment. Management estimates the value of impairment and the same is charged in the consolidated income statement.