

**Aamal Company Q.S.C.**

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**30 June 2010**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AAMAL COMPANY Q.S.C.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Aamal Company Q.S.C. (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2010, comprising of the interim consolidated statement of financial position as at 30 June 2010 and the related interim consolidated statements of comprehensive income, cash flows and changes in equity for the six month period then ended and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

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

Date: 22 July 2010  
Doha

# Aamal Company Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Notes	30 June 2010 (Unaudited) QR	31 December 2009 (Audited) QR
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	4	480,381,773	506,122,462
Accounts receivable and prepayments		372,269,716	164,473,101
Amounts due from related parties		83,693,589	38,751,875
Inventories		<u>154,679,616</u>	<u>113,669,597</u>
		<b><u>1,091,024,694</u></b>	<b><u>823,017,035</u></b>
<b>Non-current assets</b>			
Capital expenditure advances		-	5,450,478
Investment in associates	5	5,899,041	6,037,371
Goodwill	3	109,132,500	-
Investment properties	6	4,747,738,741	4,745,582,667
Properties under development	7	156,285,591	115,158,073
Property, plant and equipment	8	<u>379,686,389</u>	<u>326,606,115</u>
		<b><u>5,398,742,262</u></b>	<b><u>5,198,834,704</u></b>
<b>TOTAL ASSETS</b>		<b><u>6,489,766,956</u></b>	<b><u>6,021,851,739</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accruals		305,687,943	142,169,567
Amounts due to related parties		78,850,290	18,363,022
Interest bearing loans and borrowings	9	197,634,953	78,701,353
Bank overdrafts	4	<u>9,004,065</u>	<u>15,347,962</u>
		<b><u>591,177,251</u></b>	<b><u>254,581,904</u></b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	9	869,837,021	859,675,640
Employees' end of service benefits		<u>14,457,961</u>	<u>12,033,082</u>
		<b><u>884,294,982</u></b>	<b><u>871,708,722</u></b>
<b>Total liabilities</b>		<b><u>1,475,472,233</u></b>	<b><u>1,126,290,626</u></b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		4,500,000,000	3,795,000,000
Legal reserve		170,090,934	170,090,934
General reserve		26,365,990	26,365,990
Retained earnings		<u>231,339,445</u>	<u>837,925,319</u>
		<b><u>4,927,796,369</u></b>	<b><u>4,829,382,243</u></b>
Non-controlling interests		<u>86,498,354</u>	<u>66,178,870</u>
<b>Total equity</b>		<b><u>5,014,294,723</u></b>	<b><u>4,895,561,113</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>6,489,766,956</u></b>	<b><u>6,021,851,739</u></b>

Sheikh Faisal Bin Qassim Al-Thani  
Chairman

Tarek Mahmoud El Sayed  
Managing Director

Mohammad Ramahi  
Chief Finance Officer

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements

Aamal Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		<i>For the six months ended</i>	
		<i>30 June</i>	
		<i>2010</i>	<i>2009</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Notes</i>		<i>QR</i>	<i>QR</i>
	Revenue	<b>566,878,020</b>	353,559,033
	Direct costs	<b>(388,052,818)</b>	(201,879,915)
	<b>GROSS PROFIT</b>	<b>178,825,202</b>	151,679,118
	Other income	<b>17,620,965</b>	17,510,248
	Marketing and promotion expenses	<b>(5,970,716)</b>	(5,960,820)
	General and administration expenses	<b>(42,105,003)</b>	(33,452,111)
	Depreciation	<b>(6,495,250)</b>	(5,737,472)
	Finance costs	<b>(32,448,621)</b>	(22,323,324)
	Share of results of associates	<b>161,670</b>	383,314
	<b>PROFIT BEFORE FAIR VALUE GAINS ON INVESTMENT PROPERTIES</b>	<b>109,588,247</b>	102,098,953
	Net fair value gains on investment properties	<b>-</b>	65,671,669
	<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>109,588,247</b>	167,770,622
	Attributable to:		
	Equity holders of the parent	<b>98,414,126</b>	167,785,806
	Non-controlling interests	<b>11,174,121</b>	(15,184)
		<b>109,588,247</b>	167,770,622
	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>0.22</b>	0.37
	(attributable to equity holders of the parent)		

