Aamal Company Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2009

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AAMAL COMPANY Q.S.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Aamal Company 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 2009 and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position.

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

Date: ………………..
Doha

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Notes	*2009* *QR*	*2008* *QR*
ASSETS			
Current assets			
Cash and bank balances	4	**506,122,462**	561,623,552
Accounts receivable and prepayments	5	**164,473,101**	157,404,159
Amounts due from related parties	6	**38,751,875**	6,189,946
Inventories	7	**113,669,597**	56,927,136
		823,017,035	782,144,793
Non-current assets			
Capital expenditure advances	8	**5,450,478**	34,342,286
Investment in associates	9	**6,037,371**	5,110,000
Investment properties	10	**4,745,582,667**	4,737,941,729
Properties under development	11	**115,158,073**	-
Property, plant and equipment	12	**326,606,115**	101,304,087
		5,198,834,704	4,878,698,102
TOTAL ASSETS		**6,021,851,739**	5,660,842,895
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accruals	13	**142,169,567**	113,744,754
Amounts due to related parties	14	**18,363,022**	45,548,659
Interest bearing loans and borrowings	15	**78,701,353**	73,186,050
Bank overdrafts	4	**15,347,962**	5,945,879
		254,581,904	238,425,342
Non-current liabilities			
Interest bearing loans and borrowings	15	**859,675,640**	766,949,356
Employees' end of service benefits	16	**12,033,082**	9,715,152
		871,708,722	776,664,508
Total liabilities		**1,126,290,626**	1,015,089,850
EQUITY			
Share capital	17	**3,795,000,000**	3,795,000,000
Legal reserve	18	**170,090,934**	144,780,615
General reserve	18	**26,365,990**	26,365,990
Retained earnings		**837,925,319**	613,364,755
Equity attributable to equity holders of the parent		**4,829,382,243**	4,579,511,360
Non-controlling interests		**66,178,870**	66,241,685
Total equity		**4,895,561,113**	4,645,753,045
TOTAL LIABILITIES AND EQUITY		**6,021,851,739**	5,660,842,895

Sheikh Faisal Bin Qassim Al-Thani	Tarek Mahmoud El Sayed	Mohammad Ramahi
Chairman	*Vice Chairman*	*Chief Financial Officer*

The attached notes 1 to 32 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 December 2009

	Notes	*2009* *QR*	*2008* *QR*
Revenues	19	**705,219,507**	650,961,835
Direct costs	20	**(419,116,978)**	(403,232,904)
GROSS PROFIT		**286,102,529**	247,728,931
Other income	21	**36,649,895**	46,564,386
Marketing and promotion expenses		**(11,799,709)**	(11,286,387)
General and administrative expenses	22	**(72,229,151)**	(66,761,503)
Depreciation		**(4,337,735)**	(3,518,632)
Finance costs	23	**(54,149,810)**	(59,671,215)
Share of profit of associates	9	**857,371**	-
PROFIT BEFORE FAIR VALUE GAINS ON INVESTMENT PROPERTIES		**181,093,390**	153,055,580
Net fair value gains on investment properties	10	**68,517,744**	472,146,563
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**249,611,134**	625,202,143
Attributable to:			
Equity holders of the parent		**249,870,883**	623,764,471
Non-controlling interests		**(259,749)**	1,437,672
		249,611,134	625,202,143
Basic and diluted earnings per share (QR) (attributable to equity holders of the parent)	24	**0.66**	1.64

The attached notes 1 to 32 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended 31 December 2009

	Notes	*2009* *QR*	*2008* *QR*
OPERATING ACTIVITIES			
Profit for the year		**249,611,134**	625,202,143
Adjustment for:			
Net fair value gains on investment properties	10	**(68,517,744)**	(472,146,563)
Depreciation	12	**12,627,835**	11,379,310
Provision for employees' end of service benefits	16	**3,015,553**	3,100,866
Profit on disposal of plant and equipment	21	**(43,139)**	(247,213)
Interest income	21	**(32,033,461)**	(43,111,421)
Finance costs	23	**53,968,587**	59,671,215
Share of profit of associates	9	**(857,371)**	-
Operating profit before working capital changes:		**217,771,394**	183,848,337
Inventories		**(56,742,461)**	(22,025,332)
Accounts receivable and prepayments		**(7,068,942)**	(30,023,393)
Accounts payable and accruals		**28,424,813**	(11,874,284)
Net movement in amounts due from and due to related parties		**(59,747,566)**	25,883,471
Cash from operations		**122,637,238**	145,808,799
Finance costs paid	23	**(54,149,810)**	(55,560,652)
End of service benefits paid	16	**(697,623)**	(746,662)
Net cash from operating activities		**67,789,805**	89,501,485
INVESTING ACTIVITIES			
Movement in bank deposits blocked as collateral	4	**7,339,180**	401,915,000
Proceeds from loan to a related party		**-**	246,413,061
Capital expenditure advances		**-**	(34,342,286)
Investment in associates		**(70,000)**	(5,110,000)
Additions to investment properties	10	**(1,668,694)**	(1,689,498)
Additions to properties under development	11	**(52,612,573)**	-
Additions to property, plant and equipment net of capital expenditure advances released		**(209,134,379)**	(13,739,744)
Proceeds from disposal of plant and equipment		**139,463**	704,658
Interest income received	21	**32,033,461**	43,111,421
Net cash (used in) from investing activities		**(223,973,542)**	637,262,612
FINANCING ACTIVITIES			
Proceeds from interest bearing loans and borrowings		**184,550,452**	486,512,411
Repayment of interest bearing loans and borrowings		**(86,127,642)**	(939,264,885)
Dividend paid		**-**	(345,000,000)
Non-controlling interests contributions		**196,934**	13,500,000
Equity contribution		**-**	26,365,990
Net cash (used in) from financing activities		**98,619,744**	(757,886,484)
DECREASE IN CASH AND CASH EQUIVALENTS		**(57,563,993)**	(31,122,387)
Cash and cash equivalents at I January		**547,592,673**	578,715,060
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	4	**490,028,680**	547,592,673

The attached notes 1 to 32 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2009

