Aamal Company Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2012

Aamal Company Q.S.C.

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Independent auditors' report

To
The Shareholders
Aamal Company Q.S.C.
Doha
State of Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated 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 2012 and the consolidated statements of income, comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Other matter

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

Report on other legal and regulatory requirements

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

4 March 2013	Gopal Balasubramaniam
Doha	KPMG
State of Qatar	Qatar Auditors Registry Number 251

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Note	***2012 QR***	*2011 QR*
ASSETS			
Current assets			
Cash and bank balances	5	**381,029,801**	175,503,595
Accounts receivable and prepayments	6	**655,812,086**	689,624,369
Amounts due from related parties	7	**228,283,877**	211,572,003
Inventories	8	**437,345,979**	439,562,235
		1,702,471,743	1,516,262,202
Non-current assets			
Goodwill	9	**109,132,500**	109,132,500
Available-for-sale investments		**18,963**	-
Investment in associates	10	**2,545,190**	7,011,140
Investment properties	11	**6,113,347,018**	5,551,835,348
Property, plant and equipment	12	**451,568,213**	428,336,183
		6,676,611,884	6,096,315,171
TOTAL ASSETS		**8,379,083,627**	7,612,577,373
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accruals	13	**634,178,161**	702,079,602
Amounts due to related parties	14	**59,751,359**	81,947,467
Interest bearing loans and borrowings	15	**825,568,489**	399,077,202
Bank overdrafts	5	**2,885,090**	7,857,113
		1,522,383,099	1,190,961,384
Non-current liabilities			
Interest bearing loans and borrowings	15	**239,276,807**	429,325,448
Employees' end of service benefits	16	**18,968,164**	18,664,561
		258,244,971	447,990,009
Total liabilities		**1,780,628,070**	1,638,951,393
EQUITY			
Share capital	17	**5,445,000,000**	4,950,000,000
Legal reserve	18	**327,445,101**	267,955,805
Treasury shares		**(2,075,865)**	-
Cumulative change in fair value		**(416)**	-
Retained earnings		**638,248,275**	614,024,670
Equity attributable to equity holders of the parent		**6,408,617,095**	5,831,980,475
Non-controlling interests		**189,838,462**	141,645,505
Total equity		**6,598,455,557**	5,973,625,980
TOTAL LIABILITIES AND EQUITY		**8,379,083,627**	7,612,577,373

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

The attached notes 1 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2012

	Note	***2012*** ***QR***	*2011* *QR*
Revenue	19	**2,283,884,350**	1,910,137,286
Direct costs	20	**(1,837,546,297)**	(1,469,345,073)
GROSS PROFIT		**446,338,053**	440,792,213
Other income	21	**17,088,840**	7,355,968
Marketing and promotion expenses		**(22,937,344)**	(20,188,031)
General and administrative expenses	22	**(133,422,377)**	(114,112,858)
Depreciation		**(9,911,531)**	(8,971,071)
Finance costs	23	**(61,968,685)**	(59,715,171)
Share of profit of associates	10	**534,050**	875,458
PROFIT BEFORE FAIR VALUE GAINS ON INVESTMENT PROPERTIES		**235,721,006**	246,036,508
Net fair value gains on investment properties	11	**388,792,483**	287,639,069
PROFIT FOR THE YEAR		**624,513,489**	533,675,577
Profit attributable to:			
Equity holders of the parent		**594,892,946**	492,153,575
Non-controlling interests		**29,620,543**	41,522,002
		624,513,489	533,675,577
Basic and diluted earnings per share (QR) (attributable to equity holders of the parent)	24	**1.09**	0.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012 *QR*	*2011* *QR*
Profit for the year	**624,513,489**	533,675,577
Other comprehensive income		
Unrealised gain on available-for-sale investments	**109,582**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**624,623,071**	533,675,577
Total comprehensive income attributable to:		
Equity holders of the parent	**594,892,530**	492,153,575
Non-controlling interests	**29,730,541**	41,522,002
	624,623,071	533,675,577

The attached notes 1 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Note	*2012* *QR*	*2011* *QR*
OPERATING ACTIVITIES			
Profit for the year		**624,513,489**	533,675,577
Adjustment for:			
Net fair value gains on investment properties	11	**(388,792,483)**	(287,639,069)
Depreciation	12	**43,242,966**	39,463,336
Provision for employees' end of service benefits	16	**4,652,765**	4,675,886
Bargain purchase gain	21	**(8,360,793)**	-
Profit on disposal of property, plant and equipment	21	**178,620**	(76,290)
Interest income	21	**(2,968,837)**	(1,987,181)
Finance costs	23	**61,968,685**	59,715,171
Share of profit of associates	10	**(534,050)**	(875,458)
Operating profit before working capital changes:		**333,900,362**	346,951,972
Inventories		**(38,773,977)**	(233,007,931)
Accounts receivable and prepayments		**(112,936,799)**	(302,247,121)
Accounts payable and accruals		**127,764,666**	447,521,096
Net movement in amounts due from and due to related parties		**12,697,923**	(112,481,628)
Cash from operations		**322,652,175**	146,736,388
Finance costs paid		**(62,548,530)**	(59,583,410)
End of service benefits paid	16	**(4,344,453)**	(1,129,577)
Net cash from operating activities		**255,759,192**	86,023,401
INVESTING ACTIVITIES			
Interest income received	21	**2,968,837**	1,987,181
Proceeds from disposal of property, plant and equipment		**684,660**	767,308
Movement in bank deposits blocked as collateral		**-**	460,820
Dividends received from an associate		**-**	323,286
Additions to investment properties	11	**(172,719,187)**	(7,489,831)
Acquisition of a subsidiary, net of cash acquired	4	**(16,594,505)**	-
Acquisition from non-controlling interest	4	**(40,410,000)**	-
Additions to property, plant and equipment		**(69,092,093)**	(56,877,736)
Net cash used in investing activities		**(295,162,288)**	(60,828,972)
FINANCING ACTIVITIES			
Net movement in interest bearing loans and borrowings		**237,007,133**	39,811,676
Contributions from non-controlling interests		**21,800,000**	15,980,000
Dividends paid to non-controlling interests		**-**	(25,897,059)
Net cash from financing activities		**258,807,133**	29,894,617
INCREASE IN CASH AND CASH EQUIVALENTS		**219,404,037**	55,089,046
Decrease in cash due to loss of control of a subsidiary		**(13,905,808)**	-
Increase in cash resulted in obtaining the control of an associate		**5,000,000**	-
Cash and cash equivalents at 1 January		**167,646,482**	112,557,436
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5	**378,144,711**	167,646,482