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements

# Aamal Company Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Notes	For the six months ended 30 June	
		2010 (Unaudited) QR	2009 (Unaudited) QR
<b>OPERATING ACTIVITIES</b>			
Profit for the period		<b>109,588,247</b>	167,770,622
Adjustments for:			
Net fair value gains on investment properties		-	(65,671,669)
Depreciation		<b>9,330,334</b>	7,861,868
Provision for employees' end of service benefits		<b>3,155,027</b>	2,122,269
Interest income		<b>(11,428,566)</b>	(16,398,528)
Profit on disposal of plant and equipment		-	(8,856)
Share of results of associates	5	<b>(161,670)</b>	(383,314)
Finance costs		<b>32,448,621</b>	22,323,324
Operating profit before working capital changes:		<b>142,931,993</b>	117,615,716
Inventories		<b>(7,637,896)</b>	(29,034,588)
Accounts receivable and prepayments		<b>(89,784,765)</b>	(63,731,461)
Accounts payable and accruals		<b>(23,617,264)</b>	43,172,089
Net movement in amounts due from and due to related parties		<b>15,545,554</b>	(56,604,345)
Cash from operations		<b>37,437,622</b>	11,417,411
Finance costs paid		<b>(32,448,621)</b>	(22,232,712)
End of service benefits paid		<b>(950,578)</b>	(417,757)
Net cash from (used in) operating activities		<b>4,038,423</b>	(11,233,058)
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		<b>(55,520,952)</b>	(69,075,698)
Additions to investment properties		<b>(2,156,074)</b>	-
Additions to properties under development		<b>(41,127,518)</b>	(15,028,724)
Acquisition of a subsidiary, net of cash acquired	3	<b>(85,076,863)</b>	-
Dividends received from associates		<b>300,000</b>	-
Proceeds from disposal of plant and equipment		<b>368,465</b>	524,340
Interest income received		<b>11,428,566</b>	16,398,528
Net cash used in investing activities		<b>(171,784,376)</b>	(67,181,554)
<b>FINANCING ACTIVITIES</b>			
Net movement in interest bearing loans and borrowings		<b>129,094,981</b>	36,136,313
Contribution from non-controlling interests		<b>20,000,000</b>	195,000
Net cash from financing activities		<b>149,094,981</b>	36,331,313
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(18,650,972)</b>	(42,083,299)
Cash and cash equivalents at 1 January		<b>490,028,680</b>	555,677,673
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	4	<b>471,377,708</b>	513,594,374

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements

# Aamal Company Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interests</i> QR	<i>Total equity</i> QR
	<i>Share capital</i> QR	<i>Legal reserve</i> QR	<i>General reserve</i> QR	<i>Retained earnings</i> QR	<i>Total</i> QR		
At 1 January 2010 (Audited)	3,795,000,000	170,090,934	26,365,990	837,925,319	4,829,382,243	66,178,870	4,895,561,113
Bonus shares issued (Note 11)	705,000,000	-	-	(705,000,000)	-	-	-
Total comprehensive income for the period	-	-	-	98,414,126	98,414,126	11,174,121	109,588,247
Contribution from non-controlling interests	-	-	-	-	-	20,000,000	20,000,000
Non-controlling interest arising on business combination (Note 3)	-	-	-	-	-	382,500	382,500
Acquisition of non-controlling interests (Note 3)	-	-	-	-	-	(11,237,137)	(11,237,137)
<b>At 30 June 2010 (Unaudited)</b>	<b>4,500,000,000</b>	<b>170,090,934</b>	<b>26,365,990</b>	<b>231,339,445</b>	<b>4,927,796,369</b>	<b>86,498,354</b>	<b>5,014,294,723</b>

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interests</i> QR	<i>Total equity</i> QR
	<i>Share capital</i> QR	<i>Legal reserve</i> QR	<i>General reserve</i> QR	<i>Retained earnings</i> QR	<i>Total</i> QR		
At 1 January 2009 (Audited)	3,795,000,000	144,780,615	26,365,990	613,364,755	4,579,511,360	66,241,685	4,645,753,045
Total comprehensive income for the period	-	-	-	167,785,806	167,785,806	(15,184)	167,770,622
Contribution from non-controlling interests	-	-	-	-	-	195,000	195,000
<b>At 30 June 2009 (Unaudited)</b>	<b>3,795,000,000</b>	<b>144,780,615</b>	<b>26,365,990</b>	<b>781,150,561</b>	<b>4,747,297,166</b>	<b>66,421,501</b>	<b>4,813,718,667</b>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements

### 1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Aamal was formed on 13 January 2001 as a private shareholding company with limited liability (W.L.L.) under the Commercial Registration Number 23245 in the State of Qatar. On 12 July 2007, the private shareholders resolved to transform Aamal into a Qatari Shareholding Company (Q.S.C.) (“the Company”). Accordingly, the Company was listed on Qatar Exchange on 5 December 2007. The Company’s registered office is at P.O. Box 22744, Doha, State of Qatar.

The Company is organised into a head office (Aamal) and branches and operates in the State of Qatar. The following table sets out the principal activities of the branches:

<b>Branch</b>	<b>Principal activities</b>
City Center Qatar Branch	Leasing the facilities of retail outlet complex in City Center Doha.
Aamal Real Estate Branch	Residential and commercial real estate investment and property rental.
Aamal Readymix Branch	Production and sale of readymix concrete.
Ebn Sina Medical Branch	Wholesale and retail distribution of pharmaceuticals and general consumable products.
Aamal Medical Branch	Wholesale distribution of medical equipment.
Aamal Trading and Distribution Branch	Sale of tyres, lubricants and equipment relating to hospitality and cleaning services.
Aamal Services Branch	Providing housekeeping and cleaning services and trading in cleaning machinery.
Aamal Travels Branch	Operating a travel agency.
Aamal for Industrial Projects Branch	Industrial investments.
Bottega Verde - Qatar	Sale of beauty care products.
Good Life Pharmacy Branch	Sale of pharmaceuticals, baby care products, medicine and general consumable products.
City Center Pharmacy Branch	Sale of pharmaceuticals and general consumable products.
Foot Care Center Branch	Sale of footwear, clinical activities and general commercial trading products.

The interim condensed consolidated financial statements comprise the financial statements of Aamal Company Q.S.C. (“the Company”) and its subsidiaries (together referred to as “the Group”).

# Aamal Company Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2010

### 1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (continued)

The principal subsidiaries of the Group are as follows:

<i>Subsidiaries</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Effective holding percentage</i>	
			<i>June 2010</i>	<i>December 2009</i>
Aamal Cement Industries W.L.L.	Qatar	Development and management of factories and the production of curb stone, interlock slabs and cement bricks.	99%	99%
IMO Qatar Company W.L.L.	Qatar	Construction and repair of power plant, establishment and management of industrial enterprises and acting as a representative for the international companies.	60%	60%
Senyar Industries Qatar Holding W.L.L.	Qatar	Management of subsidiaries and associates, owning of patents, businesses and subletting them and provision of investment portfolio management to its subsidiaries and associates. The Group has the power to govern financial and operating policies of Senyar Industries Qatar Holding W.L.L. by virtue of voting rights and accordingly, the Company was considered as a subsidiary of the Group.	50%	50%
Doha Cables Qatar W.L.L.	Qatar	Maintenance and merchandise manufacture of electric cables, equipments and tools. The Group has the power, indirectly through Senyar Industries Qatar Holding W.L.L., to govern financial and operating policies of Doha Cables Qatar W.L.L. and accordingly the Company was considered as a subsidiary of the Group.	45.5%	42.5%
Aamal Qatar Holding Co.W.L.L.	Bahrain	Holding company for a group of commercial or industrial or services companies.	99%	99%
Foot Care Centre W.L.L.	Bahrain	Import, export and sale of medical and scientific equipment and tools, leather products (including shoes and handbags) and related suppliers and spare parts.	99%	99%
Bottega Verde W.L.L.	Bahrain	Import and export and sale of cosmetics and perfumes and beauty products.	99%	99%
Aamal Qatar Medical Co. W.L.L.	Bahrain	Import, export and sale of medical and scientific equipment and tools, leather products (including shoes and handbags), cosmetics, perfumes, beauty products, food stuffs, toys, raw cotton and related suppliers and spare parts.	99%	99%
El Sewedy Cables Qatar W.L.L.	Qatar	Trading in electro-mechanical equipment and providing related services. The Group has the power, indirectly through Senyar Industries Qatar Holding W.L.L., to govern financial and operating policies of El Sewedy Cables Qatar W.L.L. Accordingly, the Company has been considered as a subsidiary of the Group.	24.5%	-

The interim condensed consolidated financial statements were authorised for issue by the management of Aamal Company Q.S.C. on behalf of the Board of Directors on 22 July 2010.



