AL-KHALIJ HOLDING COMPANY (Q.S.C.)

DOHA - QATAR

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2011

QR. 99-8

INDEPENDENT AUDITOR’S REPORT

To The Shareholders
Al-Khalij Holding Company (Q.S.C.)
Doha – Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Al-Khalij Holding Company (Q.S.C.) **(the “Company”)**, which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of income, comprehensive 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 financial statements are free from material misstatement.

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’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 Al-Khalij Holding Company (Q.S.C.) as at December 31, 2011, 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

Furthermore, in our opinion the financial statements provide the information required by the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company, physical inventory has been duly carried out and the contents of the directors' report are in agreement with the Company's financial statements. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the above mentioned Law or the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

For Deloitte & Touche

Doha, Qatar
______, 2012

Midhat Salha
License No. 257

AL-KHALIJ HOLDING COMPANY (Q.S.C.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2011

	Notes	2011	2010
		QR.	QR.
ASSETS			
Current assets			
Cash and bank balances	5	**115,852,935**	708,627,548
Accounts receivable	6	**63,400,995**	43,309,937
Due from related parties	7(a)	**739,352**	434,733
Advances to suppliers		**63,696,328**	43,589,852
Gross amount due from customers		**2,178,586**	501,916
Inventories	8	**70,737,437**	30,464,327
Prepayments and other assets	9	**22,077,796**	23,278,280
Total current assets		**338,683,429**	850,206,593
Non-current assets			
Property, plant and equipment	10	**1,776,311,136**	1,760,676,397
Investment properties	11	**492,205,910**	470,864,476
Investment in associates	12	**43,696,409**	34,014,290
Available-for-sale investments	13	**90,781,682**	59,042,235
Goodwill		**314,457,585**	314,457,585
Total non-current assets		**2,717,452,722**	2,639,054,983
Total assets		**3,056,136,151**	3,489,261,576

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2011

	Notes	2011 QR.	2010 QR.
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable		**34,318,552**	45,900,075
Retentions payable		**31,933,820**	31,130,604
Borrowings	14	**23,408,536**	497,080,320
Notes payable	15	**15,502,665**	20,139,581
Due to related parties	7(b)	**299,547**	322,107
Gross amount due to customers		**1,217,026**	1,587,426
Accruals and other liabilities		**31,437,735**	17,778,625
Total current liabilities		**138,117,881**	613,938,738
Non-current liabilities			
Borrowings	14	**932,145,888**	885,443,081
Notes payable	15	**15,503,768**	28,300,066
Retentions payable		**31,933,820**	31,130,605
Employees' end of service benefits		**2,635,642**	2,057,203
Total non-current liabilities		**982,219,118**	946,930,955
Total liabilities		**1,120,336,999**	1,560,869,693
SHAREHOLDERS' EQUITY			
Share capital	16(a)	**1,243,267,780**	1,243,267,780
Legal reserve	17	**482,925,314**	475,526,316
Fair value reserve	13	**4,874,164**	7,443,737
Retained earnings		**142,568,505**	139,990,661
Proposed dividends	16(b)	**62,163,389**	62,163,389
Total shareholders' equity		**1,935,799,152**	1,928,391,883
Total liabilities and shareholders' equity		**3,056,136,151**	3,489,261,576

These consolidated financial statements were approved by the Board of Directors on January 26, 2012 and signed on its behalf by:

Abdullah bin Nasser Al-Mesnad

Chairman and Managing Director

AL-KHALIJ HOLDING COMPANY (Q.S.C.)

CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2011

	Notes	2011	2010
		QR.	QR.
Operating revenue			
Sale of cement		**194,216,230**	158,866,576
Contracts and services revenue		**48,162,944**	48,042,369
		242,379,174	206,908,945
Operating cost			
Cost of cement sales		**(147,783,033)**	(124,552,627)
Contracts and services cost		**(24,827,610)**	(15,441,858)
		(172,610,643)	(139,994,485)
Operating profit		**69,768,531**	66,914,460
Income from investment in associates	12	**23,842,825**	24,635,286
Investment income		**4,529,707**	6,154,469
Rental income		**2,980,450**	3,289,688
Income from short-term deposits		**328,662**	1,489,567
Gain/(loss) on sale of available-for-sale investments	13	**3,271,508**	(3,865,315)
Increase in fair value of investment properties		**21,341,434**	22,928,054
General and administrative expenses	18	**(40,333,372)**	(37,581,969)
Depreciation of property, plant and equipment	10	**(7,028,215)**	(8,366,195)
Finance cost		**(4,937,115)**	(6,234,386)
Board of Directors' remunerations		**(1,500,000)**	(1,750,000)
Other income		**1,725,566**	3,572,821
Net profit for the year		**73,989,981**	71,186,480
Basic earnings per share	20	**0.60**	0.57