	Attributable to equity holders of the parent						
	Share capital QR	*Legal reserve QR*	*General reserve QR*	*Retained earnings QR*	*Total QR*	*Non-controlling interests QR*	*Total equity QR*
Balance at 1 January 2008	3,450,000,000	82,597,225	-	741,783,674	4,274,380,899	51,304,013	4,325,684,912
Profit and total comprehensive income for the year 2008	-	-	-	623,764,471	623,764,471	1,437,672	625,202,143
Dividend paid (Note 28)				(345,000,000)	(345,000,000)	-	(345,000,000)
Issue of bonus shares (Note 28)	345,000,000	-	-	(345,000,000)	-	-	-
Contributions	-	-	26,365,990	-	26,365,990	13,500,000	39,865,990
Transfer to legal reserve	-	62,183,390	-	(62,183,390)	-	-	-
Balance at 31 December 2008	3,795,000,000	144,780,615	26,365,990	613,364,755	4,579,511,360	66,241,685	4,645,753,045
Profit and total comprehensive income for the year 2009	-	-	-	249,870,883	249,870,883	(259,749)	249,611,134
Contributions	-	-	-	-	-	196,934	196,934
Transfer to legal reserve	-	25,310,319	-	(25,310,319)	-	-	-
Balance at 31 December 2009	**3,795,000,000**	**170,090,934**	**26,365,990**	**837,925,319**	**4,829,382,243**	**66,178,870**	**4,895,561,113**

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 the Company into a Qatari Shareholding Company Q.S.C. (the "Company"). Accordingly, the Company was listed on Qatar Exchange (successor of Doha Securities Market) on 5 December 2007. The Company's registered office is at P.O. Box 22744, Doha, State of Qatar.

Aamal 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:

Branch	**Principal activities**
City Center Qatar Branch	Leasing the facilities of the retail outlets 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 industries.
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 consolidated financial statements were authorised for issue by the management representatives of Aamal Company Q.S.C. on behalf of Board of Directors on …………….

2 BASIS OF CONSOLIDATION

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

Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date of control was lost. The financial statements of subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

2 BASIS OF CONSOLIDATION (continued)

Subsidiaries (continued)
The principal subsidiaries of the Group incorporated in the consolidated financial statements are as follows:

Company name	*Country of incorporation*	*Principal activity*	*Effective holding percentage*	
			2009	*2008*
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.	42.5%	42.5%
Aamal Qatar Holding Co.W.L.L.	Bahrain	Holding company for a group of commercial or industrial or services companies.	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%	-
Bottega Verde W.L.L.	Bahrain	Import and export and sale of cosmetics and perfumes and beauty products.	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%	-

2 BASIS OF CONSOLIDATION (continued)

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

Non-controlling interest
Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Losses applicable to the Non-controlling in excess of their interests are allocated against the interest of the Group to the extent that the Non-controlling has a binding obligation and is able to make an additional investment to cover losses.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the Qatar Commercial Companies' Law No. 5 of 2002.

The consolidated financial statements have been presented in Qatari Riyals, which is the Company's functional currency.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investment properties.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in current year are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2008, except for the adoption of new and amended standards and interpretations as of 1 January 2009 as noted below:

IFRS 8 Operating Segments
IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The new IFRS requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, in order to allocate resources to the segment and assess its performance. Accordingly the Group changed its operating segments reported in the consolidated financial statements. The comparative information was changed accordingly. IFRS 8 disclosures are shown in Note 29.

IAS 1 – Presentation of financial statements (Revised)
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present a single statement. Adoption of the revise standard did not have any effect on the financial performance or position of the Group.

IFRS 7 Financial Instruments: Disclosures
The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. Adoption of this standard did not have any impact to the disclosures of fair values of financial instruments of the Group for the year ended 31 December 2009.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IAS 23 Borrowing Costs (Revised)
The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group's previous policy was to capitalize borrowing costs on qualifying assets. It has continued to capitalise borrowing costs directly attributable to property and plant under construction. As such the revised standard has no impact on these consolidated financial statements.

IAS 40 Investment property (Amended)
IAS 40 has been amended to bring within its scope investment property under construction. Consequently, such property is measured at fair value when completed investment properties are measured at fair value. However, the Group expects that the fair value of the investment property under construction is not reliability determinable on a continuous basis, but the fair value of the property to be reliably determinable when construction is completed. As a result, the Group adopted the policy to measure the investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Adoption of this amendment did not have any impact on the financial statements of the Group.

IFRIC 15 Agreements for the construction of real estate
IFRIC 15 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. Since the Group did not have any agreements for sale of a real estate until before the construction of real estate is completed, adoption of this interpretation did not have any impact on the financial position or performance of the Group.

Improvements to IFRSs
In may 2008, the IASB issued 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 adopting of these amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

The following amendments and interpretations became effective in 2009, but were no relevant to the Group's operations:

Standard/interpretation	Content
IFRIC 16	Hedges of net investment in a foreign operations.
IFRIC 9 and IAS 39	Embedded derivatives.
IAS 32 and IAS 1(Amendment)	Puttable financial instruments and obligations arising on liquidation.
IFRS 2	Share based payments.
IFRIC 13	Customer loyalty programmes.

Standards, amendments and interpretations issued, but not adopted

Standard/interpretation	Content	Effective date
IFRS 1 and IAS 27	Cost of an investment in a subsidiary, jointly controlled entity or associate	1 July 2009
IFRS 3	Business combinations	1 July 2009
IAS 24	Related party disclosures (revised)	1 January 2011
IAS 27	Consolidation and separate financial statements	1 July 2009
IAS 39	Financial instruments: Recognition and measurement- eligible hedged items	1 July 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009
IFRS 9	Financial instruments part1: Classification and measurements	1 January 2013

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and bank balances, short term bank deposits with an original maturity of three months or less, except any bank deposits used as collateral for loans or guarantees, net of outstanding bank overdrafts.

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

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

Goods for resale	-	Cost of direct materials and labour plus attributable overheads based on a normal level of activity.
Raw material and spare parts	-	Purchase cost on a weighted average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and disclosure this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognises the amount in the consolidated statement of comprehensive income.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in such associate.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties
Land and buildings are considered as investment properties only when they are being held to earn rentals or for capital appreciation or for both.

Investment properties are measured initially at cost, including transaction costs and borrowing costs that are directly attributable to construction of the asset. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the statement of financial position date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of comprehensive income in the year of retirement or disposal.

Property under construction is dealt with under IAS 16 and recorded at cost less accumulated impairment losses until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). During such time, it is reclassified as investment property and a fair value adjustment is recognised in the consolidated statement of comprehensive income.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the difference between the carrying value and the fair value at the date of transfer is recognised as a revaluation reserve in the equity and is released to the consolidated statement of comprehensive income upon disposal of such property.

Property, plant and equipment
Property, plant and equipment is stated at cost including borrowing costs that are eligible for capitalisation and excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value.