The attached notes 1 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012

	Attributable to equity holders of the parent								
	Share capital QR	*Legal reserve QR*	*General reserve QR*	*Treasury shares QR*	*Cumulative change in fair value QR*	*Retained earnings QR*	*Total QR*	*Non-controlling interests QR*	*Total equity QR*
Balance at 31 December 2010	4,500,000,000	221,369,877	26,365,990	-	-	608,202,768	5,355,938,635	111,093,216	5,467,031,851
Bonus shares issued (Note 28)	450,000,000	-	-	-	-	(450,000,000)	-	-	-
Total comprehensive income for the year	-	-	-	-	-	492,153,575	492,153,575	41,522,002	533,675,577
Adjustment due to change in effective shareholding	-	-	-	-	-	1,052,654	1,052,654	(1,052,654)	-
Adjustment against allowance for receivables	-	-	(3,822,500)	-	-	-	(3,822,500)	-	(3,822,500)
Contribution from non-controlling interests	-	-	-	-	-	-	-	15,980,000	15,980,000
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(25,897,059)	(25,897,059)
Transferred to retained earnings	-	-	(22,543,490)	-	-	22,543,490	-	-	-
Contribution to social and sports activities fund	-	-	-	-	-	(13,341,889)	(13,341,889)	-	(13,341,889)
Transfer to legal reserve (Note 18)	-	46,585,928	-	-	-	(46,585,928)	-	-	-
Balance at 31 December 2011	4,950,000,000	267,955,805	-	-	-	614,024,670	5,831,980,475	141,645,505	5,973,625,980
Bonus shares issued (Note 28)	495,000,000	-	-	-	-	(495,000,000)	-	-	-
Profit for the year	-	-	-	-	-	594,892,946	594,892,946	29,620,543	624,513,489
Other comprehensive income for the year	-	-	-		(416)	-	(416)	109,998	109,582
Treasury shares acquired through business combination	-	-	-	(2,075,865)	-	-	(2,075,865)	-	(2,075,865)
Adjustment due to loss of control of a subsidiary	-	-	-	-	-	-	-	(983,643)	(983,643)
Derecognition of non-controlling interest due to liquidation of a subsidiary	-	-	-	-	-	-	-	55,932	55,932
Transfer to legal reserve	-	59,489,296	-	-	-	(59,489,296)	-	-	-
Contribution from non-controlling interest	-	-	-	-	-	-	-	59,232,919	59,232,919
Contribution to social and sports activities fund	-	-	-	-	-	(15,612,837)	(15,612,837)	-	(15,612,837)
Non-controlling interest acquired without change of control (Note 4)	-	-	-	-	-	(567,208)	(567,208)	(39,842,792)	(40,410,000)
Balance at 31 December 2012	**5,445,000,000**	**327,445,101**	**-**	**(2,075,865)**	**(416)**	**638,248,275**	**6,408,617,095**	**189,838,462**	**6,598,455,557**

The attached notes 1 to 33 form an integral part of these 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 22477, 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:

Branch	**Principal activities**
City Center Qatar Branch	Leasing the facilities of the 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, batteries and home appliances.
Aamal Services Branch	Providing facilities management and cleaning services.
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 representatives of the Board of Directors of Aamal Company Q.S.C. on 4 March 2013.

2 BASIS OF CONSOLIDATION

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

Subsidiaries
Subsidiaries are those enterprises that are 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 accounts for the investment retained at its fair value at the date when 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 and jointly controlled entity of the Group incorporated in the consolidated financial statements are as follows:

Company name	*Country of incorporation*	*Principal activity*	*Effective holding percentage*	
			2012	*2011*
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 for its subsidiaries and associates. Under the shareholders agreement signed between the Group and the other shareholders, the Group is able to appoint the chairman and two other members to the Board of Directors (out of six members) and is able to govern the financial and operating policies of Senyar Industries Qatar Holding W.L.L. Accordingly, the company is considered as a subsidiary of the Group.	50%	50%
Doha Cables Qatar W.L.L.	Qatar	Maintenance and manufacture of electric cables, equipment and tools. Doha Cables Qatar W.L.L. is 91.875% (effectively) owned by Senyar Industries Qatar Holding W.L.L., a subsidiary of the Group. 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.	45.9%	45.9%
El Sewedy Cables Qatar W.L.L.	Qatar	Trading in electro-mechanical equipment and providing related services. El Sewedy Cables Qatar W.L.L. is 49% owned (with 55% share of profits / (losses) by Senyar Industries Qatar Holding W.L.L., a subsidiary of the Group. This entity was treated as a subsidiary of the Group for the year ended 31 December 2011. However due to a revised shareholders agreement, the entity has become a jointly controlled entity effective from 1 January 2012 and the management of the Group has adopted the proportionate consolidation method to account for the entity. As a result of the above change, the non-controlling interest and related net assets amounting to QR 983,643 were deconsolidated as at 1 January 2012.	27.5%	27.5%

2 BASIS OF CONSOLIDATION (continued)

Subsidiaries (continued)

Company name	*Country of incorporation*	*Principal activity*	*Effective holding percentage*	
			2012	*2011*
Ecco Gulf Company W.L.L.	Qatar	Offers professional and business process outsourcing and call center services.	51%	51%
Advanced Pipes and Casts Company W.L.L.	Qatar	Manufacturing of wide cement and glass reinforced pipes systems for infrastructure and pipeline projects. The Group has the power to govern the financial and operating policies of Advanced Pipes and Casts Company W.L.L. by virtue of a shareholders' agreement. Thus the Company has been considered as a subsidiary of the Group.	50%	50%
Johnson Controls Qatar W.L.L.	Qatar	Provision of facilities management services, energy services and building maintenance and cleaning services to corporate clients.	51%	51%
Ci-San Trading W.L.L.	Qatar	Selling, buying, renting and developing real estate, investment in shares, management of real estate properties, owning the patent and trademark and trading in equipment and vehicles. The Group has the power to govern the financial and operating policies of Ci-San by virtue of a shareholders' agreement. (refer Note 10 for the details of the change in controlling power during the year).	50%	50%
Gulf Rocks	Qatar	Retail distribution of aggregates.	74.5%	-
Innovative Lighting W.L.L.	Qatar	Trading of Light Emitting Diode (LED) Lamps and other lighting products.	70%	-

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. Unrealized losses are eliminated to the extent that there is no evidence of impairment.

Non-controlling interests

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 income, comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to shareholders of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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 (IFRS) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

The consolidated financial statements have been presented in Qatari Riyals (QR), which is the Group's functional and presentation currency and have been rounded to the nearest Qatari Riyal. The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investment properties and available-for-sale investments.

3.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except for the following standards effective for the annual period beginning on or after 1 January 2012:

IFRS 7 (amendment) – Disclosures: Transfer of financial assets
The amendments to IFRS 7 introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The adoption of this amendment had no significant impact on the consolidated financial statements.