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2011

	Note	2011	2010
		QR.	QR.
Net profit for the year		**73,989,981**	71,186,480
Other comprehensive income			
Net movement in fair value of available-for-sale investments	13	**(2,569,573)**	6,645,800
Total comprehensive income for the year		**71,420,408**	77,832,280

AL-KHALIJ HOLDING COMPANY (Q.S.C.)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2011

	Capital	Legal reserve	Fair value reserve	Retained earnings	Proposed dividends	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Balance as at January 1, 2010	1,243,267,780	468,407,668	797,937	139,865,880	--	1,852,339,265
Total comprehensive income for the year	--	--	6,645,800	71,186,480	--	77,832,280
Transfer to legal reserve	--	7,118,648	--	(7,118,648)	--	--
Social and sports fund contribution (Note 19)	--	--	--	(1,779,662)	--	(1,779,662)
Proposed dividends (Note 16 (b)	--	--	--	(62,163,389)	62,163,389	--
Balance as at December 31, 2010	1,243,267,780	475,526,316	7,443,737	139,990,661	62,163,389	1,928,391,883
Total comprehensive income for the year	--	--	(2,569,573)	73,989,981	--	71,420,408
Transfer to legal reserve	--	7,398,998	--	(7,398,998)	--	--
Social and sports fund contribution (Note 19)	--	--	--	(1,849,750)	--	(1,849,750)
Proposed dividends (Note 16 (b)				(62,163,389)	62,163,389	--
Dividend paid	--	--	--	--	(62,163,389)	(62,163,389)
Balance as at December 31, 2011	**1,243,267,780**	**482,925,314**	**4,874,164**	**142,568,505**	**62,163,389**	**1,935,799,152**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

	Note	2011	2010
		QR.	QR.
OPERATING ACTIVITIES			
Net profit for the year		**73,989,981**	71,186,480
Adjustments for:			
Depreciation of property, plant and equipment		**12,179,512**	10,691,119
Gain on sale of property, plant and equipment		**(172,469)**	(50,166)
(Gain) / loss on sale of available-for-sale investments		**(3,271,508)**	3,865,315
Increase in fair value of investment properties		**(21,341,434)**	(22,928,054)
Income from investments in associates		**(23,842,825)**	(24,635,286)
Provision for employees' end of service benefits		**674,129**	901,929
		38,215,386	39,031,337
Working capital changes			
Accounts receivable		**(20,091,058)**	(20,057,550)
Due from related parties		**(304,619)**	31,617
Advances to suppliers		**(20,106,476)**	(13,759,865)
Gross amount due from customers		**(1,676,670)**	1,824,580
Inventories		**(40,273,110)**	(16,796,824)
Prepayments and other assets		**1,200,484**	(9,920,399)
Accounts payable		**(11,581,523)**	(9,907,830)
Retentions payable		**1,606,431**	15,579,479
Due to related parties		**(22,560)**	(328,053)
Gross amount due to customers		**(370,400)**	289,357
Accruals and other liabilities		**3,842,320**	9,832,132
Cash used in operations		**(49,561,795)**	(4,182,019)
Employees' end of service benefits paid		**(95,690)**	(193,333)
Net cash used in operating activities		**(49,657,485)**	(4,375,352)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(27,831,779)**	(203,591,192)
Purchase of available-for-sale investments		**(50,819,745)**	--
Proceeds from sale of property, plant and equipment		**189,997**	84,249
Proceeds on sale of available-for-sale investments		**19,782,233**	27,546,061
Additional investments in associates		**--**	(1,630,000)
Dividend received from associates		**14,160,706**	12,736,373
Net cash used in investing activities		**(44,518,588)**	(164,854,509)
FINANCING ACTIVITIES			
(Repayment) / proceeds of borrowings		**(426,968,977)**	747,662,210
Notes payable		**(17,433,214)**	(20,256,859)
Payment of social and sports activities contribution		**(1,779,662)**	--
Dividend paid		**(52,416,687)**	--
Net cash (used in) / generated by financing activities		**(498,598,540)**	727,405,351
Net (decrease) / increase in cash and cash equivalents		**(592,774,613)**	558,175,490
Cash and cash equivalents at the beginning of the year		**708,627,548**	150,452,058
Cash and cash equivalents at the end of the year	5	**115,852,935**	708,627,548

1. INCORPORATION AND ACTIVITIES

Al-Khalij 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 Qatar Exchange Regulations. The Company has been formed to primarily engage in the production and sale of cement. The Company is also engaged in setting up factories, importing and exporting cement, investment in shares, trading and contracting and real estate.

One of the subsidiaries (Gulf Cement Company) had not started operations as of the date of authorization of these consolidated financial statements. The subsidiary's activities were confined to setting up the plant, testing of limited production of cement and clinker, and utilization of the funds received from the shareholders in investment activities in addition to financing all the stages of the plant's construction. The subsidiary quarries the limestone, one of the main raw materials used in the cement production, from a leased land located at Umm Bab, Qatar. This land including factory land is leased for a period of 25 years ending 2032 as per an agreement entered with local authorities.

