KPMG
Audit
2nd Floor
Area 25, C Ring Road
PO Box 4473, Doha
State of Qatar

Telephone +974 4457 6444
Fax +974 4442 5626
Website www.kpmg.com.qa

Independent auditors' report

To
The Shareholders
Qatari Investors Group Q.S.C.
Doha
State of Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Qatari Investors Group Q.S.C. (the "Company") and its subsidiaries, (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about whether the consolidated 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 our 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, we consider internal control relevant to the Group'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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.

KPMG, is a registered firm under Qatar law, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2012, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 were audited by another auditor, who expressed an unmodified opinion on those statements on 26 January 2012,

Report on legal and other regulatory requirements

We have obtained all the information and explanation which we considered necessary for the purpose of our audit. The Company has maintained proper accounting records and the financial statements are in agreement therewith, and the physical count of inventories was carried out in accordance with the established principles. We reviewed the report of the Board of Directors and confirm that the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of Qatar Commercial Companies Law No. 5 of 2002 or the terms of the Company's Articles of Association having occurred during the year which might have had a material adverse effect on the business of the Group or its consolidated financial position as at 31 December 2012.

3 February 2013
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No. 251

Qatari Investors Group Q.S.C.

Consolidated financial statements
31 December 2012

Qatari Investors Group Q.S.C.

Consolidated Financial Statements
As at and for the year ended 31 December 2012

CONTENTS **Page(s)**

Independent auditors' report	1-2
Financial statements	
Consolidated statement of financial position	3
Consolidated income statement	4
Consolidated statement of comprehensive income	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8-36

Qatari Investors Group Q.S.C.

Consolidated statement of financial position
As at 31 December 2012 In Qatari Riyals

	Note	**31 December 2012**	31 December 2011
Assets			
Property, plant and equipment	6	1,932,053,018	1,776,311,136
Goodwill	10	314,457,585	314,457,585
Investment property	7	494,778,875	492,205,910
Available-for-sale investments	9	3,724,088	90,781,682
Equity accounted investees	8	48,182,944	43,696,409
Non-current assets		2,793,196,510	2,717,452,722
Inventories	11	94,303,978	70,737,437
Accounts receivable	12	142,267,235	63,400,995
Due from related parties	14.b	645,626	739,352
Advances to suppliers		10,564,423	63,696,328
Due from customer for contracts work		908,409	2,178,586
Prepayments and other receivables	13	21,520,447	22,077,796
Cash and cash equivalents	15	268,018,130	115,852,935
Current assets		538,228,248	338,683,429
Total assets		**3,331,424,758**	3,056,136,151
Equity (page 6)			
Share capital	16	1,243,267,780	1,243,267,780
Legal reserve	17	498,151,271	482,925,314
Fair value reserve	9	(1,262,865)	4,874,164
Retained earnings		182,550,539	142,568,505
Proposed dividends		93,245,084	62,163,389
Total equity		2,015,951,809	1,935,799,152
Liabilities			
Borrowings – non-current portion	18	980,469,700	932,145,888
Employees' end of service benefits	19	3,606,439	2,635,642
Notes payable - long term	20	3,447,209	15,503,768
Retention payables		31,295,815	31,933,820
Non-current liabilities		1,018,819,163	982,219,118
Accounts payable		36,058,327	34,318,552
Retention payables		31,295,815	31,933,820
Borrowings - current portion	18	34,226,828	23,408,536
Due to related parties	14.c	164,697	299,547
Due to customer for contracts work		5,752,557	1,217,026
Notes payable - short term	20	14,277,596	15,502,665
Accruals and other liabilities	21	174,877,966	31,437,735
Current liabilities		296,653,786	138,117,881
Total liabilities		1,315,472,949	1,120,336,999
Total equity and liabilities		**3,331,424,758**	3,056,136,151

These consolidated financial statements were approved by the board of directors and were signed on their behalf by the following on 3 February 2013.

Mr. Abdullah bin Nasser Al-Mesnad
Chairman and Managing Director

The attached notes from 1 to 27 form an integral part of these consolidated financial statements.

Consolidated income statement
For the year ended 31 December 2012

In Qatari Riyals

	Note	**31 December 2012**	31 December 2011
Operating revenue			
Sales of cement		359,114,845	194,216,230
Contract and service income		105,435,756	48,162,944
		464,550,601	242,379,174
Operating cost			
Cost of cement sales		(236,289,024)	(147,783,033)
Contract and service cost		(40,482,957)	(24,827,610)
		(276,771,981)	(172,610,643)
Gross profit		187,778,620	69,768,531
Income from short term deposit		102,784	328,662
Income from equity accounted investees	8	13,224,956	23,842,825
Investment income		1,753,553	4,529,707
Rental income		2,348,330	2,980,450
Gain on sale of available-for-sale investments	9	7,262,178	3,271,508
Other income		2,878,830	1,725,566
Increase in fair value of investment properties		7,247,115	21,341,434
Finance cost		(8,022,297)	(4,937,115)
General and administrative expenses	22	(53,642,726)	(40,333,372)
Board of Directors' remunerations		(1,500,000)	(1,500,000)
Depreciation of property, plant and equipment	6	(7,171,778)	(7,028,215)
Profit for the year		**152,259,565**	73,989,981
Basic earnings per share	24	**1.22**	0.60

The attached notes from 1 to 27 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2012

In Qatari Riyals

	31 December 2012	31 December 2011
Profit for the year	**152,259,565**	73,989,981
Other comprehensive loss		
Net change in fair value of available-for-sale investments	(6,137,029)	(2,569,573)
Other comprehensive loss for the year	(6,137,029)	(2,569,573)
Total comprehensive income for the year	**146,122,536**	71,420,408

The attached notes from 1 to 27 form an integral part of these consolidated financial statements.