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

The following amendments, interpretations became effective in 2012, but did not have any impact on the accounting policies, financial position or performance of the Group:

Standard/Interpretation	*Content*
IAS 12	Deferred Tax Recovery of Underlying Assets

3.3 IASB STANDARDS AND INTERPRETATIONS ISSUED BUT NOT ADOPTED

The following IASB standards/amendments have been issued but are not yet mandatory, and have not been early adopted by the Group:

Standard/ Interpretation	*Content*	*Effective date*
IAS 1	Presentation of Financial Statements (amendment)	1 July 2012
IAS 19	Employee Benefits (amendment)	1 January 2013
IAS 28	Investments in Associates and Joint Ventures (amendment)	1 January 2013
IFRS 7	Financial Instruments: Disclosures (amendment)	1 January 2013
IAS 32	Financial Instruments: Presentation (amendment)	1 January 2013
IFRS 9	Financial Instruments (new standard)	1 January 2015
IFRS 10	Consolidated Financial Statements (new standard)	1 January 2013
IAS 27	Consolidated and Separate Financial Statements (amendment)	1 January 2013
IFRS 11	Joint Arrangements (new standard)	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities (new standard)	1 January 2013
IFRS 13	Fair Value Measurement (new standard)	1 January 2013

The Group is considering the implications of the above standards, and the timing of adoption by the Group.

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances and short term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Accounts receivable
Accounts receivable are stated at original invoice amount less an allowance 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.

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Goods for resale/work in progress	-	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 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 discloses 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 recoverable amount of the associate and the carrying value and recognises the amount in the consolidated statement of 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.

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 reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of 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 income in the year of retirement or disposal.

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)
Property under construction is dealt with under IAS 40 and recorded at cost less accumulated impairment losses until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). At that time, it is reclassified as investment property and a fair value adjustment is recognised in the consolidated statement of 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 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	20 years
Leasehold improvements	2-8 years
Truck mixers and motor vehicles	4-15 years
Plant and machinery	8-25 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 income as the expense is incurred.

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 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 of 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.

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest bearing loans and borrowings
Interest bearing loans and borrowings are recognised 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 amortised cost using the effective interest method, with any differences between the cost and final settlement values being recognized in the consolidated statement of 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 income when the liabilities are derecognised. Interest relating to interest bearing loans and borrowings is expensed in the year in which it is incurred except those qualify for capitalisation.

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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 income.

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

3.4 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 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 basis 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. 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 related costs in revenues as the Group acts as principal in this regard. Premiums received to terminate leases are recognised in the consolidated statement of income when they arise.

Service income
Service income is recognised 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)

3.4 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 recognised in the statement of income.

Use of estimates
The preparation of the Group's consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) 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 reporting date 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. (Significant assumptions, accounting judgments and estimates used in preparing these consolidated financial statements are disclosed in Note 32).

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 periods.

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

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.

Treasury shares
When share capital recognized in equity is repurchased (by the Company or any of its subsidiaries), the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

4 BUSINESS COMBINATION

Acquisition of Gulf Rocks Company W.L.L.
On 1 January 2012, the Group acquired 51% of the voting shares of Gulf Rocks Company W.L.L. (Gulf Rocks), a limited liability company incorporated in Qatar and registered under commercial registration number 22490. The acquisition was made through Ci-San Trading W.L.L., a subsidiary which is 50% owned by Aamal Group.

The fair value of the identifiable assets and liabilities of Gulf Rocks Company W.L.L. based on purchase price allocation exercise conducted by the management, as at the date of acquisition was as follows:

	Fair value recognized on acquisition QR
Assets	
Cash and bank balances	14,005,495
Accounts receivable and prepayments	11,749,383
Amounts due from related parties	48,311,190
Inventories	5,124,270
Available for sale investments	1,985,245
Plant and equipment	676,917
	81,852,500
Liabilities	
Accounts payable and accruals	4,724,446
Amounts due to related parties	385,070
Employees' end of service benefits	349,272
	5,458,788
Total identifiable net assets	(76,393,712)
Purchase consideration transferred	30,600,000
Non-controlling interest arising on business combination	37,432,919
Bargain purchase gain resulting from the acquisition	**(8,360,793)**
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary	14,005,495
Cash paid	(30,600,000)
	(16,594,505)

On 1 September 2012 the Company acquired the balance 49% of the equity of Gulf Rocks. Accordingly the Group has 74.5% effective holding in Gulf Rocks as at the reporting date. The excess of the purchase consideration over the fair value of net assets of Gulf Rocks acquired from the non-controlling interest has been recorded directly in the retained earnings of the Group as at 31 December 2012.

	QR
Purchase consideration	40,410,000
Less: fair value of net assets acquired from the non-controlling interest holder	(39,842,792)
Excess of purchase consideration over the fair value of net assets acquired	**567,208**

5 CASH AND CASH EQUIVALENTS

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

	2012	*2011*
	QR	*QR*
Cash and bank accounts	**295,421,405**	138,658,335
Short term bank deposits	**85,608,396**	36,845,260
Cash and bank balances	**381,029,801**	175,503,595
Bank overdrafts	**(2,885,090)**	(7,857,113)
Cash and cash equivalents	**378,144,711**	167,646,482

The short term bank 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.

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2012	*2011*
	QR	*QR*
Trade accounts receivable	**485,770,482**	617,203,357
Advances to suppliers and prepayments	**66,114,343**	44,062,714
Retention receivables	**85,109,075**	16,624,225
Other receivables	**18,818,186**	11,734,073
	655,812,086	689,624,369

As at 31 December 2012, trade accounts receivable amounting to QR 24,984,025 (2011: QR 11,877,085) were impaired. Movements in the allowance for impairment of trade accounts receivable were as follows:

	2012	*2011*
	QR	*QR*
At 1 January	**11,877,085**	9,417,343
Charge for the year (Note 22)	**13,613,120**	4,876,765
Adjusted against general reserve	**-**	3,822,500
Amounts written off	**(117,368)**	(5,634,944)
Unused amounts reversed	**(388,812)**	(604,579)
At 31 December	**24,984,025**	11,877,085

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

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

			Past due but not impaired				
	Total *QR*	*Neither past due nor impaired* *QR*	*< 30 days* *QR*	*31-60 days* *QR*	*61-90 days* *QR*	*91-120 days* *QR*	*> 120 days* *QR*
2012	**485,770,482**	**205,412,554**	**82,260,811**	**77,169,306**	**31,417,457**	**23,135,986**	**66,374,368**
2011	617,203,357	298,874,961	73,487,822	100,995,001	41,663,754	38,402,300	63,779,519

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

7 AMOUNTS DUE FROM RELATED PARTIES

Name	***2012*** ***QR***	*2011* *QR*
Al Faisal Holding Company W.L.L.	**119,541,970**	102,537,899
El Sewedy Cables Qatar W.L.L	**73,621,122**	-
United Metals Company	**16,760,405**	88,295,207
Al Jazi Real Estate Investment Company W.L.L.- Al Jazi Real Estate Branch	**5,159,097**	-
El Sewedy Holding Company	**-**	7,765,544
El Sewedy Electric Egypt W.L.L.	**2,881,659**	1,582,284
Maintenance Management Group Qatar W.L.L.	**2,368,246**	1,550,527
Good Life Chemist - The Pearl	**1,867,526**	1,801,020
Bader Pharmacy	**1,800,922**	1,259,409
Al Faisal International Trade and Investment Company W.L.L.	**1,043,571**	1,314,554
Al-Arabia Land Transporting Company W.L.L.	**746,395**	393,550
El Sewedy Cables – Kuwait	**-**	1,103,215
Al Jawhara Pharmacy	**-**	951,097
Gettco International	**459,829**	706,260
Frijns Structural Steel Middle East W.L.L.	**244,940**	116,211
Winter Wonderland	**186,750**	22,500
Al Farman for Investment & International Trading Company W.L.L.	**143,440**	124,130
Qatar Bahrain International Cinema W.L.L.	**77,680**	86,268
Gulf English School	**74,599**	81,856
Dyarco International Trading Company W.L.L.	**-**	49,480
Stenden University	**-**	25,990
Family Entertainment Center Company W.L.L.	**-**	10,000
Good Life Chemist - Al Saad	**-**	336,434
Other related parties	**1,305,726**	1,458,568
	228,283,877	211,572,003