Sales of cement were made during the year by one of the subsidiaries (Gulf Cement Trading Company S.P.C.) of the Company.

The accompanying consolidated financial statements comprise the financial statements of the Company and of its wholly owned subsidiaries (collectively, the "Group") as explained in note 3.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current period

At the date of authorization of these consolidated financial statements, the following standards and interpretations were effective:

(i) <u>Revised standards:</u>

• IFRS 1 (Revised)	*First time adoption of International Financial Reporting Standards* *- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* *- Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IFRS 3 (Revised)	*Business combinations - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IFRS 7 (Revised)	*Financial Instruments: Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IAS 1 (Revised)	*Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IAS 24 (Revised)	*Related Party Disclosures - Revised definition of related parties*
• IAS 27 (Revised)	*Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IAS 32 (Revised)	*Financial Instruments: Presentation - Amendments relating to classification of rights issues*
• IAS 34 (Revised)	*Interim Financial Reporting - Amendments resulting from May 2010 Annual Improvements to IFRSs*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.1 Standards and Interpretations effective in the current period (continued)

(ii) <u>Revised Interpretations:</u>

- IFRIC 13 — *Customer Loyalty Programmes - Amendments resulting from May 2010 Annual Improvements to IFRSs*
- IFRIC 14 — *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction- November 2009 Amendments with respect to voluntary prepaid contributions*
- IFRIC 19 — *Extinguishing Financial Liabilities with Equity Instruments*

The adoption of these standards and Interpretations had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2011, other than certain presentation and disclosure amendments.

2.2 Standards and Interpretations in issue not yet effective

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

(i) <u>Revised Standards:</u>

Effective for annual periods beginning on or after July 1, 2011

- IFRS 1 (Revised)
  - *- First time adoption of International Financial Reporting Standards*
  - *- Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'*
  - *- Additional exemption for entities ceasing to suffer from severe hyperinflation*
- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets*

Effective for annual periods beginning on or after January 1, 2012

- IAS 12 (Revised) — *Income Taxes - Limited scope amendment (recovery of underlying assets)*

Effective for annual periods beginning on or after July 1, 2012 (Early adoption allowed)

- IAS 1 (Revised) — *Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented*

Effective for annual periods beginning on or after January 1, 2013

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities*
- IAS 19 (Revised) — *Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects*
- IAS 27 (Revised) — *Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements*
- IAS 28 (Revised) — *Investments in Associates (Early adoption allowed) -Reissued as IAS 28 Investments in Associates and Joint Ventures*

Effective for annual periods beginning on or after January 1, 2015

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue not yet effective (continued)

(ii) New Standards:

Effective for annual periods beginning on or after January 1, 2013 (early adoption allowed)

- IFRS 10 — *Consolidated Financial Statements*
- IFRS 11 — *Joint Arrangements*
- IFRS 12 — *Disclosure of Interests in Other Entities*
- IFRS 13 — *Fair Value Measurement*

Effective for annual periods beginning on or after January 1, 2015 (early adoption allowed)

- IFRS 9 — *Financial Instruments*
  - Classification and measurement of financial assets
  - Accounting for financial liabilities and de-recognition

(iii) New Interpretation:

Effective for annual periods beginning on or after January 1, 2013

- IFRIC 20 — *Stripping Costs in the Production Phase of a Surface Mine*

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 Group in the period of initial application, other than certain presentation and disclosure amendments.

3. 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 and consolidation

The consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of available-for-sale investments and investment properties, which are carried at fair value. The Group’s functional and reporting currency in Qatari Riyals (QR.).

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Basis of preparation and consolidation (continued)

The Company owns 100% of the beneficial interest and controls the following entities (collectively referred to as the "Group") at December 31, 2011:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Gulf Cement Company S.P.C.	Qatar	100%	Manufacturing of cement
Gulf Cement Trading Company S.P.C.	Qatar	100%	Trading of cement
QIG Properties S.P.C.	Qatar	100%	Real estate
QIG Project Development S.P.C.	Qatar	100%	Industry equipment works
International Technical and Trading Company S.P.C.	Qatar	100%	General equipment trading
Qatar Security System Company S.P.C.	Qatar	100%	IT and security systems
QIG General Services S.P.C.	Qatar	100%	Constructional material trading contracting
Global Enterprise Company S.P.C.	Qatar	100%	Sports materials trading
QIG Aviation Services Company S.P.C.	Qatar	100%	Aviation services
QIG Catering Services Company S.P.C.	Qatar	100%	Catering services
QIG Global Company S.P.C.	Qatar	100%	International companies representation
QIG Industries Company S.P.C.	Qatar	100%	Industrials enterprises (Mechanical - Engineering)
QIG Marine Services Company S.P.C.	Qatar	100%	Trading in yachts
QIG Technology Company S.P.C.	Qatar	100%	Information technology services
QIG Trading Company S.P.C.	Qatar	100%	International companies representation
Qatar group for Investments S.P.C.	Qatar	100%	Investments and other trading
Qatari Investors Group S.P.C.	Qatar	100%	Investments and other trading
QIG Light Industries Company S.P.C.	Qatar	100%	Agencies business
Cape Qatar S.P.C.	Qatar	100%	Insurance agencies
Smith Heimann Qatar Company S.P.C.	Qatar	100%	IT and security systems