## **2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting” (“IAS 34”) and have been presented in Qatar Riyals, which is the Company’s functional currency.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2009. In addition, results for the six months ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

### **2.2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of 1 January 2010, as noted below:

#### **IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)**

The Group applied the revised standards from 1 January 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The change in accounting policy was applied prospectively.

#### **IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items**

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position or performance of the Group.

#### **IFRIC 17 Distribution of Non-cash Assets to Owners**

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position or performance of the Group.

#### **Improvements to IFRSs (issued April 2009)**

In April 2009, the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group. The most relevant improvements are discussed below:

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Improvements to IFRSs (issued April 2009) (continued)**

*IFRS 8 Operating Segment Information:* Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in Note 15.

*IAS 7 Statement of Cash Flows:* Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2010 upon cash settlement. The transaction is reflected in the Statement of Cash Flows .

*IAS 36 Impairment of Assets:* The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

**3 BUSINESS COMBINATION**

***Acquisition of El Sewedy Cables Qatar W.L.L.***

With effect from 1 January 2010, the Group acquired 24.5 % (effective) of the voting shares of El Sewedy Cables Qatar W.L.L., a limited liability company incorporated in Qatar and registered under Commercial Registration No. 32729. The Company is engaged in the activities of trading in electro – mechanical equipment and providing related services.

The provisional fair value of the identifiable assets and liabilities of El Sewedy Cables Qatar W.L.L. as at the date of acquisition was:

# Aamal Company Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2010

### 3 BUSINESS COMBINATION (continued)

#### *Acquisition of El Sewedy Cables Qatar W.L.L (continued)*

	<i>Fair value recognized on acquisition (Unaudited) QR</i>
<b>Assets</b>	
Property and equipment	1,807,643
Investment in an associate	11,238,718
Inventories	33,372,122
Accounts receivable and prepayments	117,264,450
Bank balances and cash	<u>24,679,279</u>
	<u>188,362,212</u>
<b>Liabilities</b>	
Employees' end of service benefits	220,430
Notes payable	124,819,957
Accounts payable and accruals	61,909,982
Bank overdraft	256,142
Income tax payable	<u>405,701</u>
	<u>187,612,212</u>
Total identifiable net assets	750,000
Non-controlling interest arising on business combination	(382,500)
Goodwill arising on acquisition	<u>109,132,500</u>
Purchase consideration transferred	<u><u>109,500,000</u></u>
<i>Analysis of cash flows on acquisition:</i>	
Net cash acquired with the subsidiary	24,423,137
Cash paid	<u>(109,500,000)</u>
	<u><u>(85,076,863)</u></u>

From the date of acquisition, El Sewedy Cables Qatar W.L.L. has contributed QR 12,961,767 to the net profit and QR 182,794,521 to the revenues of the Group.

The initial accounting for the above acquisition is only provisional at the period end as the fair value to be assigned to the acquiree's identifiable assets and liabilities could be determined only provisionally. The Group will recognize any adjustment to those provisional values as a result of completing the initial accounting as soon as possible, but within twelve months of the date of the acquisition, with effect from the acquisition date.

#### *Non-controlling interest in Doha Cables Qatar W.L.L.*

As a result of acquisition of El Sewedy Cables Qatar W.L.L., the Group's effective interest in Doha Cables Qatar W.L.L. increased to 45.5%, resulting in an adjustment to non-controlling interests at the date of acquisition amounting to QR 11,237,137.