7 AMOUNTS DUE FROM RELATED PARTIES (continued)

Notes:

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

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

8 INVENTORIES

	2012	*2011*
	QR	*QR*
Goods for resale	**253,311,273**	282,584,068
Raw materials and spare parts	**36,608,394**	37,119,699
Work in progress	**30,622,960**	46,899,680
Goods in transit	**119,949,178**	75,754,780
	440,491,805	442,358,227
Less: Provision for obsolete and slow moving inventories	**(3,145,826)**	(2,795,992)
	437,345,979	439,562,235

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

	2012	*2011*
	QR	*QR*
At 1 January	**2,795,992**	2,365,333
Charge for the year (Note 20)	**2,208,263**	939,857
Reversals	**(137,995)**	(484,201)
Amounts written off	**(1,720,434)**	(24,997)
At 31 December	**3,145,826**	2,795,992

9 GOODWILL

The details of goodwill reocgnised in the consolidated financial statements are as follows

	2012	*2011*
	QR	*QR*
El Sewedy Cables Qatar W.L.L.	**109,132,500**	109,132,500

For the purpose of impairment testing, goodwill is allocated to the cash generating units ("CGU"), being the Group's subsidiary, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The impairment testing of the CGU carried out at the year end did not result in any impairment.

10 INVESTMENT IN ASSOCIATES

The Group has the following investments in associate companies.

	Country of incorporation	*Ownership interest*	
		2012	*2011*
Ci – San Trading W.L.L.	Qatar	**-**	50%
Frijns Structural Steel Middle East W.L.L.	Qatar	**20%**	20%
Al Farazdaq W.L.L.	Qatar	**35%**	35%

Ci – San Trading W.L.L.
With effect from 1 January 2012, the management of the Group has reclassified the investment in Ci-San Trading W.L.L. from investment in associate to investment in subsidiary. This is based on an agreement executed with the other shareholder, whereby the control of financial and operating policies of Ci-San Trading W.L.L. has been assigned to the Company.

Frijns Structural Steel Middle East W.L.L.
The Group holds 20% of the ownership interest of Frijns Structural Steel Middle East W.L.L., which was registered and incorporated on 6 November 2008. It is engaged in steel fabrications.

Al Farazdaq W.L.L.
The Group holds 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:

	2012 QR	*2011 QR*
Share of associates' statement of financial position:		
Current assets	**7,318,919**	12,396,792
Non-current assets	**4,958,011**	4,179,012
Current liabilities	**(1,799,577)**	(2,404,518)
Non-current liabilities	**(7,932,163)**	(7,160,146)
Equity	**2,545,190**	7,011,140
Share of associates' revenue and profits:		
Revenue	**7,165,958**	11,809,341
Profits	**534,050**	875,458
Carrying amount of the investments	**2,545,190**	7,011,140

11 INVESTMENT PROPERTIES

	2012	*2011*
	QR	*QR*
At 1 January	**5,551,835,348**	5,262,402,289
Additions	**172,719,187**	7,489,831
Transferred to property, plant and equipment (Note 12)	**-**	(8,725,056)
Transferred from property, plant and equipment (Note 12)	**-**	3,029,215
Net gain from fair value adjustment	**388,792,483**	287,639,069
At 31 December	**6,113,347,018**	5,551,835,348

Notes:

(i) Investment properties are stated at fair value, which has been determined based on external valuations performed by an accredited independent valuer. 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 at the estimates of market values, the valuer has used its market knowledge and professional judgement and not only relied on historical transactional comparables.

(ii) Investment properties are located in the State of Qatar.

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

(iv) The carrying value of investment properties includes capitalised borrowing costs amounting to QR 4,567,381 (2011: QR 106,489) which relates to properties under construction.

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings	*Leasehold improvements*	*Truck mixers and motor vehicles*	*Plant and machinery*	*Furniture, fixtures and office equipment*	*Computers and related software*	*Capital work in progress*	*Total*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*	*QR*
Cost:								
At 1 January 2012	137,434,400	38,601,796	86,364,575	251,102,352	24,637,980	15,819,519	12,104,889	566,065,511
Additions	435,726	555,004	11,552,129	9,777,361	799,491	871,414	45,153,265	69,144,390
Acquired through business combinations (Note 4)	-	144,103	1,697,609	3,514,132	192,042	141,837	-	5,689,723
Disposals/write-off	-	(1,687,907)	(659,324)	(99,498)	(3,696,457)	(2,661,733)	-	(8,804,919)
Transfer from capital work in progress	-	-	-	59,705	98,000	908,078	(1,065,783)	-
Adjustment due to deconsolidation of a subsidiary (Note 2)	-	(208,989)	(1,321,605)	(795,112)	(806,702)	-	-	(3,132,408)
Transfers	-	-	-	-	(525,526)	(214,730)	(59,924)	(800,180)
At 31 December 2012	137,870,126	37,404,007	97,633,384	263,558,940	20,698,828	14,864,385	56,132,447	628,162,117
Depreciation:								
At 1 January 2012	9,144,666	14,510,839	43,569,778	45,201,849	13,066,930	12,235,266	-	137,729,328
Charge for the year	6,989,249	3,454,009	5,808,193	21,538,462	3,375,420	2,077,633		43,242,966
Acquired through business combinations (Note 4)	-	144,103	1,671,942	2,890,797	169,005	136,959	-	5,012,806
Relating to disposals/write-off	-	(1,062,892)	(631,127)	(61,871)	(3,558,466)	(2,627,283)	-	(7,941,639)
Adjustment due to deconsolidation of a subsidiary (Note 2)	-	(87,399)	(455,115)	(290,952)	(303,456)	-	-	(1,136,922)
Transfers	-	-	-	-	(206,013)	(106,622)	-	(312,635)
At 31 December 2012	16,133,915	16,958,660	49,963,671	69,278,285	12,543,420	11,715,953	-	176,593,904
Net carrying amounts:								
At 31 December 2012	**121,736,211**	**20,445,347**	**47,669,713**	**194,280,655**	**8,155,408**	**3,148,432**	**56,132,447**	**451,568,213**