Depreciation is provided on a straight-line basis on all property, plant and equipment. The rates of depreciation are based upon the following estimated useful lives:

Buildings and improvements	2-8 years
Truck mixers and motor vehicles	3-8 years
Plant and machinery	2-8 years
Furniture, fixtures and office equipment	3-5 years
Computers and related software	3-5 years
Capital work in progress	Not depreciated

The carrying amounts are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year they incur. Borrowing costs consist the interest and other costs that the Group incurs in connection with the borrowing of funds.

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

Interest bearing loans and borrowings
Interest bearing loans and borrowings are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest method, with any differences between the cost and final settlement values being recognized in the consolidated statement of comprehensive income over the period of borrowings. Instalments due within one year at amortised cost are shown as a current liability.

Gains or losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised. Interest relating to interest bearing loans and borrowings is expensed in the year in which it incurs except those qualify for capitalisation.

Tenant deposits
Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of rental income and recognised on a straight line basis over the lease term.

Derecognition of financial assets and liabilities

a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Provisions
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits
The Group provides end of service benefits to all employees in accordance with employment contracts and Qatar Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates and duty. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Sales are recognised when significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rental income
Rental income from investment properties is accounted for on a time proportion over the period of tenancy. Incentives for leases to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such basis. Premiums received to terminate leases are recognised in the consolidated statement of comprehensive income when they arise. Income arising from expenses recharged to tenants is recognised in the year in which the expenses can be contractually received. Service charges and other such receipts are included gross of the related costs in revenues as the Group acts as principal in this regard. Premium received to terminate leases are recognised in the consolidated statement of comprehensive income when they arise.

Service income
Service income is recognized when the service is rendered and the outcome of the transactions can be estimated reliably.

Commission
Commission is accounted for on an accrual basis, when the right to receive the income is established.

Income on travel agencies
Income on travel agencies is accounted for in the year in which the airline tickets are sold.

Interest income
Interest income is recognised as the interest accrues using the effective interest rate method.

3 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

Use of estimates
The preparation of Group's financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future.

Fair values
The fair value of investment properties is based on valuations carried out by external, independent evaluators.

The fair value of interest bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

4 CASH AND CASH EQUIVALENTS

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise the following balances:

	2009 ***QR***	*2008* *QR*
Cash and bank balances	**47,088,786**	61,903,309
Short term bank deposits	**459,033,676**	499,720,243
	506,122,462	561,623,552
Bank overdrafts	**(15,347,962)**	(5,945,879)
	490,774,500	555,677,673
Less: Deposits blocked for lien over letter of guarantees	**(745,820)**	(8,085,000)
Cash and cash equivalents	**490,028,680**	547,592,673

The short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

5 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2009	*2008*
	QR	*QR*
Trade accounts receivable	**140,945,293**	136,939,282
Advances to suppliers and prepayments	**15,787,173**	10,452,348
Other receivables	**7,740,635**	10,012,529
	164,473,101	157,404,159

As at 31 December 2009, the nominal amount of trade accounts receivable amounting to QR 10,615,992 (2008: QR 10,958,487) were impaired.

Movements in the allowance for impairment of trade accounts receivable were as follows:

	2009	*2008*
	QR	*QR*
At 1 January	**9,699,101**	9,447,890
Charge for the year (Note 22)	**837,284**	920,526
Amounts written off	**(927,887)**	(579,242)
Unused amounts reversed	**(567,992)**	(90,073)
At 31 December	**9,040,506**	9,699,101

As at 31 December 2009, the ageing of unimpaired trade accounts receivable was as follows:

			Past due but not impaired				
	Total	*Neither past due nor impaired*	*< 30 days*	*30-60 Days*	*61-90 Days*	*91-120 days*	*> 120 days*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*
2009	**139,369,807**	**80,502,480**	**27,723,590**	**10,513,769**	**5,291,988**	**2,115,188**	**13,222,792**
2008	135,679,896	78,900,617	16,016,213	5,537,283	3,707,224	3,146,602	28,371,957

6 AMOUNTS DUE FROM RELATED PARTIES

	2009 *QR*	*2008* *QR*
Al Faisal Holding Company W.L.L.	**23,005,886**	-
Derwind Trading and Contracting Company W.L.L.	**9,363,345**	-
Habtoor Gettco Engineerirng Company W.L.L. – Gettco Contracting Branch	**1,532,650**	-
Aamal Advanced Pipes Company W.L.L.	**925,156**	-
Gettco International	**794,508**	861,136
Bader Pharmacy	**662,530**	349,609
Al Jawhara Pharmacy	**665,824**	405,704
Al-Rayyan Tourism & Investment Company W.L.L.	**449,391**	914,589
Maintenance Management Group Qatar W.L.L.	**171,544**	126,635
Gulf English School	**147,527**	113,515
Intergroup W.L.L.	**98,370**	36,330
Qatar Bahrain Cinema Company W.L.L.	**82,562**	68,040
Al Farman for Investment & International Trading Company W.L.L.	**80,695**	27,900
Al Jazi Real Estate Investment Company W.L.L.- Al Jazi Real Estate Branch	**46,600**	-
Diwan Al Emara	**37,690**	1,330
Ecco Gulf W.L.L.	**37,600**	-
Deliopolis W.L.L.	**17,460**	-
Al Shaab Group of Companies	**17,197**	46,250
Dyarco International Trading Company W.L.L.	**16,740**	32,620
Stenden University (formerly known as CHN University Qatar)	**14,000**	28,000
Family Entertainment Center Company W.L.L.	**10,000**	-
Al-Arabia Land Transporting Company W.L.L.	**7,160**	1,331,528
Other related parties	**567,440**	1,634,372
Rydges Plaza Doha	**-**	150,520
City Pharmacy	**-**	61,868
	38,751,875	6,189,946

Notes:

(i) Related parties included above are entities and companies of which the ultimate parent is the principal owner.

(ii) Transactions with related parties are carried out through open account and Directors do not consider any receivables to be past due or impaired.

(iii) Related party transactions are disclosed in Note 27.