Qatari Investors Group Q.S.C.

Consolidated statement of changes in equity
For the year ended 31 December

In Qatari Riyals

	Share capital	Legal reserve	Fair value reserve	Retained earnings	Proposed dividends	Total
Balance at 1 January 2011	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						
Profit for the year ended 31 December 2011	-	-	-	73,989,981	-	73,989,981
Other comprehensive loss for the year	-	-	(2,569,573)	-	-	(2,569,573)
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 support fund contribution	-	-	-	(1,849,750)	-	(1,849,750)
Proposed dividends to the shareholders	-	-	-	(62,163,389)	62,163,389	-
Dividends paid to the shareholders	-	-	-	-	(62,163,389)	(62,163,389)
Balance at 31 December 2011	1,243,267,780	482,925,314	4,874,164	142,568,505	62,163,389	1,935,799,152
Balance at 1 January 2012	1,243,267,780	482,925,314	4,874,164	142,568,505	62,163,389	1,935,799,152
Total comprehensive income for the year						
Profit for the year ended 31 December 2012	-	-	-	152,259,565	-	152,259,565
Other comprehensive loss for the year	-	-	(6,137,029)	-	-	(6,137,029)
Total comprehensive income for the year	-	-	(6,137,029)	152,259,565	-	146,122,536
Transfer to legal reserve	-	15,225,957	-	(15,225,957)	-	-
Social and support fund contribution	-	-	-	(3,806,490)	-	(3,806,490)
Proposed dividends to the shareholders	-	-	-	(93,245,084)	93,245,084	-
Dividends paid to the shareholders	-	-	-	-	(62,163,389)	(62,163,389)
Balance at 31 December 2012	**1,243,267,780**	**498,151,271**	**(1,262,865)**	**182,550,539**	**93,245,084**	**2,015,951,809**

The attached notes from 1 to 27 form an integral part of these consolidated financial statements.

Qatari Investors Group Q.S.C.

Consolidated statement of cash flows
For the year ended 31 December 2012

In Qatari Riyals

	31 December 2012	31 December 2011
Cash flows from operating activities		
Profit for the year	152,259,565	73,989,981
Adjustments for:		
- Depreciation of property, plant and equipment	16,035,954	12,179,512
- Change in fair value of investment property	(7,247,115)	(21,341,434)
- Share of profit of equity-accounted investees	(13,224,956)	(23,842,825)
- Provision for slow moving and damaged inventory	1,242,391	-
- Impairment loss on trade receivables	2,340,287	-
- Gain on sale of available-for-sales investment	(7,262,178)	(3,271,508)
- Gain on sale of property, plant and equipment	(121,494)	(172,469)
- Employees' end of service benefits provided	1,440,926	674,129
	145,463,380	38,215,386
Changes in:		
- Accounts receivable	(81,206,527)	(20,091,058)
- Due from related parties	93,726	(304,619)
- Advances to suppliers	53,131,904	(20,106,476)
- Due from customers for contracts work	1,270,177	(1,676,670)
- Inventories	(24,808,932)	(40,273,110)
- Prepayments and other receivables	557,349	1,200,484
- Accounts payable	1,739,775	(11,581,523)
- Retention payables	(1,276,010)	1,606,431
- Due to related parties	(134,850)	(22,560)
- Accruals and other liabilities	141,483,493	3,842,320
- Due to customer for contracts work	4,535,531	(370,400)
Cash generated from / (used in) operating activities	240,849,016	(49,561,795)
Employees' end of service benefits paid	(470,129)	(95,690)
Net cash generated from / (used in) operating activities	**240,378,887**	(49,657,485)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(172,145,850)	(27,831,779)
Proceeds from sales of property, plant and equipment	489,508	189,997
Acquisition of available-for-sale investments	-	(50,819,745)
Additional acquisition of equity accounted investees	(4,400,000)	-
Disposal of equity accounted investees	502,000	-
Proceeds from sale of available-for-sale investments	88,182,742	19,782,233
Proceeds from sales of investment properties	4,674,150	-
Share of profit of equity-accounted investees received	12,636,421	14,160,706
Net cash used in investing activities	**(70,061,029)**	(44,518,588)
Cash flows from financing activities		
Proceeds from borrowings	991,287,992	900,000,000
Repayment of borrowings	(932,145,888)	(1,326,968,977)
Payment of social and sports activities contribution	(1,849,750)	(1,779,662)
Notes payable	(13,281,628)	(17,433,214)
Dividends paid	(62,163,389)	(52,416,687)
Net cash used in financing activities	**(18,152,663)**	(498,598,540)
Net increase / (decrease) in cash and cash equivalents for the year	152,165,195	(592,774,613)
Cash and cash equivalents at the beginning of the year	115,852,935	708,627,548
Cash and cash equivalents at the end of the year (note 15)	**268,018,130**	115,852,935

The attached notes from 1 to 27 form an integral part of these consolidated financial statements.