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings *QR*	*Leasehold 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 2011	123,265,615	37,597,839	71,983,170	227,465,836	17,355,493	14,165,598	12,956,769	504,790,320
Additions	14,168,785	896,903	15,038,804	14,965,460	7,778,503	1,166,579	2,862,702	56,877,736
Disposals	-	-	(657,399)	(54,000)	(586,237)	(750)	-	(1,298,386)
Transferred from investment properties (Note 11)	-	-	-	8,725,056	-	-	-	8,725,056
Transferred to investment properties (Note 11)	-	-	-	-	-	-	(3,029,215)	(3,029,215)
Transfers	-	107,054	-	-	90,221	488,092	(685,367)	-
At 31 December 2011	137,434,400	38,601,796	86,364,575	251,102,352	24,637,980	15,819,519	12,104,889	566,065,511
Depreciation:								
At 1 January 2011	2,873,790	10,980,897	39,184,647	25,325,930	10,323,182	10,184,914	-	98,873,360
Charge for the year	6,270,876	3,529,942	4,717,798	19,883,634	3,009,985	2,051,101	-	39,463,336
Relating to disposals	-	-	(332,667)	(7,715)	(266,237)	(749)	-	(607,368)
At 31 December 2011	9,144,666	14,510,839	43,569,778	45,201,849	13,066,930	12,235,266	-	137,729,328
Net carrying amounts:								
At 31 December 2011	128,289,734	24,090,957	42,794,797	205,900,503	11,571,050	3,584,253	12,104,889	428,336,183

Notes:

(i) Depreciation charge for the year amounting to QR 33,294,496 (2011: QR 30,492,265) is included in the direct costs and an amount of QR 36,939 (2011: Nil) has been capitalised under capital work in progress.

(ii) The capital work in progress includes capitalised borrowing costs amounting to QR 15,358 (2011: Nil).

(iii) The buildings are constructed on a plot of land taken on a long term operating lease.

13 ACCOUNTS PAYABLE AND ACCRUALS

	2012 *QR*	*2011* *QR*
Trade accounts payable	**482,912,839**	550,157,726
Advances from customers and tenants	**64,344,137**	82,813,475
Accruals	**24,890,739**	36,147,499
Social and sports activities levy	**28,954,726**	13,341,889
Other payables	**33,075,720**	19,619,013
	634,178,161	702,079,602

14 AMOUNTS DUE TO RELATED PARTIES

Name	*2012* *QR*	*2011* *QR*
Arab Company for Fiber Products	**18,380,528**	-
El Sewedy Electric Holding	**9,145,882**	-
SEDCO	**6,348,624**	8,191,986
United Industries Company W.L.L.	**5,380,957**	9,837,057
Johnson Controls Air conditioning and Refrigeration Qatar W.L.L.	**3,529,196**	-
El Sewedy Cables Egypt	**2,832,613**	45,489,053
Johnson Controls Air conditioning and Refrigeration INC Dubai	**1,693,323**	-
United Wire Company W.L.L.	**1,068,794**	7,364
Gulf Rocks Company W.L.L.	**-**	8,708,682
El Sewedy Cables - Syria	**-**	2,898,215
Egyptian Call Center Operator	**-**	1,668,386
Gettco Company W.L.L. – Gettco Refrigeration and Airconditioning	**670,179**	683,317
Al Jazi Real Estate Company W.L.L. – Al Jazi Real Estate Branch	**-**	386,475
Diwan Al Emara W.L.L.		159,116
Al Shaab Group of Companies	**110,873**	68,828
City Pharmacy	**-**	2,712
Other related parties	**10,590,390**	3,846,276
	59,751,359	81,947,467

Note:
Related party transactions are disclosed in Note 27.

15 INTEREST BEARING LOANS AND BORROWINGS

	Notes	Maturity	2012 QR	2011 QR
Loan 1	(i)	June 2013	**298,324,180**	265,216,549
Loan 2	(ii)	January 2013	**440,000,000**	241,152,411
Loan 3	(iii)	January 2015	**101,088,000**	151,632,000
Loan 4	(iv)	November 2016	**57,955,030**	73,964,856
Loan 5	(v)	December 2016	**100,168,750**	49,153,500
Loan 6	(vi)	May 2012	**-**	22,900,050
Loan 7	(vii)	May 2016	**-**	7,114,000
Loan 8	(viii)	April 2013	**-**	4,753,527
Loan 9	(ix)	November 2014	**-**	4,160,000
Loan 10	(x)	March 2015	**-**	3,923,501
Loan 11	(xi)	June 2012	**-**	1,826,117
Loan 12	(xii)	June 2012	**-**	1,533,074
Loan 13	(xiii)	May 2013	**-**	928,125
Loan 14	(xiv)	April 2012	**-**	477,601
Loan 15	(xv)	November 2017	**21,300,492**	-
Loan 16	(xvi)	June 2013	**4,077,281**	-
Loan 17	(xvii)	December 2017	**7,828,711**	-
Loan 18	(xviii)	October 2019	**35,000,000**	-
			1,065,742,444	828,735,311
Less: Deferred financing cost			**(897,148)**	(332,661)
			1,064,845,296	828,402,650

Presented in the consolidated statement of financial position as follows:

	2012 QR	2011 QR
Current portion	**825,568,489**	399,077,202
Non-current portion	**239,276,807**	429,325,448
	1,064,845,296	828,402,650

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

	2012 QR	2011 QR
At 1 January	**332,661**	464,422
Additions during the year	**912,506**	-
Amortised during the year	**(348,019)**	(131,761)
At 31 December	**897,148**	332,661

15 INTEREST BEARING LOANS AND BORROWINGS (continued)

Notes:

(i) Loan 1 is a USD 93,000,000 import loan facility obtained to refinance the letters of credit. The loan carries interest at commercial rate and the interest is paid at monthly intervals. The facility is repayable within 180 days including the usage period under letter of credits.

(ii) Loan 2 is a secured bridge loan obtained to settle an existing loan and working capital requirements of the Company. The loan carries interest at commercial rates and interest is to be paid on quarterly basis.

(iii) Loan 3 was obtained for the purpose of financing capital expenditure and direct payment to suppliers, contractors and sub-contractors. The loan carries interest at commercial rate and the interest is to be paid quarterly. The facility is repayable in 15 quarterly instalments starting 1 July 2011 and ending 1 January 2015.

(iv) Loan 4 was obtained for construction of an investment property. The loan is secured by a primary mortgage over the same property and corporate guarantee of the Aamal Company Q.S.C. The loan carries interest at commercial market rate and is payable in quarterly instalments.

(v) Loan 5 represents a loan facility obtained in two separate tranches amounting to QR 309,825,000 (USD 85 million) for the purpose of refurbishment and construction of facilities in one of the investment properties. The loan is repayable in 16 equal quarterly instalments for individual tranche, commencing from March 2013. The loan carries interest at commercial rates.

(vi) Loan 6 is a trust receipt banking facility for the purchase of inventories. This loan was fully settled during the year.