7 INVENTORIES

	2009	*2008*
	QR	*QR*
Goods for resale	**76,176,530**	46,949,377
Raw materials and spare parts	**20,675,256**	3,047,278
Goods in transit	**17,140,990**	8,841,786
Work in progress	**2,197,508**	-
	116,190,284	58,838,441
Less: Provision for obsolete and slow moving inventories	**(2,520,687)**	(1,911,305)
	113,669,597	56,927,136

Movements in the provision for obsolete and slow moving inventories were as follows:

	2009	*2008*
	QR	*QR*
At 1 January	**1,911,305**	1,850,774
Charge for the year (Note 22)	**742,486**	108,534
Amounts written off	**(133,104)**	(48,003)
At 31 December	**2,520,687**	1,911,305

8 CAPITAL EXPENDITURE ADVANCES

	2009	*2008*
	QR	*QR*
Stranding and armoring machines	**5,450,478**	13,439,560
Cable insulation machine	**-**	12,317,095
Cable machine	**-**	8,455,631
Advances for forklifts	**-**	130,000
	5,450,478	34,342,286

A subsidiary of the Group has entered into a contract with suppliers for the purchase and installation of stranding and armoring, cable insulation and cable machines. In accordance with the contract, certain expenditure paid as advance before the start of work and the remaining based on the progress.

9 INVESTMENT IN ASSOCIATES

The Group has the following investment in associate companies.

	Country of incorporation	*Ownership interest*
Ci – San Trading W.L.L.	Qatar	50%
Advanced Pipes Company W.L.L.	Qatar	35%
Frijns Steel Constructions Middle East W.L.L.	Qatar	20%
Al Farazdaq W.L.L.	Qatar	35%

Ci – San Trading W.L.L.
The Group held 50% of the ownership interest of Ci – San Trading W.L.L. which was registered and incorporated on 21 October 2008. It is primarily engaged in the business of purchase, sale and lease of real estate properties, management of real estate properties, owning the patent and trademark and trading in equipment and vehicles.

Advanced Pipes Company W.L.L.
The Group held 35% of the ownership interest of Advanced Pipes Company W.L.L. which was registered and incorporated on 26 November 2008. It is engaged in trading of pipes and ducts.

Frijns Steel Constructions Middle East W.L.L.
The Group held 20% of the ownership interest of Frijns Steel Constructions Middle East W.L.L. which was registered and incorporated on 6 November 2008. It is engaged in industrial services for the oil companies.

Al Farazdaq W.L.L
The Group held 35% of the ownership interest of Al Farazdaq W.L.L. which was registered and incorporated on 12 August 2009. It is engaged in providing printing and advertising services to industrial customers.

The following table illustrates summarized financial information of the Group's investment in associates:

	2009 ***QR***	*2008* *QR*
Share of associates' statement of financial position:		
Current assets	**8,186,969**	**5,110,000**
Non-current assets	**1,242,894**	**-**
Current liabilities	**(3,361,919)**	**-**
Non-current liabilities	**(30,573)**	**-**
Equity	**6,037,371**	**5,110,000**
Share of associate's revenue and profits:		
Revenue	**3,926,696**	**-**
Profits	**857,371**	**-**
Carrying amount of investment	**6,037,371**	**5,110,000**

10 INVESTMENT PROPERTIES

	Land QR	*Buildings* QR	***Total 2009* QR**	*Total 2008* QR
At 1 January	**3,031,715,988**	**1,706,225,741**	**4,737,941,729**	4,264,105,668
Additions	**-**	**1,668,694**	**1,668,694**	1,689,498
Transferred to properties under development (Note 11)	**(62,545,500)**	**-**	**(62,545,500)**	-
Net gain from fair value adjustment	**42,422,837**	**26,094,907**	**68,517,744**	472,146,563
At 31 December	**3,011,593,325**	**1,733,989,342**	**4,745,582,667**	4,737,941,729

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 December 2009 and 30 September 2008 for the current and previous year 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. As set out in Note 32, in arriving the estimates of market values, the valuer has used their 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, certain properties with the fair value of QR 4,368,655,617 at 31 December 2009 (2008: QR 4,295,739,354) is held in the name of the Chairman as these properties have been pledged for a term loan obtained, as more explained in Note 15. These properties' ownership interests and title deed will be transferred to the Group upon settlement of pledged loan. The financial statements have been prepared on the basis that the beneficial interest of this asset resides with the Group.

(iv) The encumbrances and liens on the investment properties are disclosed in Note 15.

11 PROPERTIES UNDER DEVELOPMENT

	Land QR	*Capital work in progress* QR	***Total 2009* QR**	*Total 2008* QR
Transferred from investment properties (Note 10)	**62,545,500**	-	**62,545,500**	-
Additions during the year	-	**52,612,573**	**52,612,573**	-
Balance at the end of the year	**62,545,500**	**52,612,573**	**115,158,073**	-

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings and improvements QR	*Truck mixers and motor vehicles QR*	*Plant and machinery QR*	*Furniture, fixtures and office equipment QR*	*Computers and related software QR*	*Capital work in progress QR*	*Total QR*
Cost							
At 1 January 2009	14,110,000	53,270,328	33,747,741	10,130,171	9,195,270	45,114,730	165,568,240
Additions	9,100	4,233,950	2,804,557	1,729,982	2,306,983	226,941,615	238,026,187
Disposals	-	(312,791)	-	(217,247)	(78,039)	-	(608,077)
Transfers	-	-	-	-	642,201	(642,201)	-
Reclassifications	-	51,745	545,892	(597,637)	-	-	-
At 31 December 2009	14,119,100	57,243,232	37,098,190	11,045,269	12,066,415	271,414,144	402,986,350
Depreciation:							
At 1 January 2009	7,639,316	27,885,028	13,241,672	7,782,347	7,715,790	-	64,264,153
Charge for the year	1,037,178	5,380,123	3,758,767	1,325,324	1,126,443	-	12,627,835
Relating to disposals	-	(312,477)	-	(122,873)	(76,403)	-	(511,753)
Reclassifications	-	-	544,380	(544,380)	-	-	-
At 31 December 2009	8,676,494	32,952,674	17,544,819	8,440,418	8,765,830	-	76,380,235
Net carrying amounts							
At 31 December 2009	**5,442,606**	**24,290,558**	**19,553,371**	**2,604,851**	**3,300,585**	**271,414,144**	**326,606,115**

Notes:

(i) Depreciation charge for the year amounting to QR 8,290,100 (2008: QR 7,860,678) is included in the direct costs.

(ii) Borrowing costs capitalized during the year was QR 3,460,598 (2008: 1,718,696).