1. Reporting entity

Qatari investor Group Q.S.C ("the Company") (Formerly known as Al Khalij Holding Company) is a Qatari Shareholding Company incorporated in the state of Qatar on 4 May 2006 under commercial registration No. 32831. The Company is governed by the provisions of the Qatar commercial Companies law No. (5) of 2002 and Qatar Exchange Regulations.

The Company primarily engage in the production and sale of cement. The Company also engaged in setting up factories, importing and exporting cement, investing in equity shares, trading and contracting and real estate.

One of the subsidiaries (Al Khalij Cement Company) had started operation in December 2012. The subsidiary's activities were confined to setting up the plant, testing of limited production of cement and clinker, and utilization of the received funds from 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 (The Investors 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")

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention, except for available-for-sale investments, investment properties, which are measured, in fair value and inventories which are recorded at the lower of cost or net realisable value.

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyal, which is the Company's functional currency. All financial information presented in Qatari Riyal has been rounded to the nearest Qatari Riyal.

d) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described as follows:

i) Judgement

- *Percentage of completion*
  The Group uses the percentage of completion method in accounting for its contract revenues. Use of the percentage of completion method requires the Group to estimate the proportion of work performed to date as a proportion of the total work to be performed and it is management's judgement that the use of costs to date in proportion to total estimated costs provides the most appropriate measure of percentage of completion.

2. Basis of preparation (continued)

i) Judgement (continued)

- *Contract variations*
  Contract variations are recognised as revenues to the extent that it is probable that they will result in revenue which can be reliably measured. This requires the exercise of judgement by management based on prior experience, application of contract terms and relationship with the contract owners.

ii) Estimates

- *Estimated cost of completion*
  The percentage of completion method is dependent upon the estimate made by management regarding the estimated cost at completion for each project at the reporting date. Any revision to these estimated costs leads to the prospective change in the recognized revenues for the year as per the percentage of completion method.

- *Impairment of accounts and other receivables*
  The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

- *Useful lives, residual values and related depreciation charges of property, plant and equipment*
  The Group's management determines the estimated useful lives of its equipment to calculate depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually. Future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

e) The following standards, amendments and interpretations which become effective from 1 January 2011 and relevant to the Group

i) IFRS 7 (amendment) – Disclosures: Transfer of financial assets

The amendments to IFRS 7 introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this standard.

ii) Improvements to IFRSs (2011)

Improvements to IFRS issued in 2011 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. There were no significant changes to the current accounting policies of the Group as a result of these amendments.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this standard.

2. Basis of preparation (continued)

f) Standards, amendments and interpretations issued but not yet effective

i) IAS 1 (amendment) - Presentation of items of other comprehensive income

The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendment is effective for annual periods beginning after 1 July 2012 with an option of early application.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this standard.

ii) IAS 28 (2011) – Investment in Associates and Joint ventures

IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the following amendments;

- Associates held for sale: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the entity applies the equity method until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture, and

- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied retrospectively.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this standard.

iii)Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011)

Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Based on the new disclosure requirements the Company / Group will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set off under master netting arrangements or similar arrangements.

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria IAS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of these standards.

2. Basis of preparation (continued)

f) Standards, amendments and interpretations issued but not yet effective (continued)

iv) IFRS 9 - Financial Instruments

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted.

Given the nature of the Group's operations, this standard is not expected to have a significant impact on the Group's financial statements.

v) IFRS 10 - Consolidated financial statements and IAS 27 Separate Financial Statements (2011)

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees. This refers to the current accounting policy of the Group relating to subsidiaries. The standard is effective for annual periods beginning on or after 1 January 2013.

vi) IFRS 11 – Joint Arrangements

Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting. The standard is effective for annual periods beginning on or after 1 January 2013.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this standard.

vii) IFRS 12 - Disclosures of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires the disclosure of information about the nature, risks and financial effects of these interests.

The standard is effective for annual periods beginning on or after 1 January 2013. The Group is currently assessing the disclosure requirements for interests in subsidiaries and unconsolidated unstructured entities in comparison with existing disclosures.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this standard.

2. Basis of preparation (continued)

f) Standards, amendments and interpretations issued but not yet effective (continued)

viii) IFRS 13 - Fair value measurement

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Group to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this standard.

ix) IAS 19 – Employee benefits (2011)

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the Group. However, the Group may need to assess the impact of the change in measurement principles of the expected return on plan assets. IAS 19 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

The Group does not expect to have a significant impact on the consolidated financial statements on adoption of this standard.

3. Significant accounting policies

The following significant accounting policies which comply with International Financial Reporting Standards have been applied in the preparation of these consolidated financial statements.

a) Basis of consolidation

Subsidiaries

The Company owns 100% of the beneficial interest and controls the following entities, (collectively known as the "Group") as at 31 December 2012.