**4 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the interim consolidated statement of cash flows include the following balances:

	<i>For the six months ended</i>	
	<i>30 June</i>	
	<i>2010</i>	<i>2009</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR</i>	<i>QR</i>
Cash and bank balances	<b>480,381,773</b>	513,939,796
Bank overdrafts	<b>(9,004,065)</b>	(345,422)
	<b>471,377,708</b>	<b>513,594,374</b>

**5 INVESTMENT IN ASSOCIATES**

The Group has the following investment in associate companies:

	<i>Country of incorporation</i>	<i>Ownership interest</i>	
		<i>30 June 2010</i>	<i>31 December 2009</i>
Ci – San Trading W.L.L.	Qatar	50%	50%
Advanced Pipes Company W.L.L.	Qatar	35%	35%
Frijns Steel Constructions Middle East W.L.L.	Qatar	20%	20%
Al Farazdaq W.L.L.	Qatar	35%	35%

The following table illustrates the summarised financial information of the Group's investment in associates.

	<i>30 June 2010</i>	<i>31 December 2009</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR</i>	<i>QR</i>
Share of associates' statement of financial position:		
Current assets	<b>6,334,659</b>	8,186,969
Non-current assets	<b>2,884,173</b>	1,242,894
Current liabilities	<b>(3,319,791)</b>	(3,361,919)
Non-current liabilities	<b>-</b>	(30,573)
Equity	<b>5,899,041</b>	<b>6,037,371</b>
Carrying value of the investment	<b>5,899,041</b>	<b>6,037,371</b>
	<i>For the six months ended</i>	
	<i>30 June</i>	
	<i>2010</i>	<i>2009</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR</i>	<i>QR</i>
Share of associates' revenues and results:		
Revenues	<b>1,810,962</b>	383,450
Results	<b>161,670</b>	383,314

# Aamal Company Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2010

### 6 INVESTMENT PROPERTIES

	<i>Land</i>	<i>Buildings</i>	<i>30 June 2010 (Unaudited) Total QR</i>	<i>31 December 2009 (Audited) Total QR</i>
	<i>QR</i>	<i>QR</i>		
At the beginning of the period/year	3,011,593,325	1,733,989,342	<b>4,745,582,667</b>	4,737,941,729
Additions during the period/year	-	2,156,074	<b>2,156,074</b>	1,668,694
Transferred to properties under development	-	-	-	(62,545,500)
Net fair value gain from fair valuations	-	-	-	68,517,744
At the end of the period/year	<u>3,011,593,325</u>	<u>1,736,145,416</u>	<u><b>4,747,738,741</b></u>	<u>4,745,582,667</u>

#### Notes:

- (i) Investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent valuer as at 31 March 2010 and 31 December 2009 for the current and previous periods respectively. The valuations were performed by an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued. In arriving at the estimates of market values, the valuer has used his market knowledge and professional judgement and not only relied on historical transactional comparables.
- (ii) Investment properties are located in the State of Qatar.
- (iii) Included in investment properties are certain properties with a fair value of QR 4,368,655,617 at 30 June 2010 (31 December 2009: QR 4,368,655,617) held in the name of the Chairman. These properties have been pledged for a term loan obtained from a bank for and on behalf of the Group. These properties' title deed will be transferred to the Group upon settlement of the said term loan and release of pledge. The interim condensed consolidated financial statements have been prepared on the basis that the beneficial interest of these assets resides with the Group.

### 7 PROPERTIES UNDER DEVELOPMENT

	<i>Land</i>	<i>Capital work in progress</i>	<i>30 June 2010 (Unaudited) Total QR</i>	<i>31 December 2009 (Audited) Total QR</i>
	<i>QR</i>	<i>QR</i>		
Balance at the beginning of the period/year	62,545,500	52,612,573	<b>115,158,073</b>	-
Transferred from investment properties	-	-	-	62,545,500
Additions during the period/year	-	41,127,518	<b>41,127,518</b>	52,612,573
Balance at the end of the period/year	<u>62,545,500</u>	<u>93,740,091</u>	<u><b>156,285,591</b></u>	<u>115,158,073</u>

**8 PROPERTY, PLANT AND EQUIPMENT**

	<i>30 June 2010 (Unaudited) QR</i>	<i>31 December 2009 (Audited) QR</i>
Cost:		
Balance at the beginning of the period/year	<b>402,986,350</b>	165,568,240
Additions during the period/year	<b>62,157,485</b>	238,026,187
Acquisition of a subsidiary (Note 3)	<b>2,753,571</b>	-
Disposals during the period/year	<b>(888,047)</b>	(608,077)
Transfers	<b>(1,186,055)</b>	-
	<b>465,823,304</b>	402,986,350
Accumulated depreciation:		
Balance at the beginning of the period/year	<b>76,380,235</b>	64,264,153
Depreciation for the period/year	<b>9,330,334</b>	12,627,835
Acquisition of a subsidiary (Note 3)	<b>945,928</b>	-
Relating to disposals during the period/year	<b>(519,582)</b>	(511,753)
	<b>86,136,915</b>	76,380,235
Net carrying amount at the end of the period/year	<b>379,686,389</b>	326,606,115