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings and improvements QR	*Truck mixers and motor vehicles QR*	*Plant and machinery QR*	*Furniture, fixtures and office equipment QR*	*Computers and related software QR*	*Capital work in progress QR*	*Total QR*
Cost							
At 1 January 2008	13,367,933	46,832,255	31,111,869	8,933,299	8,767,628	23,072,377	132,085,361
Additions	685,264	7,379,851	2,635,872	1,228,626	401,004	22,141,156	34,471,773
Disposals	-	(957,033)	-	(17,200)	(41,040)	-	(1,015,273)
Transfers	56,803	-	-	42,000	-	(98,803)	-
Reclassifications	-	15,255	-	(56,554)	67,678	-	26,379
At 31 December 2008	14,110,000	53,270,328	33,747,741	10,130,171	9,195,270	45,114,730	165,568,240
Depreciation:							
At 1 January 2008	6,618,732	23,830,710	9,839,687	6,575,424	6,551,739	-	53,416,292
Charge for the year	1,020,584	4,564,876	3,401,985	1,256,994	1,134,871	-	11,379,310
Relating to disposals	-	(526,669)	-	(17,192)	(13,967)	-	(557,828)
Reclassifications	-	16,111	-	(32,879)	43,147	-	26,379
At 31 December 2008	7,639,316	27,885,028	13,241,672	7,782,347	7,715,790	-	64,264,153
Net carrying amounts							
At 31 December 2008	6,470,684	25,385,300	20,506,069	2,347,824	1,479,480	45,114,730	101,304,087

13 ACCOUNTS PAYABLE AND ACCRUALS

	2009 *QR*	*2008* *QR*
Trade accounts payable	**80,837,898**	67,498,910
Advances from customers and tenants	**24,308,022**	22,227,445
Accruals	**24,128,740**	18,082,955
Other payables	**12,894,907**	5,935,444
	142,169,567	113,744,754

14 AMOUNTS DUE TO RELATED PARTIES

	2009 *QR*	*2008* *QR*
El Swedy Electric Co., Egypt	**10,035,384**	-
Gulf Rocks Company W.L.L.	**4,040,112**	384,998
El Swedy Cables Qatar W.L.L.	**2,475,373**	-
Gettco Company W.L.L. – Gettco Refrigeration and Airconditioning	**292,517**	27,659
Industriemontagen Merseburg Gmbh(IMO) Qatar W.L.L.	**200,000**	-
United Wire Company W.L.L.	**439,092**	-
City Pharmacy	**170,807**	-
Al Faisal International Trade and Investment Company W.L.L.	**51,418**	-
The Qatari Modern Maintenance Company W.L.L.	**3,093**	41,920
Other related parties	**655,226**	8,432
Al Faisal Holding Company W.L.L.	-	40,459,143
Al Jazi Real Estate Investment Company W.L.L. – Al Jazi Real Estate Branch	**-**	2,300,137
Habtoor Gettco Engineering Company W.L.L. – Gettco Contracting Branch	**-**	1,728,149
Al Quds Pharmacy	**-**	598,221
	18,363,022	45,548,659

Notes:

(i) Related parties included above are entities and companies of which the ultimate parent is the principal owner.

(ii) Related party transactions are disclosed in Note 27.

15 INTEREST BEARING LOANS AND BORROWINGS

	Notes	*Maturity*	***2009 QR***	*2008 QR*
Loan 1	(i)	July 2016	**438,207,400**	473,634,010
Loan 2	(ii)	March 2016	**300,150,208**	327,999,996
Loan 3	(iii)	June 2014	**113,734,638**	-
Loan 4	(iv)	May 2010	**16,508,899**	-
Loan 5	(v)	December 2012	**8,508,644**	12,969,933
Loan 6	(vi)	April 2011	**3,845,441**	6,743,441
Loan 7	(vii)	June 2011	**3,728,000**	6,704,000
Loan 8	(viii)	December 2015	**54,306,915**	-
Loan 9	(ix)	-	**-**	831,587
Loan 10	(x)	-	**-**	12,046,814
			938,990,145	840,929,781
Less: Deferred financing cost			**(613,152)**	(794,375)
			938,376,993	840,135,406

Presented in the statement of financial position as follows:

	Principal repayment amount QR	*Deferred financing Costs QR*	***Carrying amount 2009 QR***	*Carrying amount 2008 QR*
Current portion	**78,852,801**	**(151,448)**	**78,701,353**	73,186,050
Non-current portion	**860,137,344**	**(461,704)**	**859,675,640**	766,949,356
	938,990,145	**(613,152)**	**938,376,993**	840,135,406

The deferred financing costs consist of arrangement fees. The movements in the deferred financing costs were as follows:

	2009 QR	*2008 QR*
At 1 January	**794,375**	4,904,938
Amortised during the year (Note 23)	**(181,223)**	(4,110,563)
At 31 December	**613,152**	794,375

Notes:

(i) Loan 1 was drawn down on 10 July 2008 from the ultimate parent, Al Faisal Holding Company W.L.L. for the purpose of financing the Group’s expansion plans and to boost the financial position. In accordance with the loan agreement, the principal and the interest repayment started from July 2009 by semi annual installments over the period of seven years with a grace period of one year without interest charges. The loan carries interest at Repo Rate determined by the Central Bank of Qatar.

The loan amount was QR 500,000,000. Due to grace period of one year without interest charges, the effective interest rate was lower than the market interest rate at initial recognition. As a result, the fair value of the loan determined initially at market interest rate amounting to QR 473,634,010 was reflected as a loan at 31 December 2008 and the difference was classified as equity contribution as more explained in Note 18.

15 INTEREST BEARING LOANS AND BORROWINGS (continued)

(ii) Loan 2 is an Islamic Financing Arrangement by surrendering a property registered in the name of the Chairman whose beneficiary owner is the Group (Note 10). The said property's title deed will be released by the Bank upon full settlement of the loan. The fair value of the property is QR 1,076,763,075 at 31 December 2009 (2008: QR 1,074,033,250). 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 instalments of QR 30,840,132 with effect from 27 March 2007.

(iii) Loan 3 is a QR 213,000,000 facility until 1 June 2014 to a subsidiary with assessments for renewal by the bank on 31 March on an annual basis. The purpose of this loan is to finance the direct payment to suppliers, contractors and subcontractors relating to the factory currently under construction. The loan is secured by the joint and several corporate guarantees of the subsidiary's shareholders and the assignment of insurance proceeds covering the property, plant and equipment financed by the Bank. The loan carries interest at QCB rates plus applicable margins.

(iv) Loan 4 is a trust receipt banking facilities for purchase of inventories, which will mature in May 2010.

(v) Loan 5 represents amount payable to a supplier for purchase of machinery for a plant for QR 20,732,029. As per the agreement, the loan is settled by semi-annual instalments over the period of five years commencing from 31 December 2007. The loan is secured by promissory notes issued by the ultimate parent, Al Faisal Holding Company W.L.L. The loan carries interest at commercial rate.