Name of Subsidiary	Place of incorporation	Ownership interest	Principal Activity
Al Khalij Cement Company S.P.C.	Qatar	100%	Manufacturing of cement
The Investor 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 system
QIG General Services S.P.C.	Qatar	100%	Construction materials trading – contracting
Global Enterprises Company S.P.C.	Qatar	100%	Sports materials Trading
QIG Global Company S.P.C.	Qatar	100%	International companies representation
QIG Industries Company S.P.C.	Qatar	100%	Industrials enterprises (Mechanical – Engineering)
QIG Light Industries Company S.P.C.	Qatar	100%	Industrials enterprises
QIG Marine Services Company S.P.C.	Qatar	100%	Marine services and shipping
QIG Technology Company S.P.C.	Qatar	100%	Information technology services
QIG Trading Company S.P.C.	Qatar	100%	International companies representation
Qatari Group for Investment S.P.C.	Qatar	100%	Investment and other trading
Qatar Investment Group S.P.C.	Qatar	100%	Investment and other trading
Cape Qatar S.P.C.	Qatar	100%	Insurance agencies
Smith Heimann Qatar Company S.P.C.	Qatar	100%	IT and security systems

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the company. All inter-group transaction, balances, income and expenses are eliminated on the consolidation.

3. Significant accounting policies (continued)

a) Basis of consolidation (continued)

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

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Equity-accounted investees
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investment in associate is accounted for using the equity method (equity-accounted investees) and is recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Business combination and Goodwill
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

• The fair value of the consideration transferred; plus
• The recognized amount of any non-controlling interests in the acquiree; plus
• If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
• The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated income statement.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

• represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
• is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IFRS 8 Operating Segment.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in consolidated income statement.

3. Significant accounting policies (continued)

a) Basis of consolidation (continued)

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Revenue recognition

Contracts revenues
Construction contracts revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the percentage of completion method. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Sales of goods
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale. For sales of ready mix concrete, hollow core slabs, concrete blocks, interlock pavers, precast building solutions, boundary walls and kerbstones, usually transfer occurs when the product is delivered at the customers' requested sites.

Rental income
Rental income is accounted for on a time proportion basis and as per the lease contract.

Dividends income
Dividends income from investment is recognised when the right to receive payment is established

Rendering of services
Revenue from rendering services is recognised as services are performed.

Finance income and finance cost
Finance income comprises interest income on fixed deposits with banks. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3. Significant accounting policies (continued)

c) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self – constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment and is recognised net within "other income/other expenses" in profit or loss.

Subsequent costs
The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is possible that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation
Items of property, plant and equipment are depreciated on a straight line basis over their estimated useful lives since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value and is recognised in profit or loss.

Items of property, plant and equipment are depreciated from the date they are ready for use.

The estimated useful lives of property, plant and equipment in the current and comparative periods are as follows:

Buildings	15-50 years
Equipment	5 - 30 years
Furniture and fixtures	5 years
Computers and software	3 years
Motor and heavy vehicles	5 years

Depreciation method, residual value and useful lives of property, plant and equipment are reviewed at each reporting date and adjusted if appropriate.

d) Foreign currencies

Transactions in foreign currencies are translated into Qatari Riyals at exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Realised and unrealised exchange differences arising from these are recognised in the profit or loss.

3. Significant accounting policies (continued)

e) Inventories

Raw materials, spare parts and heavy equipment inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price, less selling expenses. Cost is determined using the weighted average cost method and includes all incidental expenses incurred in bringing the inventories to their present location and condition.

f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

i) Non-derivative financial assets

Non derivative financial assets comprise of accounts and other receivables, due from related parties, cash and cash equivalents.

Accounts and other receivables and due from related parties
Accounts and other receivables and due from related parties are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus directly attributable transaction costs on the date they are originated. Subsequent to initial recognition accounts and other receivables and due from related parties are measured at amortized cost using the effective interest method, less any accumulated impairment losses, if any.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair values, and are used by the Company in the management of its short-term commitments.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

Non derivative financial liabilities comprise of accounts and other payables, due to related parties and loans and borrowings.

Accounts and other payables, due to related parties and loans and borrowings

Accounts payables, other payables, due to related parties and loans and borrowings are recognised on the date they are originated, for amounts to be paid in the future for goods and services received, whether or not billed by the supplier. Subsequent to initial recognition, other payables and due to related parties are measured at amortized cost using the effective interest method.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3. Significant accounting policies (continued)

f) Financial instruments (continued)

iii) Derivative financial assets and liabilities

The Company does not hold derivative financial assets and liabilities as at the end of reporting date.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

g) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Receivables

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment.

All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Significant accounting policies (continued)

g) Impairment (continued)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.
An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3. Significant accounting policies (continued)

i) Employees' end of service benefits

The Company recognizes employees' end of service benefits in profit or loss. The Company provides for employees' end of service benefits determined in accordance with the provision of the Qatar Labour Law No 14 of 2004 based on employees' salaries and period of employment and are paid to the employees on termination of employment with the Company. The Company has no expectation of settling its employees' end of service benefits obligation in near term and hence classified this as a non- current liability. The provision is not discounted as the difference between the provision stated in the consolidated statement of financial position and net present value is not expected to be significant.

j) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments in note (25). The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

k) Investment properties

Investment property, which is property held for earn rentals and/or 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 in property are included in profit or loss in the period in which they arise.

4. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and Group's management of capital. Further quantitative disclosures are included throughout these separate financial statements.

The management have the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's accounts and other receivables, due from related parties and bank balances.

Accounts and other receivables

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

4. Financial risk management (continued)

i) Credit risk (continued)

Bank balances

The Group limits its exposure to credit risk on bank balances by maintaining balances with banks having high credit ratings.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amounts	
	31 December 2012	31 December 2011
Accounts and other receivables	164,704,902	87,657,377
Advances to suppliers	10,564,424	63,696,328
Due from related parties	645,626	739,352
Cash and cash equivalents	267,931,903	115,804,630
	443,846,855	267,897,687

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2012	**Carrying Amounts**	**Contractual cash flows**	**Less than 1 year**	**More than 1 year**
Non-derivative financial liabilities				
Loans and borrowings	1,014,696,528	1,014,696,528	34,226,828	980,469,700
Due to related parties	164,697	164,697	164,697	-
Accounts payable	36,058,327	36,058,327	36,058,327	-
Other payables	173,415,466	173,415,466	173,415,466	-
Retention payable	62,591,630	62,591,630	31,295,815	31,295,815
Notes payable	17,724,805	17,724,805	14,277,596	3,447,209
	1,304,651,453	**1,304,651,453**	**289,438,729**	**1,015,212,724**

4. Financial risk management (continued)

ii) Liquidity risk (continued)

31 December 2011	Carrying Amounts	Contractual cash flows	Less than 1 year	More than 1 year
Non-derivative financial liabilities				
Loans and borrowings	955,554,424	955,554,424	23,408,536	932,145,888
Due to related parties	299,547	299,547	299,547	-
Accounts payables	34,318,552	34,318,552	34,318,552	-
Other payables	31,437,735	31,437,735	31,437,735	-
Retention payable	63,867,640	63,867,640	31,933,820	31,933,820
Notes payable	31,006,433	31,006,433	15,502,665	15,503,768
	1,116,484,331	1,116,484,331	136,900,855	979,583,476

The future expected cash flows do not significantly differ from the undiscounted contractual cash flows as at the reporting date.

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

Management is of the opinion that the Group's exposure to currency risk is minimal as the Group's significant transactions are denominated in Qatari Riyal and the US Dollar, against which the Qatari Riyal is pegged.

Interest rate risk

Interest rate risk is the risk that the Group's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates. The Group has a policy of ensuring that interest rates exposures are reviewed quarterly.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	Carrying amounts	
	31 December 2012	31 December 2011
Fixed rate instruments		
Financial assets – note 15	81,535,194	60,636,036
Financial liabilities – note 18 and 20	1,032,421,333	986,560,857
	1,113,956,527	1,047,196,893

4. Financial risk management (continued)

iv) Capital risk management

The Group's objectives when managing capital are, to safeguard the Group's ability to continue as a going concern while maximizing the returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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:

	Note	**31 December 2012**	31 December 2011
Debt (i)	18	1,014,696,528	955,554,424
Cash and bank balances	14	(268,018,130)	(115,852,935)
Net debt		746,678,398	839,701,489
Equity (ii)		2,017,414,309	1,935,799,152
Net debt to equity ratio		**37.0%**	43.4%

(i) Debt is defined as loans and borrowings, as detailed in Note 18.
(ii) Equity includes all capital and reserves of the Group.

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

ii) Equity securities

The fair value of equity securities is determined by reference to their quoted closing bid price at the reporting date.

iii) Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably.

5. Determination of fair values (continued)

iv) Accounts and other receivables

The fair value of accounts and other receivables, excluding construction work in progress, are estimated at present value of future cash flows, discounted at the market rate of interest at measurement date. Short term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition date and, for disclosure purposes, at each annual reporting date.

6. Property, plant and equipment

	Land	Buildings	Equipment	Furniture and fixtures	Computers and software	Motor and heavy vehicles	Capital work in progress	Total 2012	Total 2011
Cost									
Balance at 1 January	2,499,266	38,873,714	5,524,060	1,994,478	1,471,837	54,275,916	1,703,157,284	1,807,796,555	1,780,545,426
Additions	-	-	290,703	76,513	563,660	871,039	170,343,935	172,145,850	27,831,779
Capitalized during the year	-	793,895,644	961,484,729	-	-	2,087,117	(1,757,467,490)	-	-
Disposals	-	-	-	-	-	(921,339)	-	(921,339)	(580,650)
Balance at 31 December	2,499,266	832,769,358	967,299,492	2,070,991	2,035,497	56,312,733	116,033,729	1,979,021,066	1,807,796,555
Accumulated depreciation									
Balance at 1 January	-	9,288,904	2,145,749	1,392,341	1,094,373	17,564,052	-	31,485,419	19,869,029
Depreciation (i)	-	3,664,506	3,394,077	207,489	270,928	8,498,954	-	16,035,954	12,179,512
Disposals	-	-	-	-	-	(553,325)	-	(553,325)	(563,122)
Balance at 31 December	-	12,953,410	5,539,826	1,599,830	1,365,301	25,509,681	-	46,968,048	31,485,419
Carrying amount									
At 1 January 2011	2,499,266	32,286,689	3,461,769	598,069	292,836	43,752,099	1,677,785,669	-	1,760,676,397
At 31 December 2012	**2,499,266**	**819,815,948**	**961,759,666**	**471,161**	**670,196**	**30,803,052**	**116,033,729**	**1,932,053,018**	-
At 31 December 2011	2,499,266	29,584,810	3,378,311	602,137	377,464	36,711,864	1,703,157,284	-	1,776,311,136