**9 INTEREST BEARING LOANS AND BORROWINGS**

	<i>30 June 2010 (Unaudited) QR</i>	<i>31 December 2009 (Audited) QR</i>
Term loans	<b>1,068,010,761</b>	938,990,145
Less: Deferred financing costs	<b>(538,787)</b>	(613,152)
	<b>1,067,471,974</b>	938,376,993

Presented in the consolidated statement of financial position as follows:

Current portion	<b>197,634,953</b>	78,701,353
Non-current portion	<b>869,837,021</b>	859,675,640
	<b>1,067,471,974</b>	938,376,993

The long term loans include an Islamic Financing Arrangement by surrendering a property registered in the name of the Chairman, whose beneficiary owner is the Group (Note 6). The said property's title deed will be released by the Bank upon full settlement of the loan. The Group has provided an undertaking to pay the interest and principal repayments on a timely basis as and when they fall due. As a result, the loan liability and associated financing costs have been reflected in the consolidated financial statements of the Group. The loan was drawn down on 27 September 2006, and is repayable in 20 semi-annual installments of QR 30,840,132 with effect from 27 March 2007.

The term loans also include a banking facility obtained by the Group amounting to QR 23,487,042 by way of discounting invoices receivable from customers. The facility is repayable within 180 days from the discounting date.

**10 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. During the period, the Group issued and capitalized bonus shares and accordingly, the previously reported earnings per share have been restated.

There were no potentially diluted shares outstanding at any time during the period and therefore, the diluted earnings per share is equal to the basic earnings per share.

	<i>For the six months ended</i>	
	<i>30 June</i>	
	<i>2010</i>	<i>2009</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period attributable to equity holders of the parent (QR)	<u><b>98,414,126</b></u>	<u>167,785,806</u>
Weighted average number of shares outstanding during the period	<u><b>450,000,000</b></u>	<u>450,000,000</u>
<b>Basic and diluted earnings per share (QR)</b>	<u><b>0.22</b></u>	<u>0.37</u>

**11 BONUS SHARES**

During the six months ended 30 June 2010, the Group issued 18,577 shares for every 100,000 shares held as of 31 December 2009, amounting to QR 705,000,000, using retained earnings as of 31 December 2009.

**12 COMMITMENTS**

	<i>30 June</i>	<i>31 December</i>
	<i>2010</i>	<i>2009</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>QR</i>	<i>QR</i>
Estimated capital expenditure budgeted and approved for at the reporting date but not provided for:		
Investment properties	<b>7,976,072</b>	43,668,079
Property, plant and equipment	<u><b>17,796,238</b></u>	<u>42,017,641</u>
	<u><b>25,772,310</b></u>	<u>85,685,720</u>
Operating lease commitments:		
Payable within one year	<b>10,639,272</b>	2,193,615
Payable after one year but not more than 5 years	<u><b>46,819,515</b></u>	<u>92,235</u>
	<u><b>57,458,787</b></u>	<u>2,285,850</u>

### 13 CONTINGENT LIABILITIES

The Group had the following contingent liabilities from which it is anticipated that no material liabilities will arise.

	<i>30 June 2010 (Unaudited) QR</i>	<i>31 December 2009 (Audited) QR</i>
Letters of guarantee	<u>140,441,392</u>	<u>100,805,210</u>
Letters of credit	<u>31,684,361</u>	<u>14,686,373</u>

### 14 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions with related parties included in the interim condensed consolidated financial statements are as follows:

	<i>For the six months ended 30 June</i>	
	<i>2010 (Unaudited)</i>	<i>2009 (Unaudited)</i>
Sale of goods	<u>17,801,338</u>	<u>5,325,275</u>
Rental income	<u>1,449,098</u>	<u>1,090,779</u>
Purchase of goods and services	<u>133,111,625</u>	<u>20,574,074</u>
Interest expenses	<u>13,326,694</u>	<u>-</u>
Interest income	<u>942,521</u>	<u>-</u>