(vii) Loan 7 was drawn down on 13 July 2011 to finance the purchase of heavy vehicles. The loan is repayable by 59 equal monthly instalments of QR 131,000 with a last instalment of QR 171,000 with effect from 31 July 2011. The loan carries interests at market rates. During the year this loan has been merged under loan 15.

(viii) Loan 8 was drawn down on 1 January 2011 to finance the purchase of heavy machines. The loan is repayable by 50 equal monthly instalments of QR 300,000 with effect from 31 July 2011. The loan carries interests at market rates. During the year this loan has been merged under loan 15.

(ix) Loan 9 represents a loan obtained during the year 2010, amounting to QR 5,910,000 to finance purchase of delivery trucks. The loan is repayable in 48 equal monthly instalments starting from November 2010. During the year this loan has been merged under loan 17.

(x) Loan 10 represents a loan obtained during the year 2011, amounting to QR 4,956,000 to finance purchase of delivery trucks. The loan is repayable in 48 equal monthly instalments starting from March 2011. During the year this loan has been merged under loan 17.

(xi) Loan 11 represents a short term facility obtained during the year 2011, amounting to QR 1,826,117 to finance purchase of machinery and equipment. During the year this loan has been merged under loan 17.

(xii) Loan 12 represents amounts payable to a supplier for the purchase of machinery. As per the agreement, the loan is settled by semi-annual instalments over the period of five years commencing from 31 December 2007. This loan was fully settled during the year.

(xiii) Loan 13 was drawn down on 31 August 2010 to finance the purchase of heavy equipment and machines. The loan is repayable by 31 equal monthly instalments of QR 55,000 with a last instalment of QR 48,125 with effect from 31 October 2010. The loan carries interest at market rates. During the year this loan has been merged under loan 15.

15 INTEREST BEARING LOANS AND BORROWINGS (continued)

(xiv) Loan 14 is a short term facility that has been obtained for settlement of letters of credit relating to import of materials and medical equipment. This loan was fully settled during the year.

(xv) Loan 15 is an amalgamation of loan 7,8 and 13. Loan was merged on 15 November 2012 and is payable by 59 equal instalments of QR. 426,000 with a last instalment of QR. 438,326 with effect from 01 October 2013. The loan carries interest at commercial market rates.

(xvi) Loan 16 is a trust receipt banking facility obtained for the purchase of inventories. This carried interest at commercial market rates.

(xvii) Loan 17 is an amalgamation of above mentioned loans 9, 10 and 11. Loans were amalgamated on 22 October 2012. The loan carries interest at commercial market rates and is payable by 59 equal instalments of QR 160,000 with a last instalment of QR 128,000 with effect from 31 December 2012.

(xviii) Loan 18 is an Islamic Financing Arrangement obtained for construction of a manufacturing plant and as of year end balance represents partially drawn amount out of total facility of QR 65,568,000. The loan is secured by joint corporate guarantee by the shareholders. The loan carries profit at Islamic Financing rates and re-payable in quarterly instalments starting from the end of the 24 months grace period from the date of loan drawn.

16 EMPLOYEES' END OF SERVICE BENEFITS

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

	2012	*2011*
	QR	*QR*
At 1 January	**18,664,561**	15,118,252
Provision made during the year	**4,652,765**	4,675,886
Acquired through business combinations (Note 4)	**349,272**	-
Adjustment due to deconsolidation of a subsidiary	**(353,981)**	-
End of service benefits paid during the year	**(4,344,453)**	(1,129,577)
At 31 December	**18,968,164**	18,664,561

17 SHARE CAPITAL

	2012	*2011*
	QR	*QR*
Authorised		
544,500,000 (2011: 495,000,000) shares of QR 10 each	**5,445,000,000**	4,950,000,000

	2012		*2011*	
	Number of shares	***QR***	*Number of shares*	*QR*
Issued and fully paid				
At 1 January	**495,000,000**	**4,950,000,000**	450,000,000	4,500,000,000
Issue of bonus shares	**49,500,000**	**495,000,000**	45,000,000	450,000,000
At 31 December	**544,500,000**	**5,445,000,000**	495,000,000	4,950,000,000

All shares are of same class and carry equal voting rights.

18 LEGAL RESERVE

As required by Qatar 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.

19 REVENUES

	2012	*2011*
	QR	*QR*
Sale of goods	**1,923,605,478**	1,619,379,319
Rental income	**233,117,509**	212,648,102
Service income	**83,940,731**	41,216,566
Commission, incentives and agency fees	**43,220,632**	36,893,299
	2,283,884,350	1,910,137,286

20 DIRECT COSTS

	2012	*2011*
	QR	*QR*
Cost of inventories recognised as an expense	**1,662,834,433**	1,329,705,895
Salaries and wages	**51,378,568**	44,433,734
Operating expenses on real estate properties	**30,481,504**	25,521,372
Depreciation (Note 12)	**33,294,496**	30,492,265
Operator's management fees	**11,667,989**	11,667,326
Provision for obsolete and slow moving inventories (Note 8)	**2,208,263**	939,857
Other operating expenses	**45,681,044**	26,584,624
	1,837,546,297	1,469,345,073

21 OTHER INCOME

	2012	*2011*
	QR	*QR*
Interest income	**2,968,837**	1,987,181
(Loss)/Profit on disposal of property, plant and equipment	**(178,620)**	76,290
Bargain purchase gain (Note 4)	**8,360,793**	-
Miscellaneous income	**5,937,830**	5,292,497
	17,088,840	7,355,968

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2012 ***QR***	*2011* *QR*
Management and employees' costs	**60,185,248**	60,088,911
Rent	**26,282,509**	23,795,728
Allowance for impairment of trade accounts receivable (Note 6)	**13,613,120**	4,876,765
Insurance and professional fees	**2,596,168**	1,683,934
Communication costs	**1,649,155**	1,263,206
Training and business development	**1,095,764**	1,125,414
Repairs and maintenance	**2,532,887**	926,039
Postage, printing and stationery	**541,159**	753,256
Miscellaneous expenses	**24,926,367**	19,599,605
	133,422,377	114,112,858

23 FINANCE COSTS

	2012 ***QR***	*2011* *QR*
Interest expense	**61,636,024**	59,583,410
Amortisation of deferred financing costs	**332,661**	131,761
	61,968,685	59,715,171

24 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is 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. During the year, the Company issued and capitalized bonus shares and accordingly, the previously reported earnings per share have been restated.

	2012	*2011*
Profit for the year attributable to equity holders of the parent (QR)	**594,892,946**	492,153,575
Weighted average number of shares outstanding during the year (i)	**544,364,249**	544,500,000
Basic and diluted earnings per share (QR)	**1.09**	0.90

Notes:

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

	2012	*2011*
Qualifying shares at the beginning of the year	**495,000,000**	495,000,000
Effect of bonus shares issued and capitalised	**49,500,000**	49,500,000
	544,500,000	544,500,000
Less: Treasury shares	**(135,751)**	-
Weighted average number of shares at the end of the year	**544,364,249**	544,500,000

(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

	2012 *QR*	*2011* *QR*
Estimated capital expenditure approved and contracted for at the year end but not provided for:		
Investment properties	**8,139,063**	73,256,019
Property, plant and equipment	**63,759,762**	2,430,762
	71,898,825	75,686,781
Operating lease commitments, under non-cancellable lease agreements:		
Payable within one year	**702,000**	12,833,397
	702,000	12,833,397

26 CONTINGENT LIABILITIES

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

	2012 *QR*	*2011* *QR*
Letters of guarantee	**395,702,995**	414,501,774
Letters of credit	**23,845,528**	9,854,896

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 within three to six months from the date of the transaction.