Where necessary, adjustments are made to the financial statement of subsidiaries to bring their accounting policies in line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below:

Revenue recognition

Sale of goods
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when
(i) the significant risks and rewards of ownership have been transferred to the buyer;
(ii) the recovery of the consideration is probable;
(iii) the associated costs and possible return of goods can be estimated reliably;
(iv) there is no continuing management involvement with the goods; and
(v) the amount of revenue can be measured reliably.

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

Interest income
Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Revenue from long term contracts
Where the outcome of a contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the reporting date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Rendering of services
Service revenue is recognized as services are performed.

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 the consolidated statement of income in the period in which they are incurred.

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

Investment in associates

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. The Company's investment in its associates is accounted for under the equity method of accounting.

Under the equity method, the investment in associate is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the associate, less impairment in value, if any. The consolidated statement of income reflects the Company's share of the results of its associates. Unrealised profits and losses resulting from transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associate.

Foreign currencies

Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at reporting date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of income.

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 recognized as a separate component of other comprehensive income and accumulated in equity under the 'fair value reserve' until the investment is sold, collected, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of income for the year.

The fair value of quoted investments in active markets is 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 reporting date whether there is objective evidence that available-for-sale investments are impaired. If an available-for-sale investment is impaired, the impairment loss is transferred from equity to the consolidated statement of income. Reversal of impairment losses in respect of equity instruments classified as available-for-sale is not recognised in the consolidated statement of income. Reversal of impairment losses on debt instruments are recognised through the consolidated statement of income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of income.

3. 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 consolidated statement of financial position 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. Costs include professional fees and, for qualifying assets, borrowing costs that are directly attributable to the construction of the properties. 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.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Inventories

Inventories are stated at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method for construction materials, spares and merchandise.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Employees' end of service benefits

A provision is made for employees end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salaries and accumulated periods of service.

Impairment of non-current assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Accounts receivable

Accounts receivable are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimates of doubtful debts are based on a detailed review by management of the individual balances at the year end.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposits with original maturities of three months or less, net of bank overdrafts.

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off and changes in the carrying amount of the allowance account are recognised in the consolidated statement of income.

Accounts payable

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

Borrowing and notes payables

Borrowing and notes payables are recognised initially at fair value and subsequently measured at amortised cost.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at December 31, 2011 was QR. 314.46 million (December 2010: QR. 314.46 million) with no impairment based on the assessment performed by the management during the year.

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value are made for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Group has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Fair value of investment properties

Fair value is time specific as of a given date. Because market conditions may change, the amount reported as fair value may be incorrect or inappropriate if estimated as of another time. The management uses independent appraiser to evaluate the investment properties and believes that the value of investment properties reflects the fair market value of these investment properties.

Useful lives

The cost of property, plant and equipment is depreciated over the estimated useful lives, which are based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value.

Cost to completion

In calculating revenue on long term contracts, management estimated the cost to complete for the contract, in order to ensure an appropriate profit percentage is accrued in each of the year. In the process of calculating the cost to complete, management conducted regular and systematic reviews of actual results and future projection with comparison against budgets. This process requires monitoring controls including financial operational, identifying major, developing and implementing initiatives to manage those risks.

Impairment of available for sale investments

The Group follows the guidance of IAS 39 “Financial Instruments: Recognition and measurement” to determine when an available for sale investment is impaired. This determination requires significant judgment. In making this judgement, the Company assesses, among other factors, whether objective evidence of impairment exists.

5. CASH AND BANK BALANCES

	2011	2010
	QR.	QR.
Cash on hand	**48,305**	46,402
Bank balances:		
Current accounts	**44,028,484**	13,216,440
Saving accounts	**11,140,110**	22,673,931
Short -term deposits	**60,636,036**	672,690,775
	115,852,935	708,627,548

Short term deposits and saving accounts in various banks earn effective rates of return ranging from 1.65% to 2% per annum (2010: 3% to 3.5% per annum). These short term deposits accounts have maturity periods of less than 90 days.

6. ACCOUNTS RECEIVABLE

	2011	2010
	QR.	QR.
Accounts receivable	**63,400,995**	43,309,937

The general term of credit is 90 days. No interest is charged on the overdue accounts receivable. The Group provides for doubtful debts on case by case basis depending on management's historical experience. The Group holds bank guarantees and post dated cheques to secure the significant portion of receivables from debtors arising out of sale of cement. The concentration of credit risk is limited due to the customers base being large and unrelated.