(vi) Loan 6 was drawn down on 27 April 2006 to finance the purchase of heavy equipment and machines. The loan is repayable by 52 equal monthly installments of QR 241,500 with last installment of QR 242,000 with effect from 30 January 2008. The loan carries interest at commercial rate.

(vii) Loan 7 was drawn down on 27 April 2006 to settle another existing loan. The loan is repayable by 53 equal monthly installments of QR 248,000 with last installment of QR 256,000 with effect from 24 October 2006. The loan carries interest at commercial rate.

(viii) The loan 8 is a QR 84,000,000 facility for construction of an investment property. The loan is secured by a primary mortgage over the same property, personal guarantee of the Chairman and corporate guarantee of the Group. The loan carries interest at commercial market rate and is payable in quarterly instalments starting from the end of the second year of completion of construction.

(ix) Loan 9 and 10 were fully settled during the year 2009.

16 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision reflected in the consolidated statement of financial position were as follows:

	2009	*2008*
	QR	*QR*
At 1 January	**9,715,152**	7,360,948
Provision made during the year	**3,015,553**	3,100,866
End of service benefits paid during the year	**(697,623)**	(746,662)
At 31 December	**12,033,082**	9,715,152

17 SHARE CAPITAL

	2009	*2008*
	QR	*QR*
Authorised		
Shares of QR 10 each	**3,795,000,000**	3,450,000,000

	2009		*2008*	
	Number of shares	***QR***	*Number of shares*	*QR*
Issued and fully paid				
At 1 January	**379,500,000**	**3,795,000,000**	345,000,000	3,450,000,000
Issue of bonus shares	**-**	**-**	34,500,000	345,000,000
At 31 December	**379,500,000**	**3,795,000,000**	379,500,000	3,795,000,000

18 RESERVES

Legal reserve

As required by Commercial Companies' Law No. 5 of 2002, 10% of the profit for the year as a minimum should be transferred to legal reserve. The reserve is not normally available for distribution except in the circumstances stipulated in the above mentioned law.

General reserve

General reserve reflected in the consolidated statement of financial position as of 31 December 2009 represents additional capital introduced in the form of the present value of forgiven interest during the grace period of one year of the loan drawn down from the ultimate parent, Al Faisal Holding Company W.L.L. on 10 July 2008 as more explained in Note 15. This amount is the difference between the amount of the loan and its fair value determined at applicable market interest rate.

19 REVENUES

	2009	*2008*
	QR	*QR*
Sale of goods	**469,479,924**	436,886,922
Rental income	**180,091,133**	160,315,013
Service income	**23,480,663**	28,540,513
Commission, incentives and agency fees	**32,167,787**	25,219,387
	705,219,507	650,961,835

20 DIRECT COSTS

	2009 *QR*	*2008* *QR*
Cost of inventories recognised as an expense	**350,025,740**	339,805,074
Operating expenses on real estate properties	**20,835,292**	21,621,059
Salaries and wages	**16,601,209**	14,945,806
Operator's management fees	**9,646,023**	9,140,620
Depreciation (Note 12)	**8,290,100**	7,860,678
Other operating expenses	**13,718,614**	9,859,667
	419,116,978	403,232,904

21 OTHER INCOME

	2009 *QR*	*2008* *QR*
Interest income	**32,033,461**	43,111,421
Profit on disposal of plant and equipment	**43,139**	247,213
Miscellaneous income	**4,573,295**	3,205,752
	36,649,895	46,564,386

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2009 **QR**	2008 QR
Management and employees' costs	**44,183,135**	39,039,363
Rent	**10,590,772**	9,296,639
Insurance and professional fees	**1,933,300**	1,888,983
Training and business development	**2,934,659**	1,314,142
Repairs and maintenance	**1,306,115**	638,297
Communication costs	**1,061,593**	1,569,823
Allowance for impairment of trade accounts receivable (Note 5)	**837,284**	920,526
Postage, printing and stationery	**426,933**	418,467
Provision for slow moving and obsolete inventories (Note 7)	**742,486**	108,534
Miscellaneous expenses	**8,212,874**	11,566,729
	72,229,151	66,761,503

23 FINANCE COSTS

	2009 *QR*	*2008* *QR*
Interest expense and bank charges	**53,968,587**	55,560,652
Amortisation of deferred financing costs (Note 15)	**181,223**	4,110,563
	54,149,810	59,671,215

24 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2009	*2008*
Profit for the year attributable to equity holders of the parent (QR)	**249,870,883**	623,764,471
Weighted average number of shares outstanding during the year (i)	**379,500,000**	379,500,000
Basic and diluted earnings per share (QR)	**0.66**	1.64

Notes:

(i) The weighted average number of shares for the purpose of calculating earning per share has been calculated as follows:

	2009	*2008*
Qualifying shares at beginning of the year	**379,500,000**	345,000,000
Effect of bonus shares issued and capitalised in 2008	**-**	34,500,000
Weighted average number of shares at end of the year	**379,500,000**	379,500,000

(ii) There were no potentially dilutive shares outstanding at any time during the year and hence the diluted earnings per share is equal to the basic earnings per share.

25 COMMITMENTS

	2009 ***QR***	*2008* *QR*
Estimated capital expenditure budgeted and approved for at the year end but not provided for:		
Investment properties	**43,668,079**	-
Property, plant and equipment	**42,017,641**	110,102,288
	85,685,720	110,102,288
Operating lease commitments		
Payable within one year	**2,193,615**	1,887,715
Payable after one year but not more than five years	**92,235**	1,479,342
	2,285,850	3,367,057

26 CONTINGENT LIABILITIES

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

	2009 ***QR***	*2008* *QR*
Letters of guarantee	**100,805,210**	60,731,016
Letters of credit	**14,686,373**	20,336,288

Notes:

(i) Letters of guarantee include performance, tender and bid bonds and payment guarantees given to suppliers and contractors by the Group in the ordinary course of business, which will mature within twelve months from the reporting date.

(ii) Letters of credit are provided by lodging documents to the bank for purchase of trading goods from foreign suppliers, which will mature in three months from the date of transaction.

27 RELATED PARTY DISCLOSURES

Related party transactions
Related parties represent major shareholders, directors and key management personnel of the Group, and companies and entities of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated financial statements were as follows:

	2009 ***QR***	*2008* *QR*
Chairman:		
Sale of goods and services income	**-**	1,460,481
Ultimate parent's subsidiaries and associates		
Sale of goods and services income	**28,317,528**	16,038,285
Rental income	**1,747,070**	3,856,371
Purchase of goods and services	**32,395,457**	14,057,977
Interest expense	**13,875,000**	10,320,991
Interest income	**-**	7,879,762
Additions to investment properties and property, plant and equipment	**-**	8,744,980

Related party balances
Amounts due from and due to related parties are disclosed in Notes 6 and 14 respectively.