#### Compensation of key management personnel

The remuneration of key management during the period was as follows:

	<i>For the six months ended 30 June</i>	
	<i>2010 (Unaudited)</i>	<i>2009 (Unaudited)</i>
Short-term benefits	<u>3,057,572</u>	<u>2,447,947</u>
Employees' end of service benefits	<u>281,684</u>	<u>448,743</u>
	<u>3,339,256</u>	<u>2,896,690</u>

The Group did not record any impairment of receivables relating to amounts due from related parties in either period. This assessment is undertaken at each reporting period end through examining the financial position of the related party and the market in which the related party operates.

#### Parent

The Group's ultimate parent is Al Faisal Holding Company W.L.L.



## 15 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their nature of activities and has four reportable segments and the Head Office as follows:

*Property management and development:*

The segment consists of City Center Qatar Branch and Aamal Real Estate Branch, which are involved in leasing the facilities of retail outlet complex, real estate investments and property rental businesses.

*Trading and distribution:*

The segment represents wholesale and/or retail distribution of pharmaceutical and consumable items, medical equipment, tyres and lubricants, perfumes and cosmetic items. The segment includes the following entities:

- Ebn Sina Medical Branch
- Aamal Medical Branch
- Aamal Trading and Distribution Branch
- Bottega Verde – Qatar Branch
- Foot Care Center Branch
- Good Life Pharmacy Branch
- City Center Pharmacy Branch
- Aamal Qatar Holding Co. W.L.L. (Bahrain)
- Foot Care Center W.L.L. (Bahrain)
- Bottega Verde W.L.L. (Bahrain)
- Aamal Qatar Medical Co. W.L.L. (Bahrain)

*Industrial manufacturing:*

The segment represents manufacture, wholesale and/or retail distribution of electric cables and tools, readymix concrete and cement blocks and provision of services in relation to industrial investment, repair and construction of power plants and management of industrial enterprises. The segment includes the following entities:

- Aamal Cement Industries W.L.L.
- Aamal Readymix Branch
- IMO Qatar Company W.L.L.
- Doha Cables Qatar W.L.L.
- Senyar Industries Qatar Holding W.L.L.
- El Sewedy Cables Qatar W.L.L.

*Managed services:*

The segment involves provision of housekeeping and cleaning services and acting as travel agents. The segment includes the following entities:

- Aamal Service Branch
- Aamal Travels Branch

*Head Office:*

It provides corporate services to the branches and subsidiaries of the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of these segments. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2010

## 15 SEGMENT INFORMATION (continued)

## Operating segments:

The performance of the operating segments is presented as follows:

	<i>Six months ended 30 June 2010</i> <i>(Unaudited)</i>						
	<i>Property management and development QR</i>	<i>Trading and distribution QR</i>	<i>Industrial manufacturing QR</i>	<i>Managed services QR</i>	<i>Head Office QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
<b>Revenues</b>							
- External parties	98,855,026	222,937,575	227,329,366	17,756,053	-	-	566,878,020
- Inter segments	461,399	3,355,950	4,316,784	-	-	(8,134,133)	-
<b>Total revenue</b>	<b>99,316,425</b>	<b>226,293,525</b>	<b>231,646,150</b>	<b>17,756,053</b>	<b>-</b>	<b>(8,134,133)</b>	<b>566,878,020</b>
<b>Operating results</b>	<b>73,522,757</b>	<b>30,982,925</b>	<b>18,177,660</b>	<b>4,404,776</b>	<b>(17,499,871)</b>	<b>-</b>	<b>109,588,247</b>
Fair value gains	-	-	-	-	-	-	-
<b>Profit (loss) for the period</b>	<b>73,522,757</b>	<b>30,982,925</b>	<b>18,177,660</b>	<b>4,404,776</b>	<b>(17,499,871)</b>	<b>-</b>	<b>109,588,247</b>
<b>Depreciation</b>	<b>355,948</b>	<b>1,611,084</b>	<b>6,784,023</b>	<b>517,450</b>	<b>61,829</b>	<b>-</b>	<b>9,330,334</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2010