(i) Ageing of neither past due nor impaired

	2011	2010
	QR.	QR.
Up to 90 days	**53,860,059**	29,111,434

(ii) Ageing of past due but not impaired

	2011	2010
	QR.	QR.
91-180 days	**3,039,023**	848,628
181-365 days	**2,324,860**	11,720,083
More than 365 days	**4,177,053**	1,629,792
	9,540,936	14,198,503

7. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by and those parties.

At the reporting date, amounts due from / to related parties and transactions during the year are as follows:

(a) Due from related parties

	2011	2010
	QR.	QR.
Al Misnad Holding Company	**698,706**	338,278
Others	**40,646**	96,455
	739,352	434,733

(b) Due to related parties

	2011	2010
	QR.	QR.
Others	**299,547**	322,107

(*c) Related Party transactions*

	2011	2010
	QR.	QR.
Sales	**16,277,993**	23,136,527

(d) Compensation of key management personnel

	2011	2010
	QR.	QR.
Short-term benefits	**8,000,000**	9,300,000

8. INVENTORIES

	2011	2010
	QR.	QR.
Finished goods	**1,925,647**	2,086,039
Raw materials	**64,434,185**	27,865,212
Spare parts	**4,377,605**	513,076
	70,737,437	30,464,327

9. PREPAYMENTS AND OTHER ASSETS

	2011	2010
	QR.	QR.
Prepaid expenses	**5,576,825**	1,570,880
Prepaid factory rent	**4,095,388**	1,771,433
Investment sale proceeds receivable	**3,232,109**	--
Refundable deposits	**2,576,323**	2,451,323
Notes receivables	**1,446,435**	6,426,619
Retentions receivable	**1,076,212**	1,996,469
Accrued income	**1,936,901**	7,961,586
Margin deposits	**805,598**	16,260
Due from staff	**373,094**	422,439
Others	**958,911**	661,271
	22,077,796	23,278,280

Notes receivable represent the post dated cheques received from customers against the sale of cement. These cheques are due for presentation within less than 3 months from the year end.

10. PROPERTY, PLANT AND EQUIPMENT

	Properties and Building	Equipment	Furniture and fixtures	Computers and software	Motor and heavy vehicles	Land	Capital work in progress*	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost:								
As of January 1, 2010	38,557,752	4,370,896	1,602,948	984,201	52,832,836	2,499,266	1,476,575,355	1,577,423,254
Additions during the year	315,962	403,928	96,010	196,678	1,368,300	--	201,210,314	203,591,192
Disposals	--	--	--	--	(469,020)	--	--	(469,020)
As of December 31, 2010	38,873,714	4,774,824	1,698,958	1,180,879	53,732,116	2,499,266	1,677,785,669	1,780,545,426
Additions during the year	--	749,236	295,520	296,008	1,119,400	--	25,371,615	27,831,779
Disposals	--	--	--	(5,050)	(575,600)	--	--	(580,650)
As of December 31, 2011	**38,873,714**	**5,524,060**	**1,994,478**	**1,471,837**	**54,275,916**	**2,499,266**	**1,703,157,284**	**1,807,796,555**
Depreciation:								
As of January 1, 2010	2,368,210	909,270	762,783	382,634	5,189,950	--	--	9,612,847
Charge for the year	4,218,815	403,785	338,106	505,409	5,225,004	--	--	10,691,119
Disposals	--	--	--	--	(434,937)	--	--	(434,937)
As of December 31, 2010	6,587,025	1,313,055	1,100,889	888,043	9,980,017	--	--	19,869,029
Charge for the year	2,701,879	832,694	291,452	211,380	8,142,107	--	--	12,179,512
Disposals	--	--	--	(5,050)	(558,072)	--	--	(563,122)
As of December 31, 2011	**9,288,904**	**2,145,749**	**1,392,341**	**1,094,373**	**17,564,052**	**--**	**--**	**31,485,419**
Net book values:								
As of December 31, 2011	**29,584,810**	**3,378,311**	**602,137**	**377,464**	**36,711,864**	**2,499,266**	**1,703,157,284**	**1,776,311,136**
As of December 31, 2010	32,286,689	3,461,769	598,069	292,836	43,752,099	2,499,266	1,677,785,669	1,760,676,397
Rates of depreciation	**5-7%**	**20%**	**20%**	**33%**	**20%**	--	--	

* Capital work in progress as of December 31, 2011 includes an amount of QR. 1,703 million (2010: QR. 1,667 million) which has been incurred for the development of the Group's Cement plant. It includes cumulative capitalised borrowing cost of QR. 120.83 million (2010: QR. 78.87 million).

- Certain credit facilities are secured by a possessory mortgage over the Capital work in progress relating to the cement factory (Note 14).
- Depreciation charge for the year amounting to QR. 5,151,297 (2010: QR. 2,324,924) is included in cost of sales.