(i) Depreciation charges for the year are allocated as set out below:

	31 December 2012	31 December 2011
Costs	8,864,176	5,151,297
General and administrative expenses	7,171,778	7,028,215
	16,035,954	12,179,512

Certain credit facilities are secured by a possessory mortgage over capital work in progress relating to cement factory (note 18).

7. Investment property

	31 December 2012	31 December 2011
Balance as at 1 January	492,205,910	470,864,476
Disposal during the year	(4,674,150)	-
Carrying amount	487,531,760	470,864,476
Net movement in fair value	7,247,115	21,341,434
Balance at 31 December	**494,778,875**	492,205,910

Investment properties with carrying value of QR. 487 million (2011: QR. 470.9 million) were appraised by an independent Real Estate appraisal at a fair value of QR. 494.8 million as at 31 December 2012 (2011: QR. 492.2 million). For the remaining properties, the management has estimated and recognised a reduction in fair value or QR. 2.57 million as at 31 December 2012 (2011: QR. 2.57 million).

8. Equity accounted investees

Name of Associate	**Country of Incorporation**	**Ownership %**		**Profit Share %**	
		2012	2011	**2012**	2011
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 and Shipping Company W.L.L.	Qatar	**51%**	51%	**30%**	50%
Firewall Integrated Systems W.L.L.	Qatar	**51%**	51%	**50%**	50%

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

	31 December 2012	31 December 2011
Net assets	**167,938,261**	193,554,806
Net profit for the year	**42,155,498**	73,208,761
Share of profit of equity-accounted investees	**13,224,956**	23,842,825

Movement on the equity accounted investees balance during the year is as follows:

	31 December 2012	31 December 2011
Balance as at 1 January	43,696,409	34,014,290
Acquisition during the year	4,400,000	-
Disposal during the year	(502,000)	-
Share of profit during the year	13,224,956	23,842,825
Dividends received during the year	(12,636,421)	(14,160,706)
Balance as at 31 December	**48,182,944**	43,696,409

9. Available-for-sale investments

	31 December 2012	31 December 2011
a) Quoted investments		
Balance as at 1 January	83,647,614	49,338,594
Cost of acquired investments	-	50,819,745
Cost of investment sold during the year	(80,920,565)	(16,510,725)
Change in fair value as at the end of the year	(1,262,865)	4,874,164
	1,464,184	88,521,778
b) Unquoted investments		
Balance as at 1 January	2,259,904	2,259,904
Net movement during the year	-	-
	2,259,904	2,259,904
Available-for-sale investments	**3,724,088**	90,781,682

Movement in fair value reserve	**31 December 2012**	31 December 2011
Balance as at 1 January	4,874,164	7,443,737
Net movement during the year	(6,137,029)	(2,569,573)
	(1,262,865)	4,874,164

Sale of available-for-sale investment	**31 December 2012**	31 December 2011
Proceeds from sales	88,182,743	19,782,233
Cost of sold investments	(80,920,565)	(16,510,725)
Gain from sales of available-for-sale investment	**7,262,178**	3,271,508

10. Goodwill

	31 December 2012	31 December 2011
Goodwill	**314,457,585**	314,457,585

During 2009, the shareholders approved in their extra-ordinary general assembly meeting on 26 April 2009, the 100% acquisition of Qatari Investor Company W.L.L. The total purchase consideration amounted to QR. 897 million, which was settled by issuing of company's shares at a premium of QR. 435.73 million. This transaction resulted in goodwill of QR. 314.46 million.

Impairment losses and subsequent reversal

On 31 December 2012 an impairment review of the goodwill was undertaken by the management through an independent firm. This compared the carrying value of goodwill with the anticipated recoverable amounts of the subsidiaries, which are the cash-generating units to which the goodwill was allocated. The recoverable amounts of the cash-generating units are based on value in use, which is calculated from cash flow projections for 5 years ending 31 December 2017 using data from board approved budgets. A key assumption for the value in use calculations was the discount rate represented in the group's weighted average cost of capital of 15.5 %. The Directors estimate discount rates that reflect the current market assessments of the time value of money and risks specific to the cash-generating units, and they consider the appropriate risk adjusted discount rate is15.5%. Changes in revenue and direct costs are based on an assumed compound growth rate of 3% to 4%, as well as past experience and expectations of future changes in the market. The management concluded from this review that there had been no impairment to the goodwill during the year ended 31 December 2012.