27 RELATED PARTY DISCLOSURES

Related party transactions
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 consolidated financial statements were as follows:

	2012 QR	*2011 QR*
Sale of goods and services	**208,602,200**	40,560,339
Rental income	**2,069,386**	2,125,876
Purchase of goods and services	**454,530,119**	512,668,021
Rental expense	**23,397,334**	9,284,058
Bargain purchase gain	**8,360 ,793**	-
Net assets acquired	**78,803,585**	-

Related party balances
Amounts due from and due to related parties are disclosed in Notes 7 and 14 respectively. These balances do not carry interest and are repayable on mutually agreed dates, generally within one year.

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.

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

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

	2012 QR	*2011 QR*
Short-term benefits	**11,323,951**	7,207,678
Employees' end of service benefits	**405,126**	179,947
	11,729,077	7,387,625

28 BONUS SHARES

During the year, the Group issued one share for every ten shares held as of 31 December 2011, amounting to QR 495,000,000, using retained earnings as of 31 December 2011 (2011: one share for every ten shares held as of 31 December 2010, amounting to QR 450,000,000, using retained earnings as of 31 December 2010).

In their meeting held on 4 March 2013, the Board of Directors proposed an issue of bonus shares of 10.1928% of the paid up Share Capital aggregating 55.5 million shares with a nominal value of QR 555 million (2011: QR 495 million) as the dividend distribution for the current financial year subject to the approval of the Shareholders at the General Assembly.

29 SEGMENT INFORMATION

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

Property:
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 wholesale and/or retail distribution of pharmaceutical and consumable items, home appliances, 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

Industrial manufacturing:
The segment involves manufacturing, wholesale and/or retail distribution of electric cables and tools, aggregates, ready-mix concrete and cement blocks and provision of services in relation to industrial investment, repair and construction of power plants, trading of LED lighting products and management of industrial enterprises. The segment includes the following entities:

- Aamal Cement Industries W.L.L.
- Aamal Readymix Branch
- Doha Cables Qatar W.L.L.
- Senyar Industries Qatar Holding W.L.L.
- El Sewedy Cables Qatar W.L.L.
- Advanced Pipes and Casts Company W.L.L.
- Gulf Rocks Company W.L.L.
- Ci-San Trading Company W.L.L.
- Innovative Lighting W.L.L.

Managed services:
The segment involves provision of housekeeping and cleaning services, facilities management services, energy services, call centre services, building maintenance and acting as travel agents. The segment includes the following entities:

- Aamal Service Branch
- Aamal Travels Branch
- Ecco Gulf Co. W.L.L.
- Johnson Controls Qatar W.L.L.

29 SEGMENT INFORMATION (Continued)

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

The managing director of the Group 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, after elimination of inter-branch and inter-company transactions, is presented as follows:

For the year ended 31 December 2012	*Property* QR	*Trading and distribution* QR	*Industrial manufacturing* QR	*Managed services* QR	*Head Office* QR	*Eliminations* QR	*Total* QR
Revenues							
- External parties	**233,117,509**	**525,307,661**	**1,470,242,515**	**55,216,665**	**-**	**-**	**2,283,884,350**
- Inter segments	**1,168,925**	**8,241,723**	**35,430,647**	**29,393,631**	**-**	**(74,234,926)** (i)	**-**
	234,286,434	**533,549,384**	**1,505,673,162**	**84,610,296**	**-**	**(74,234,926)**	**2,283,884,350**
Operating results	**181,823,671**	**54,384,838**	**56,727,059**	**7,427,414**	**(64,641,976)**	**-**	**235,721,006**
Fair value gains	**388,792,483**	**-**	**-**	**-**	**-**	**-**	**388,792,483**
Profit / (Loss) for the year	**570,616,154**	**54,384,838**	**56,727,059**	**7,427,414**	**(64,641,976)**	**-**	**624,513,489**
Depreciation	**1,863,659**	**4,698,780**	**33,454,847**	**1,908,067**	**1,317,613**	**-**	**43,242,966**

29 SEGMENT INFORMATION (continued)

Operating segments (continued):

For the year ended 31 December 2011	*Property* *QR*	*Trading and distribution* *QR*	*Industrial manufacturing* *QR*	*Managed services* *QR*	*Head Office* *QR*	*Eliminations* *QR*	*Total* *QR*
Revenues							
- External parties	212,648,102	516,727,044	1,138,457,575	42,304,565	-	-	1,910,137,286
- Inter segments	1,078,711	6,899,729	319,025	15,145,725	-	(23,443,190) (i)	-
	213,726,813	523,626,773	1,138,776,600	57,450,290	-	(23,443,190)	1,910,137,286
Operating results	161,009,233	63,272,764	62,136,593	7,680,057	(48,062,139)	-	246,036,508
Fair value gains	287,639,069	-	-	-	-	-	287,639,069
Profit / (Loss) for the year	448,648,302	63,272,764	62,136,593	7,680,057	(48,062,139)	-	533,675,577
Depreciation	1,459,974	5,058,413	30,674,949	1,500,888	769,112	-	39,463,336

Note:

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

29 SEGMENT INFORMATION (continued)

Assets and liabilities:

At 31 December 2012	*Property* *QR*	*Trading and distribution* *QR*	*Industrial manufacturing* *QR*	*Managed services* *QR*	*Head Office* *QR*	*Eliminations* *QR*	*Total* *QR*
Current assets	**146,491,186**	**296,442,512**	**1,014,196,052**	**51,387,098**	**468,325,024**	**(274,370,129)** (i)	**1,702,471,743**
Non current assets	**6,121,864,484**	**9,037,264**	**536,315,889**	**4,711,439**	**6,713,643**	**(2,030,835)** (i)	**6,676,611,884**
Total assets	**6,268,355,670**	**305,479,776**	**1,550,511,941**	**56,098,537**	**475,038,667**	**(276,400,964)**	**8,379,083,627**
Current liabilities	**273,444,748**	**86,054,583**	**934,921,308**	**21,938,953**	**480,393,637**	**(274,370,130)** (i)	**1,522,383,099**
Non current liabilities	**117,015,024**	**7,434,286**	**129,671,378**	**2,871,199**	**1,253,084**	**-**	**258,244,971**
Total liabilities	**390,459,772**	**93,488,869**	**1,064,592,686**	**24,810,152**	**481,646,721**	**(274,370,130)**	**1,780,628,070**
Capital expenditure (ii)	**172,865,878**	**1,281,254**	**66,850,487**	**716,913**	**149,045**	**-**	**241,863,577**