11. INVESTMENT PROPERTIES

	2011	2010
	QR.	QR.
Opening balance as at January 1,	**470,864,476**	447,936,422
Net movement in fair value	**21,341,434**	22,928,054
Closing balance as at December 31,	**492,205,910**	470,864,476

Investment properties with a carrying value of QR. 417.36 million (2010: QR. 391.86 million) were appraised by an independent Real Estate appraiser at a fair value of QR. 441.28 million as of December 31, 2011 (2010: QR. 417.36 million). The appraiser is an industry specialist in valuing these types of investment properties. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. For remaining properties, the management has estimated and recognised a reduction in the fair value of QR. 2.57 million (2010: QR. 2.57 million) as of December 31, 2011.

12. INVESTMENT IN ASSOCIATES

The Group has the following investment in associates;

	Country of incorporation	**Ownership %**		**Profit share %**	
		2011	2010	**2011**	2010
Smart Logistics W.L.L.	Qatar	**51%**	51%	**50%**	50%
Sharaf Logistics W.L.L.	Qatar	**51%**	51%	**50%**	50%
Europe Car Company W.L.L.	Qatar	**51%**	51%	**50%**	50%
Eversendai Engineering Qatar W.L.L.	Qatar	**51%**	51%	**30%**	30%
United Gulf Cement Company W.L.L.	Qatar	**51%**	51%	**40%**	40%
National Shipping Marine Services Company W.L.L.	Qatar	**51%**	51%	**50%**	50%
Diamond Shipping Marine Services Company W.L.L.	Qatar	**51%**	51%	**50%**	50%
Sharaf Shipping Marine Services Company W.L.L.	Qatar	**51%**	51%	**50%**	50%
Mediterean Shipping Company W.L.L.	Qatar	**51%**	51%	**50%**	50%
National Marine Services Company W.L.L.	Qatar	**51%**	51%	**51%**	51%
National Aviation Services Company W.L.L	Qatar	**51%**	51%	**51%**	51%
Qatar Wings Company W.L.L	Qatar	**51%**	51%	**51%**	51%
Firewall Integrated Systems W.L.L.	Qatar	**51%**	51%	**50%**	50%

The Group does not exercise control over the above entities and therefore the above entities have not been consolidated as part of the Group.

12. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarized financial information of the Group's investment in the associates are as follows:

	2011	2010
	QR.	QR.
Net assets	**193,554,806**	120,346,045
Profit for the year	**73,208,761**	48,895,635
Company's share of profits of associates	**23,842,825**	24,635,286

Movement in investment in associates

	2011	2010
	QR.	QR.
As at January 1,	**34,014,290**	20,485,377
Acquisition during the year	**--**	1,630,000
Share of profit during the year	**23,842,825**	24,635,286
Dividend received during the year	**(14,160,706)**	(12,736,373)
As at December 31,	**43,696,409**	34,014,290

13. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
	QR.	QR.
(a) Quoted investments		
As at January 1,	**49,338,594**	65,136,954
Acquisition of investment	**50,819,745**	--
Cost of investments sold	**(16,510,725)**	(15,798,360)
Total cost of investments	**83,647,614**	49,338,594
Add: Fair value reserve	**4,874,164**	7,443,737
As at December 31,	**88,521,778**	56,782,331
(b) Unquoted investments		
Opening Balance	**2,259,904**	17,872,920
Cost of investments sold	**--**	(15,613,016)
	2,259,904	2,259,904
Total available-for-sales investments (a+b)	**90,781,682**	59,042,235
Proceeds from sale of investments	**19,782,233**	27,546,061
Cost of investments sold	**(16,510,725)**	(31,411,376)
Gain / (loss) from sale of available-for-sale investments	**3,271,508**	(3,865,315)

13. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

Movement in fair value reserve

	2011	2010
	QR.	QR.
Opening balance	**7,443,737**	797,937
(Decrease) / increase in fair value	**(2,569,573)**	6,645,800
Closing balance	**4,874,164**	7,443,737

14. BORROWINGS

	2011	2010
	QR.	QR.
LC Murabaha Loan (i)	**23,408,536**	13,807,269
Tawarruq Finance (ii)	**--**	483,253,116
Murabaha Loan (ii)	**--**	131,692,496
Ijara Facility (iii)	**932,145,888**	753,750,585
Murabaha Vehicle Loan	**--**	19,935
	955,554,424	1,382,523,401

	2011	2010
	QR.	QR.
Classified as:		
Current portion	**23,408,536**	497,080,320
Non-current portion	**932,145,888**	885,443,081
	955,554,424	1,382,523,401

(i) The Group entered into an agreement with a local bank whereby the bank will finance the import of raw materials with a limit of QR. 65 million carrying profit rate of 8% per annum. The loan is repayable in seven monthly instalments with a grace period of five months from the date of acceptance of the letter of credit.