## 15 SEGMENT INFORMATION (continued)

## Operating segments (continued):

Six months ended 30 June 2009  
(Unaudited)

	<i>Property management and development QR</i>	<i>Trading and distribution QR</i>	<i>Industrial manufacturing QR</i>	<i>Managed services QR</i>	<i>Head Office QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
Revenues							
- External parties	87,143,362	179,278,777	76,477,453	10,659,441	-	-	353,559,033
- Inter segments	484,888	2,846,508	1,221,868	2,148,936	-	(6,702,200)	-
Total revenue	<u>87,628,250</u>	<u>182,125,285</u>	<u>77,699,321</u>	<u>12,808,377</u>	<u>-</u>	<u>(6,702,200)</u>	<u>353,559,033</u>
Operating results	61,257,217	26,372,558	15,386,692	3,705,804	(4,623,318)	-	102,098,953
Fair value gains	<u>65,671,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,671,669</u>
Profit (loss) for the period	<u>126,928,886</u>	<u>26,372,558</u>	<u>15,386,692</u>	<u>3,705,804</u>	<u>(4,623,318)</u>	<u>-</u>	<u>167,770,622</u>
Depreciation	<u>247,612</u>	<u>3,036,594</u>	<u>4,189,075</u>	<u>333,428</u>	<u>55,159</u>	<u>-</u>	<u>7,861,868</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2010

## 15 SEGMENT INFORMATION (continued)

## Operating segments (continued):

The following table presents the segment assets and liabilities:

<i>At 30 June 2010 (Unaudited)</i>	<i>Property management and development QR</i>	<i>Trading and distribution QR</i>	<i>Industrial manufacturing QR</i>	<i>Managed services QR</i>	<i>Head Office QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
Current assets	536,166,904	264,703,183	343,850,430	30,844,957	91,355,600	(175,896,380)	1,091,024,694
Non-current assets	4,752,673,138	13,561,609	469,780,186	3,298,435	159,428,894	-	5,398,742,262
<b>Total assets</b>	<b>5,288,840,042</b>	<b>278,264,792</b>	<b>813,630,616</b>	<b>34,143,392</b>	<b>250,784,494</b>	<b>(175,896,380)</b>	<b>6,489,766,956</b>
Current liabilities	74,996,108	149,068,829	368,423,110	8,814,001	165,796,236	(175,921,033)	591,177,251
Non-current liabilities	255,214,410	7,294,596	144,621,850	1,744,042	475,420,084	-	884,294,982
<b>Total liabilities</b>	<b>330,210,518</b>	<b>156,363,425</b>	<b>513,044,960</b>	<b>10,558,043</b>	<b>641,216,320</b>	<b>(175,921,033)</b>	<b>1,475,472,233</b>
Capital expenditure <sup>(ii)</sup>	5,426,237	8,592,858	52,773,943	549,736	38,098,303	-	105,441,077

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2010

15 SEGMENT INFORMATION (continued)

Operating segments (continued):

<i>At 31 December 2009 (Audited)</i>	<i>Property management and development QR</i>	<i>Trading and distribution QR</i>	<i>Industrial manufacturing QR</i>	<i>Managed services QR</i>	<i>Head Office QR</i>	<i>Eliminations QR</i>	<i>Total QR</i>
Current assets	481,773,810	223,149,445	112,251,081	23,398,076	52,034,650	(69,590,027)	823,017,035
Non current assets	4,747,602,862	7,771,306	318,793,880	3,266,149	121,400,507	-	5,198,834,704
Total assets	5,229,376,672	230,920,751	431,044,961	26,664,225	173,435,157	(69,590,027)	6,021,851,739
Current liabilities	74,352,154	95,718,208	84,319,457	5,703,975	64,102,408	(69,614,298)	254,581,904
Non current liabilities	269,917,751	6,354,776	123,281,206	1,399,738	470,755,251	-	871,708,722
Total liabilities	344,269,905	102,072,984	207,600,663	7,103,713	534,857,659	(69,614,298)	1,126,290,626
Capital expenditure	4,059,080	3,072,975	230,791,086	1,711,513	52,672,800	-	292,307,454

Notes:

- (i) Inter-segment revenues are eliminated on consolidation.
- (ii) Capital expenditure consists of additions to property, plant and equipment, investment properties and properties under development.