11. Inventories

	31 December 2012	31 December 2011
Finished goods	1,964,934	1,925,647
Raw materials	39,947,258	64,434,185
Spare parts	53,754,177	4,497,605
	95,666,369	70,857,437
Less: provision for slow moving and damaged inventory	(1,362,391)	(120,000)
	94,303,978	70,737,437

The movement in the provision for slow moving and damaged inventory was as follows:

	31 December 2012	31 December 2011
Opening balance	120,000	120,000
Provided during the year	1,242,391	-
	1,362,391	120,000

12. Accounts receivable

	31 December 2012	31 December 2011
Accounts and other receivables	144,607,522	63,400,995
Provision for doubtful debts	(2,340,287)	-
	142,267,235	63,400,995

As at 31 December the aging of accounts receivable is follows:

	31 December 2012		31 December 2011	
	Gross	**Impaired**	Gross	Impaired
Less than 90 days	105,772,671	-	53,860,059	-
91 to 180 days	29,417,425	-	3,039,023	-
181 to 365 days	3,592,198	-	2,324,860	-
More than 365 days	5,825,228	2,340,287	4,177,053	-
	144,607,522	**2,340,287**	63,400,995	-

The movement in the provision for doubtful debts was as follows:

	31 December 2012	31 December 2011
Opening balance	-	-
Provided during the year	2,340,287	-
	2,340,287	-

13. Prepayments and other receivables

	31 December 2012	31 December 2011
Prepayments	4,408,520	5,576,825
Prepaid factory rent	4,095,388	4,095,388
Investment sale proceeds receivable	-	3,232,109
Refundable deposits	2,081,336	2,576,323
Notes receivable	5,985,082	1,446,435
Retentions receivable	1,593,788	1,076,212
Accrued income	1,081,563	1,936,901
Margin deposits	-	805,598
Due from staff	511,022	373,094
Others	1,763,748	958,911
	21,520,447	22,077,796

14. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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

Key management personnel of the Group comprise key members of management having authority and responsibility for planning, controlling and directing the activities of the Group.

Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated income statement are as follows:

a) Transactions with related parties

	31 December 2012	31 December 2011
Sales	**16,567,716**	16,277,993

b) Due from related parties

	31 December 2012	31 December 2011
Al Misnad Holding Company	356,716	698,706
Others	288,910	40,646
	645,626	739,352

c) Due to related parties

	31 December 2012	31 December 2011
Others	**164,697**	299,547

14. Related party transactions (continued)

d) Remuneration of key management personnel

	31 December 2012	31 December 2011
Short – term benefits	**8,000,000**	8,000,000

15. Cash and cash equivalents

	31 December 2012	31 December 2011
Cash on hand	86,227	48,305
Bank balances:		
Current account	179,677,493	44,028,484
Saving accounts	6,719,216	11,140,110
Fixed deposits	81,535,194	60,636,036
	268,018,130	115,852,935

Fixed deposits and saving accounts in various banks earn effective interest rate ranging from 2.32 %to 2.55% (2011: ranging from 3% to 3.5% per annum). These fixed deposit have maturity period less than 3 months.

16. Share capital

	31 December 2012	31 December 2011
Authorized, issued and fully paid up share capital 124,326,778 shares (2011: 124,326,778 shares) of QR. 10 per share	**1,243,267,780**	1,243,267,780

Proposed dividends
In a meeting held on 3 February 2013 the Board of Directors have proposed a cash dividend distribution of 7.5% of the paid up capital amounting to QR 93,245,084 (2011: cash dividend distribution of 5% of the paid up capital amounting to QR 62,163,389). The above is subject to the approval of the shareholders in the forthcoming general assembly.

17. Legal reserve

As required by Qatar Commercial Companies' Law No. 5 of 2002, and the Group's Articles of Association, a minimum of 10% of the net profit for the year should be transferred to legal reserve each year until this reserve equals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above-mentioned Law.

18. Borrowings

	31 December 2012	31 December 2011
LC Murabaha loan (i)	34,226,828	23,408,536
Ijara facility (ii)	980,469,700	932,145,888
	1,014,696,528	955,554,424

	31 December 2012	31 December 2011
Classified as:		
Current portion	34,226,828	23,408,536
Non-current portion	980,469,700	932,145,888
	1,014,696,528	955,554,424

(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 5% per annum. The loan is repayable in seven monthly instalments with a grace period of five months from the date of development of letter of credit.

(ii) The Group has fully repaid Ijara loan outstanding as at 31 December 2012 by entering into a new Ijara loan agreement with local bank financed the Company in the form of new Ijara facility with profit rate as follows in the grace period of first two years 3.75% per annum, next two years after grace period 4% per annum and the remaining period 4.5% per annum to settle the previous facilities and finance the capital requirements of the cement factory. The loan is repayable in 36 equal quarterly instalments starting after 24 months from January 2013. 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, Qatar 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 of QR. 290,134,640 repayable after initial grace period of 24 months starting from January 2013.