(ii) The Tawarruq and Murabaha loans have been fully repaid by the Group in June 2011.

(iii) The Group has fully repaid the Tawarruq Finance, Murabaha loan and Ijara loan outstanding as at December 31, 2010 by entering into a new loan agreement with a local bank, whereby the bank financed the Company in the form of a new Ijara Facility with profit rate of 5.25% per annum to settle the previous facilities and finance the capital requirements of the cement factory. The loan is repayable in 37 equal quarterly instalments starting after 24 months from April, 2011. The credit facilities are secured by a possessory mortgage over the cement factory, special power of attorney issued by the Company in favour of the bank, assignment of all current and future revenue of the cement factory and three corporate guarantees from the Company, Qatari Investor Group S.P.C. and QIG Industries Company S.P.C. (subsidiary companies). The comprehensive risk insurance policy for the factory premises is endorsed in favour of the bank. The loan amount outstanding includes the accrued interest for the year of QR. 32.15 million repayable after the initial grace period of 24 months starting from April 2011.

15. NOTES PAYABLE

	2011	2010
	QR.	QR.
Short term portion of notes payable	**15,502,665**	20,139,581
Long term portion of notes payable	**15,503,768**	28,300,066
	31,006,433	48,439,647

Management has used a discount rate of approximately 8% per annum to arrive at the amortised cost of the notes payable.

16. (a) SHARE CAPITAL

	2011	2010
	QR.	QR.
Authorised, issued and fully paid up share capital 124,326,778 shares (2010: 124,326,778 shares) of QR.10 each	**1,243,267,780**	1,243,267,780

(b) PROPOSED DIVIDENDS

The Board of Directors in its meeting held on January 26, 2012 has proposed a cash dividend of 5% (2010: 5%) amounting to QR 0.5 (2010: 0.5) per share for the year ended December 31, 2011 amounting to QR. 62,163,389 (2010: QR. 62,163,389). The above is subject to the approval of the shareholders in the forthcoming general assembly.

17. 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.

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2011	2010
	QR.	QR.
Salaries, allowances and other benefits	**22,849,499**	22,507,681
Advertisement	**3,278,457**	497,823
Legal claims	**3,541,751**	5,646,428
Fuel cost	**1,723,595**	711,830
Repairs and maintenance	**1,493,465**	1,031,740
Professional charges	**963,233**	481,168
Insurance	**853,132**	1,129,654
Registration and listing fees	**852,008**	924,842
Returns and allowances	**816,537**	197,760
Rent	**605,748**	905,292
Postage and telecommunication	**470,258**	327,172
Accommodation	**361,388**	527,422
Printing and stationery	**169,552**	218,979
Travel and entertainment	**119,673**	367,580
Utilities	**117,131**	129,913
Miscellaneous expenses	**2,117,945**	1,976,685
	40,333,372	37,581,969

19. SOCIAL AND SPORTS FUND CONTRIBUTION

In accordance with Law No. 13 of 2008, the Group has taken a provision for the support of sports, social, cultural and charitable activities for an amount equivalent of 2.5% of the net profit of the Group. As per the instruction issued during the year 2010 by the Ministry of Economy and Finance, this social contribution has been treated as distribution from retained earnings of the Company. The provision for the year ended December 31, 2010 has been paid to the Public Revenues and Tax Department at the Ministry of Economy and Finance.

20. BASIC EARNINGS PER SHARE

	2011	2010
Profit for the year (QR.)	**73,989,981**	71,186,480
Weighted average number of shares	**124,326,778**	124,326,778
Basic earnings per share (QR.)	**0.60**	0.57

21. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2011	2010
	QR.	QR.
Letters of bank guarantees	**1,995,000**	3,950,000
Letters of credit	**5,995,132**	39,271,238
Capital commitments towards the construction of cement factory	**88,453,331**	109,792,254

22. SEGMENT ANALYSIS

The Company and its subsidiaries are organized into seven main business segments. The Company and its subsidiaries operate only in Qatar. Details of segments as of and for the year ended December 31, 2011 are stated below:

(a) Segment revenues and results

	Industrial	Contracting and engineering	Cement	Investment	Real Estate investment	Marine and aviation	Other segments	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Revenue	--	41,211,619	194,216,230	4,479,996	--	--	2,471,329	242,379,174
Cost	--	(22,523,584)	(150,087,059)	--	--	--	--	(172,610,643)
Other income	19,128,094	784,061	736,900	1,960,456	30,805,141	2,754,283	1,851,217	58,020,152
Other expenses	(14,772)	(4,029,978)	(18,842,549)	(14,380)	(6,637,335)	--	(24,259,688)	(53,798,702)
Net profit / (loss) for the year	**19,113,322**	**15,442,118**	**26,023,522**	**6,426,072**	**24,167,806**	**2,754,283**	**(19,937,142)**	**73,989,981**