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

27 RELATED PARTY DISCLOSURES (continued)

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

Beneficiary user
The Group is the beneficiary user of certain investments properties and also the proceeds of certain loans which are in the name of the Chairman as more explained in Notes 10 and 15 respectively. The loan carries interest at normal market rates.

Guarantees received
The Chairman and the ultimate parent, Al Faisal Holding Company W.L.L. provided guarantees for certain term loans of the Group as more explained in Note 15. The loans carry interest at market rate.

Compensation of key management personnel
The remuneration of key management during the year was as follows:

	2009 ***QR***	*2008* *QR*
Short-term benefits	**6,402,042**	4,618,562
Employees' end of service benefits	**180,750**	100,800
	6,582,792	4,719,362

28 DIVIDEND AND BONUS SHARES

The Board of Directors has proposed a dividend of QR… per share, totalling QR…………….. for the year 2009 (2008: QR ………………).

The Board of Directors has proposed to issue of …. bonus shares for every … shares held as of 31 December 2009 aggregating …….. shares with a nominal value QR ….. million and no capitalisation in relation to propsed bonus shares in 2008 (2008: no proposal, but capitalised in relation to proposed bonus shares in 2007 amounting to QR 345 million).

29 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 involves whole sale 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 involves in manufacture, whole sale 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.

Managed services:
The segment involves in 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.

29 SEGMENT INFORMATION (continued)

Operating segments:

The operating segment is presented as follows after elimination of inter branch and company transactions.

For the year ended 31 December 2009	*Property management and development QR*	*Trading and distribution QR*	*Industrial manufacturing QR*	*Managed services QR*	*Head Office QR*	*Eliminations QR*	*Total QR*
Revenues							
- External parties	**179,256,362**	**375,045,265**	**132,215,268**	**18,702,612**	**-**	**-**	**705,219,507**
- Inter segments	**1,747,070**	**6,263,037**	**-**	**6,850,853**	**-**	**(14,860,960)** [i]	**-**
	181,003,432	**381,308,302**	**132,215,268**	**25,553,465**	**-**	**(14,860,960)**	**705,219,507**
Operating results	**127,188,049**	**45,990,455**	**22,358,869**	**5,779,829**	**(20,223,812)**	**-**	**181,093,390**
Fair value gains	**68,517,744**	**-**	**-**	**-**	**-**	**-**	**68,517,744**
Profit (loss) for the year	**195,705,793**	**45,990,455**	**22,358,869**	**5,779,829**	**(20,223,812)**	**-**	**249,611,134**
Depreciation	**577,148**	**2,692,250**	**8,558,358**	**696,209**	**103,870**	**-**	**12,627,835**

29 SEGMENT INFORMATION (continued)

Operating segments (continued):

For the year ended 31 December 2008	*Property management and development* *QR*	*Trading and distribution* *QR*	*Industrial manufacturing* *QR*	*Managed services* *QR*	*Head Office* *QR*	*Eliminations* *QR*	*Total* *QR*
Revenues							
- External parties	159,272,950	323,636,605	148,255,843	19,796,437	-	-	650,961,835
- Inter segments	1,066,703	2,093,432	-	4,007,045	-	(7,167,180) (i)	-
	160,339,653	325,730,037	148,255,843	23,803,482	-	(7,167,180)	650,961,835
Operating results	108,049,380	33,531,231	22,240,633	6,325,978	(17,091,642)	-	153,055,580
Fair value gains	472,146,563	-	-	-	-	-	472,146,563
Profit (loss) for the year	580,195,943	33,531,231	22,240,633	6,325,978	(17,091,642)	-	625,202,143
Depreciation	362,518	2,689,276	7,557,039	666,419	104,058	-	11,379,310

29 SEGMENT INFORMATION (continued)

Assets and liabilities:

At 31 December 2009	*Property management and development QR*	*Trading and distribution QR*	*Industrial manufacturing QR*	*Managed services QR*	*Head Office QR*	*Eliminations QR*	*Total QR*
Current assets	**481,773,810**	**223,149,445**	**112,251,081**	**23,398,076**	**52,034,650**	**(69,590,027)** (ii)	**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)** (ii)	**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 (iii)	**4,059,080**	**3,072,975**	**230,791,086**	**1,711,513**	**52,672,800**	**-**	**292,307,454**

29 SEGMENT INFORMATION (continued)

Assets and liabilities (continued):

31 December 2008	*Property management and development QR*	*Trading and distribution QR*	*Industrial manufacturing QR*	*Managed services QR*	*Head Office QR*	*Eliminations QR*	*Total QR*
Current assets	447,070,434	186,556,479	144,600,323	22,387,953	178,805,407	(197,275,803) (ii)	782,144,793
Non current assets	4,738,148,819	7,486,772	125,452,960	2,250,845	5,358,706	-	4,878,698,102
Total assets	5,185,219,253	194,043,251	270,053,283	24,638,798	184,164,113	(197,275,803)	5,660,842,895
Current liabilities	195,456,133	89,606,681	53,488,133	5,733,421	91,439,851	(197,298,877) (ii)	238,425,342
Non current liabilities	300,362,146	5,462,498	17,996,500	1,152,346	451,691,018	-	776,664,508
Total liabilities	495,818,279	95,069,179	71,484,633	6,885,767	543,130,869	(197,298,877)	1,015,089,850
Capital expenditure (iii)	1,770,722	1,447,455	1,444,373	31,356,262	142,459	-	36,161,271

Notes:

(i) Inter-segment revenues are eliminated on consolidation.

(ii) Inter-segment balances are eliminated on consolidation.

(iii) Capital expenditures consist of additions to property, plant and equipment, investment properties and properties under development

30 FINANCIAL RISK MANAGEMENT

Objectives and policies
The Group's principal financial liabilities comprise interest bearing loans and overdrafts, amounts due to related parties and trade accounts payable. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade accounts receivable, amounts due from related parties, bank balances and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

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

Interest rate risk
The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits, interest bearing loans and borrowings and bank overdrafts. At reporting date the interest rate profile of the Group's interest bearing financial instruments were as follows;

	2009 ***QR***	*2008* *QR*
Fixed interest rate instruments:		
Financial assets	**-**	-
Financial liabilities	**(300,150,208)**	(340,969,929)
	(300,150,208)	(340,969,929)
Floating interest rate instruments:		
Financial assets	**451,511,350**	416,884,458
Financial liabilities	**(384,325,766)**	(505,905,731)
	67,185,584	(89,021,273)

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates.