29 SEGMENT INFORMATION (continued)

Assets and liabilities (continued):

At 31 December 2011	*Property* *QR*	*Trading and distribution* *QR*	*Industrial manufacturing* *QR*	*Managed services* *QR*	*Head Office* *QR*	*Eliminations* *QR*	*Total* *QR*
Current assets	128,457,295	317,062,008	929,169,668	44,448,034	279,025,702	(181,900,505) (i)	1,516,262,202
Non current assets	5,562,069,782	13,630,777	502,308,874	5,902,937	12,402,801	-	6,096,315,171
Total assets	5,690,527,077	330,692,785	1,431,478,542	50,350,971	291,428,503	(181,900,505)	7,612,577,373
Current liabilities	187,927,156	134,776,017	954,757,384	23,300,756	72,100,576	(181,900,505) (i)	1,190,961,384
Non current liabilities	108,081,117	8,102,827	131,642,791	2,309,719	197,853,555	-	447,990,009
Total liabilities	296,008,273	142,878,844	1,086,400,175	25,610,475	269,954,131	(181,900,505)	1,638,951,393
Capital expenditure (ii)	7,769,643	2,910,984	44,844,138	2,878,070	5,964,732	-	64,367,567

Notes:

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

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

30 FINANCIAL RISK MANAGEMENT

Objectives and policies
The Group's principal financial liabilities comprise interest bearing loans and borrowings, bank 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, retention receivable and other receivables, 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 optimising return.

Equity price risk.
Equity price risk is the risk that the Group's earnings will be affected as a result of fluctuations in fair value of equity instruments. Equity price risk arises from available-for-sale investments. However the Group's exposure to equity price risk is minimal as it doesn't hold significant available-for-sale investments.

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

	2012	*2011*
	QR	*QR*
Fixed interest rate instruments:		
Financial assets	**111,913,394**	20,797,699
Financial liabilities	**(125,264,366)**	(357,043,647)
	(13,350,972)	(336,245,948)
Floating interest rate instruments:		
Financial assets	**104,384,810**	16,047,561
Financial liabilities	**(941,148,926)**	(479,216,116)
	(836,764,116)	(463,168,555)

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 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 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*
2012		
Floating interest rate instruments	+25 b.p.	**(2,091,910)**
2011		
Floating interest rate instruments	+25 b.p.	(1,157,921)

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 amounts due in foreign currencies, mainly US Dollars, UAE Dirhams, Great Britain Pounds (GBP) and Euros, of which the Group has a currency risk primarily on the balances payable in Euros and GBP amounting to QR 17,214,046 (2011: QR 25,825,329).

The Group does not hedge its foreign 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 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the QR currency rate against the Euro and GBP, with all other variables held constant, on the consolidated statement of 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 foreign currency rate to the QR	*Effect on profit QR*
2012	+5%	**(860,702)**
2011	+5%	(1,291,266)

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 indicated by the carrying amount of its financial assets, which consist principally of trade accounts receivable, retention receivable, amounts due from related parties, other receivables and bank balances.

The Group sells its products 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 products or 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 allowance reflected at the reporting date, was as follows:

Business segment:	***2012*** ***QR***	*2011* *QR*
Property	**19,386,326**	15,861,265
Trading and distribution	**179,748,274**	197,566,957
Industrial manufacturing	**272,088,493**	378,039,163
Managed services	**14,547,389**	25,735,972
	485,770,482	617,203,357

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 as follows:

	2012	*2011*
	QR	*QR*
Bank balances	**380,960,849**	175,417,880
Amounts due from related parties	**228,283,877**	211,572,003
Retention and other receivables	**103,927,261**	28,358,298
	713,171,987	415,348,181

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

The management considers the bank balances and amounts due from related parties as high grade financial assets and trade accounts receivable and other receivables as standard grade financial assets. When a financial asset is identified to be impaired, the management downgrades such assets to impaired category and provides adequate allowances.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its 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 and borrowings.

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	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*> 5 years*	*Total*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*
31 December 2012						
Interest bearing loans and borrowings	**-**	**469,839,033**	**365,476,972**	**248,472,226**	**7,648,000**	**1,091,436,231**
Bank overdrafts	**2,885,090**	**-**	**-**	**-**	**-**	**2,885,090**
Trade accounts payable	**-**	**138,044,530**	**344,100,202**	**768,107**	**-**	**482,912,839**
Other payables	**-**	**36,908,883**	**23,884,661**	**1,236,902**	**-**	**62,030,446**
Amounts due to related parties	**-**	**27,378,772**	**5,690,272**	**26,682,315**	**-**	**59,751,359**
	2,885,090	**672,171,218**	**739,152,107**	**277,159,550**	**7,648,000**	**1,699,015,965**

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*> 5 years*	*Total*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*
At 31 December 2011						
Interest bearing loans and borrowings	-	64,645,934	396,505,680	476,988,018	-	938,139,632
Bank overdrafts	7,857,113	-	-	-	-	7,857,113
Trade accounts payable	-	94,579,970	455,577,756	-	-	550,157,726
Other payables	-	24,898,283	8,062,619	-	-	32,960,902
Amounts due to related parties	-	23,075,222	58,872,245	-	-	81,947,467
	7,857,113	207,199,409	919,018,300	476,988,018	-	1,611,062,840

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 non-controlling 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's target is to achieve a return on shareholders' equity (excluding non-controlling 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 years ended 31 December 2012 and 31 December 2011.

The Group monitors the 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.

	2012 ***QR***	*2011* *QR*
Interest bearing loans and borrowings	**1,064,845,296**	828,402,650
Less: Cash and cash equivalents	**(378,144,711)**	(167,646,482)
Net debt	**686,700,585**	660,756,168
Total capital	**6,408,617,095**	5,831,980,475
Capital and net debt	**7,095,317,680**	6,492,736,643
Gearing ratio	**9.7%**	10.2%

31 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances, short term bank deposits, amounts due from related parties, retention and other receivables 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 ASSUMPTIONS, 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 an allowance 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 anticipated selling prices.

Impairment of goodwill
Goodwill embedded in the cost of acquisition of subsidiaries and associates are tested for impairment annually. The calculations of value in use for cash generating units relating to real estate projects are most sensitive to the following assumptions:

Gross margin: Gross margins are based on average values achieved in the period preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Discount rates: Discount rates represent the current market assessment of the risks specific to each cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available marked data.

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.

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.

Going concern

The Group’s management has made an assessment of the Group’s ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

33 INCOME TAX

Certain subsidiaries of the Group, which have non-GCC ownership, are subject to income tax under Qatar Income Tax Law No. 21 of 2009. The income tax is charged on the share of profits attributable to non-GCC shareholders. For the purpose of these consolidated financial statements, the income tax liability of the foreign shareholders has been excluded, given that the non-GCC shareholders have agreed, under the shareholder agreements signed with the Group, to bear the full liability and make necessary payments.