19. Employees' end of service benefits

	31 December 2012	31 December 2011
Balance as at 1 January	2,635,642	2,057,203
Charges for the year	1,440,926	674,129
Paid during the year	(470,129)	(95,690)
Balance as at 31 December	**3,606,439**	2,635,642

20. Notes payable

	31 December 2012	31 December 2011
Short term portion	14,277,596	15,502,665
Long term portion	3,447,209	15,503,768
	17,724,805	31,006,433

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

21. Accruals and other liabilities

	31 December 2012	31 December 2011
Dividends payable	17,362,558	9,746,702
Gas consumption	11,295,320	-
Electricity consumption	27,275,390	-
Contractors and others claims	96,637,909	-
Staff accruals	5,149,381	4,368,083
Others	17,157,408	17,322,950
	174,877,966	31,437,735

22. General and administrative expenses

	For the year ended 31 December 2012	For the year ended 31 December 2011
Staff costs	31,020,123	22,849,499
Advertisement	385,099	3,278,457
Legal claims	2,884,211	3,541,751
Fuel cost	3,214,423	1,723,595
Repairs and maintenance	3,513,208	1,493,465
Professional charges	1,307,925	963,233
Insurance	1,709,121	853,132
Registration and listing fees	986,618	852,008
Returns and allowances	-	816,537
Rent	712,883	605,748
Postage and telecommunication	390,993	470,258
Accommodation	203,049	361,388
Printing and stationery	100,833	169,552
Travel and entertainment	619,883	119,673
Utilities	727,417	117,131
Bad debt provision	2,340,287	-
Miscellaneous expenses	3,526,653	2,117,945
	53,642,726	40,333,372

23. 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 31 December 2011 has been paid to the Public Revenues and Tax Department at the Ministry of Economy and Finance.

24. Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributed to the Company shareholders for the year by the weighted average number of shares outstanding during the year.

	31 December 2012	31 December 2011
Profit for the year (QR.)	**152,259,565**	73,989,981
Weighted average number of shares	**124,326,778**	124,326,778
Basic earnings per share (QR.)	**1.22**	0.60

25. Contingent liabilities and capital commitments

	31 December 2012	31 December 2011
Letters of bank guarantees	**25,689,542**	1,995,000
Letters of credit	**12,873,267**	5,995,132
Capital commitments towards the construction of cement factory	**12,000,000**	88,453,331

26. Segment information

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, 2012 are stated below:

(a) Segment revenues and results

	Industrial	Contracting and engineering	Cement	Investment	Real estate investment	Marine and aviation	Other Segments	Elimination	Total
Revenue	-	103,961,042	385,419,581	6,892,086	-	-	1,000,550	(26,304,736)	470,968,523
Cost	-	(40,254,857)	(262,869,938)	-	-	-	-	26,580,914	(276,543,881)
Other income	-	4,079,536	2,231,515	119,534	16,190,561	5,914,117	140,739	(276,178)	28,399,824
Other expenses	(37,020)	(6,535,554)	(33,949,676)	(1,039,553)	(3,894,343)	-	(25,108,755)	-	(70,564,901)
Profit / (loss)	**(37,020)**	**61,250,167**	**90,831,482**	**5,972,067**	**12,296,218**	**5,914,117**	**(23,967,466)**	**-**	**152,259,565**

(b)Segment assets and liabilities

	Industrial	Contracting and engineering	Cement	Investment	Real estate investment	Marine and aviation	Other Segments	Elimination	Total
Current assets	43,638,053	153,217,218	1,522,174,369	921,737,947	2,298,102	9,885,529	1,155,843,476	(3,270,566,445)	538,228,249
Non-current assets	750,000	13,520,271	1,899,529,623	30,728,310	526,375,593	13,248,977	1,201,843,735	(892,800,000)	2,793,196,509
Total assets	**44,388,053**	**166,737,489**	**3,421,703,992**	**952,466,257**	**528,673,695**	**23,134,506**	**2,357,687,211**	**(4,163,366,445)**	**3,331,424,758**
Current liabilities	18,593,056	57,955,045	2,276,100,131	80,305,799	457,666,424	9,876,939	653,416,974	(3,257,223,083)	296,691,285
Non-current liabilities	-	439,217	1,014,182,129	-	16,864,788	-	676,391	(13,343,362)	1,018,819,163
Total liabilities	**18,593,056**	**58,394,262**	**3,290,282,260**	**80,305,799**	**474,531,212**	**9,876,939**	**654,093,365**	**(3,270,566,445)**	**1,315,510,448**

26. Segment information (continued)

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	Elimination	Total
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	Elimination	Total
Current assets	-	49,994,680	2,328,582,202	1,384,231	3,345,312	-	29,821,132	(2,074,444,128)	338,683,429
Non-current assets	27,639,566	157,108	1,742,482,854	4,809,052	613,571,659	11,147,791	1,210,844,692	(893,200,000)	2,717,452,722
Total assets	27,639,566	50,151,788	4,071,065,056	6,193,283	616,916,971	11,147,791	1,240,665,824	(2,967,644,128)	3,056,136,151
Current liabilities	-	8,463,134	2,174,175,715	-	17,033,260	561,970	12,327,930	(2,074,444,128)	138,117,881
Non-current liabilities	-	273,404	965,919,764	-	15,503,768	-	522,182	-	982,219,118
Total liabilities	**-**	**8,736,538**	**3,140,095,479**	**-**	**32,537,028**	**561,970**	**12,850,112**	**(2,074,444,128)**	**1,120,336,999**

27. Comparative figures

The corresponding figures presented for 2011 have been reclassified where necessary to preserve consistency with the 2012 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the comparative period.