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Changes in basis points	*Effect on profit QR*
2009		
Floating interest rate instruments	**+25 b.p**	**167,964**
2008		
Floating interest rate instruments	+25 b.p	(222,553)

30 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk
Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

Trade accounts payable and accrued expenses include an amount of QR 27,610,783 (2008: QR 33,185,503) due in foreign currencies, mainly US Dollars, UAE Dirhams and Euros, of which the Group has a currency risk on the balances payable in Euros amounted to QR 21,631,162 (2008 : QR 21,221,668).

The Group does not hedge its currency exposure. As both Qatari Riyal and UAE Dirhams are pegged to the US Dollar, balances in US Dollars and UAE Dirhams are not considered to represent significant currency risk to the Group.

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the QR currency rate against the Euro, with all other variables held constant, on the consolidated statement of comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities). The effect of decreases in foreign currency exchange rates is expected to be equal and opposite to the effect of the increases shown.

	Increase in Euro rate to the QR	*Effect on profit QR*
2009	+5%	**(1,081,558)**
2008	+5%	(1,061,083)

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of trade accounts receivable and bank balances.

The Group sells and provides services to various parties. It is the Group's policy that all customers who wish to obtain on credit terms are subject to credit verification procedures to ensure credit worthiness. Each new customer is analysed individually for creditworthiness before the delivery of services. Customers that fail to meet the creditworthiness may transact with the Group only on prepayment basis. Property rentals are mostly received in advance or contracted with post dated cheques. In addition, receivable balances are monitored on an ongoing basis and the purchase limits are established for each credit customer, which are reviewed regularly based on the level of past transactions and settlement. The Group's maximum exposure with regard to trade accounts receivable net of provision reflected at the reporting date was;

Business segment:	***2009 QR***	*2008 QR*
Property management and development	**1,801,972**	2,211,844
Trading and distribution	**100,441,928**	105,980,430
Industrial manufacturing	**29,188,985**	20,684,481
Managed services	**9,512,408**	8,062,527
	140,945,293	136,939,282

30 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)
With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	2009	*2008*
	QR	*QR*
Bank balances	**506,119,141**	561,620,233
Amounts due from related parties	**38,751,875**	6,189,946
Other receivables	**7,740,635**	10,012,529
	552,611,651	577,822,708

The group reduces the exposure of credit risk arising from other financial assets by maintaining bank accounts in the reputed banks and providing services only to the creditworthy related parties.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk 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 and is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of financial assets (e.g. accounts receivable) and projected cash flows from operations. The Group's terms of sales or services require amounts to be paid within 30-90 days from the invoiced date.

30 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)
The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

	On demand QR	*Less than 3 months QR*	*3 to 12 months QR*	*1 to 5 years QR*	*> 5 years QR*	*Total QR*
At 31 December 2009						
Interest bearing loans and borrowings	**-**	**48,954,396**	**89,358,251**	**655,473,332**	**443,656,037**	**1,237,442,016**
Bank overdrafts	**15,347,962**	**-**	**-**	**-**	**-**	**15,347,962**
Trade accounts payable	**-**	**61,341,861**	**19,496,037**	**-**	**-**	**80,837,898**
Other payables	**-**	**7,300,135**	**5,594,772**	**-**	**-**	**12,894,907**
Amounts due to related parties	**-**	**12,324,296**	**6,038,726**	**-**	**-**	**18,363,022**
	15,347,962	**129,920,688**	**120,487,786**	**655,473,332**	**443,656,037**	**1,364,885,805**
At 31 December 2008						
Interest bearing loans and borrowings	-	45,498,796	91,331,536	484,439,601	616,965,389	1,238,235,322
Bank overdrafts	5,945,879	-	-	-	-	5,945,879
Trade accounts payable	-	66,848,323	650,587	-	-	67,498,910
Other payables	-	5,935,444	-	-	-	5,935,444
Amounts due to related parties	-	-	45,548,659	-	-	45,548,659
	5,945,879	118,282,563	137,530,782	484,439,601	616,965,389	1,363,164,214

30 FINANCIAL RISK MANAGEMENT (continued)

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the capital, which the Group defines as total shareholders' equity excluding minority interests and the level of dividends to ordinary shareholders.

The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group target is to achieve a return on shareholders' equity excluding minority interests greater than the weighted average interest expense on interest bearing loans and borrowings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. No changes were made in the objectives, policies or processes during the year end 31 December 2009 and 31 December 2008.

The Group monitors capital using a gearing ratio, which is debt divided by capital plus debt. The Group's policy is to keep the gearing ratio below 40%. The Group includes within debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent.

	2009	*2008*
	QR	*QR*
Interest bearing loans and borrowings	**938,376,993**	840,135,406
Less: Cash and cash equivalents	**(490,774,500)**	(555,677,673)
Net debt	**447,602,493**	284,457,733
Total capital	**4,829,382,243**	4,579,511,360
Capital and net debt	**5,276,984,736**	4,863,969,093
Gearing ratio	**9.2%**	6%

31 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances, short term bank deposits, amounts due from related parties and trade accounts receivable. Financial liabilities consist of bank overdrafts, interest bearing loans and borrowings, amounts due to related parties and trade accounts payable.

The fair values of these financial instruments except interest bearing loans and borrowings approximates their carrying values due to the short term maturities of these instruments.

The fair value of interest bearing loans and borrowings are estimated based on discounted cash flows using interest rate currently available for the debt or similar terms and remaining maturities.

32 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Fair value of investment properties
Investment properties are stated at fair value. The Group used external, independent evaluators to determine the fair value of the investment properties. The independent evaluator uses the market situations, estimated yield and expected future cash flows and the recent real estate transactions with similar characteristics and location of properties for the valuation of investment properties.

The continuing volatility in the global financial system is reflected in the turbulence in commercial real estate markets across the world and in the State of Qatar. The significant reduction in transaction volumes continued this year. Therefore, in arriving at their estimates of market values as at 31 December 2009, the valuers have used their market knowledge and professional judgement and have not only relied solely on historic transactional comparables. In these circumstances, there is a greater degree or uncertainty than which exists in a more active market in estimating the market values of investment property.

If an independent valuation is carried out at the intermediate period, the management determines the year end valuation by applying appropriate discounting rate on the intermediate valuation based on the market situations, estimated yield and expected future cash flows. Thus the management believes it’s a more transparent and accurate valuation.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.