(b) Segment assets and liabilities

	Industrial	Contracting and engineering	Cement	Investment	Real Estate investment	Marine and aviation	Other segments	Total
Current assets	--	49,994,680	254,138,074	1,384,231	3,345,312	--	29,821,132	338,683,429
Non-current assets	27,639,566	157,108	1,742,482,854	4,809,052	613,571,659	11,147,791	317,644,692	2,717,452,722
Total assets	**27,639,566**	**50,151,788**	**1,996,620,928**	**6,193,283**	**616,916,971**	**11,147,791**	**347,465,824**	**3,056,136,151**
LIABILITIES								
Current liabilities	--	8,463,134	99,731,587	--	17,033,260	561,970	12,327,930	138,117,881
Non-current liabilities	--	273,404	965,919,764	--	15,503,768	--	522,182	982,219,118
Total liabilities	**--**	**8,736,538**	**1,065,651,351**	**--**	**32,537,028**	**561,970**	**12,850,112**	**1,120,336,999**

22. SEGMENT ANALYSIS (CONTINUED)

Details of segment as of and for the year ended December 31, 2010 are stated below;

	Industrial	Contracting and engineering	Cement	Investment	Real Estate investment	Marine and aviation	Other segments	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
(a) Segment revenues and results								
Revenue	--	48,042,369	158,866,576	--	--	--	--	206,908,945
Cost	--	(15,441,858)	(124,552,627)	--	--	--	--	(139,994,485)
Other income	15,080,795	(3,384,356)	1,143,447	3,678,025	34,984,337	7,071,195	3,496,442	62,069,885
Other expenses	(3,300)	(2,119,543)	(16,316,087)	(6,741,376)	(9,543,305)	--	(23,074,254)	(57,797,865)
Net profit/(loss) for the year	**15,077,495**	**27,096,612**	**19,141,309**	**(3,063,351)**	**25,441,032**	**7,071,195**	**(19,577,812)**	**71,186,480**
(b) Segment assets and liabilities								
Current assets	--	38,752,064	798,806,900	5,030,557	3,560,063	--	4,057,009	850,206,593
Non-current assets	18,127,677	251,385	1,724,864,986	326,382,935	556,806,558	12,338,008	283,434	2,639,054,983
Total assets	**18,127,677**	**39,003,449**	**2,523,671,886**	**331,413,492**	**560,366,621**	**12,338,008**	**4,340,443**	**3,489,261,576**
LIABILITIES								
Current liabilities	--	10,778,725	595,028,962	319,164	2,183,176	561,970	5,066,741	613,938,738
Non-current liabilities	--	231,509	766,107,780	62,426	180,136,938	--	392,302	946,930,955
Total liabilities	**--**	**11,010,234**	**1,361,136,742**	**381,590**	**182,320,114**	**561,970**	**5,459,043**	**1,560,869,693**

23. FINANCIAL INSTRUMENTS

Financial assets:

The financial assets of the Group include mainly balances with banks, accounts receivable, due from related parties and investments.

Financial liabilities:

The financial liabilities of the Group include mainly borrowings, accounts payable, due to related parties, retention payable and notes payable.

Accounting policies for key items of financial assets and liabilities are set out in Note 3.

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties on an arm's length basis. Since the accompanying financial statements have been prepared under the historical cost convention, except for available for sale investments that are carried at fair value, the carrying values of the Group's financial instruments as recorded could therefore be different from their fair values. However, in the opinion of the management, fair values of the financial assets and liabilities are not considered significantly different from their book values as most of these items are short-term in nature or repriced frequently.

24. FINANCIAL RISK MANAGEMENT

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

Capital risk

The Group 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 balances.

The capital structure of the Group consists of borrowings, net of cash and cash equivalents and equity comprising share capital, reserves and retained earnings.

The Group'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 associated risks.

The gearing ratio at the yearend was as follows:

	Notes	**2011**	2010
		QR.	QR.
Debt (i)	**14**	**955,554,424**	1,382,523,401
Cash and bank balances	**5**	**(115,852,935)**	(708,627,548)
Net debt		**839,701,489**	673,895,853
Equity (ii)		**1,935,799,152**	1,928,391,883
Net debt to equity ratio		**43.4%**	34.9%

(i) Debt is defined as loans and borrowings, as detailed in Note 14.
(ii) Equity includes all capital and reserves of the Group.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Liquidity risk

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

Interest rate risk

The Group invests in time deposits, saving accounts and borrows loans from the banks that are subject to interest rate risk. Interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. However, management is of the opinion that the Group's exposure to interest rate risk is minimal as the investments and loans are transacted at fixed rates of interest.

Currency risk

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

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 Group limits market risk relating to its available-for-sale investments by monitoring of developments in financial markets.

A 10% change in market value of the Group's portfolio of quoted available-for-sale investments is expected to result in change of QR. 8,852,178 (2010: QR. 5,678,233) in the assets and equity of the Group.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.