QATAR INDUSTRIAL MANUFACTURING COMPANY Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

QATAR INDUSTRIAL MANUFACTURING COMPANY Q.S.C.

Consolidated Financial Statements
As at and for the year ended 31 December 2015

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Independent Auditors' Report

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

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Qatar Industrial Manufacturing Company Q.S.C. (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Directors, 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 Company as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on legal and other regulatory requirements
We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. We confirm that physical count of the inventories was carried out in accordance with established principles. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and amendments thereto having occurred during the year which might have had a material adverse effect on the business of the Company or on its consolidated financial position as at 31 December 2015.

7 February 2016
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2015

	Note	**31 December 2015**	31 December 2014
ASSETS			
Property, plant and equipment	5	481,651,194	434,899,597
Investment property	6	48,921,869	45,887,839
Equity – accounted investees	7	599,501,145	559,664,897
Other financial assets	8	163,189,058	194,786,555
Due from related parties	9.a1	134,568,039	78,577,512
Non-current assets		1,427,831,305	1,313,816,400
Inventories	10	114,109,039	60,753,497
Trade and other receivables	11	165,985,853	79,560,099
Due from related parties	9.a2	10,096,334	7,530,750
Cash and bank balances	12	130,232,974	271,182,239
Current assets		420,424,200	419,026,585
TOTAL ASSETS		**1,848,255,505**	1,732,842,985
EQUITY			
Share capital	13	475,200,000	475,200,000
Legal reserve	14	250,000,000	250,000,000
General reserve		43,970,860	43,970,860
Revaluation reserve	15	182,499,480	182,499,480
Fair value reserve	16	50,835,473	92,171,516
Retained earnings		486,065,148	464,014,785
Equity attributable to owners of the Company		1,488,570,961	1,507,856,641
Non – controlling interests		31,765,677	30,374,600
Total equity		1,520,336,638	1,538,231,241
LIABILITIES			
Borrowings – non-current portion	17	30,929,628	32,085,935
Employees' end of service benefits	18	16,964,019	14,725,544
Notes payable	19	372,495	1,703,811
Non-current liabilities		48,266,142	48,515,290
Bank overdraft	12	3,211,761	1,790,997
Borrowings – current portion	17	16,022,144	16,284,684
Trade and other payables	20	95,633,330	69,122,955
Notes payable	19	893,988	2,244,044
Due to related parties	9.b	163,891,502	56,653,774
Total current liabilities		279,652,725	146,096,454
Total liabilities		327,918,867	194,611,744
TOTAL EQUITY AND LIABILITIES		**1,848,255,505**	1,732,842,985

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 7 February 2016:

Sheikh Abdulrahman Bin Moh'd Bin Jabor Al-Thani
Chairman

Abdulrahman Al Ansari
Chief Executive Officer

The notes on pages 7 to 33 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015**	2014
Revenue		490,217,151	296,138,162
Costs of sales		(412,291,397)	(249,044,289)
Gross profit		**77,925,754**	47,093,873
Other income		8,046,096	11,829,751
General and administrative expenses	22	(48,954,180)	(47,638,558)
Operating Profit		**37,017,670**	11,285,066
Net share of results from equity – accounted investees	7	149,353,750	110,508,571
Income from investments and financial assets		8,321,563	51,610,440
Finance costs		(2,126,258)	(2,569,043)
Impairment of available-for-sale financial assets	16	(12,344,506)	(869,998)
Net profit before board of directors' remuneration		**180,222,219**	169,965,036
Board of directors' remuneration		(6,000,000)	(6,000,000)
Net profit for the year		**174,222,219**	163,965,036
Other comprehensive income			
Reclassification to statement of profit or loss on sale of available-for-sale financial assets	16	(74,961)	(26,743,524)
Reclassification to statement of profit or loss on impairment of available-for-sale financial assets	16	12,344,506	869,998
Net change in fair value of available-for-sale financial assets	16	(37,775,917)	20,414,853
Share of change in fair value reserve from equity – accounted investees	7	(15,829,671)	5,463,612
Total other comprehensive income		**(41,336,043)**	4,939
Total comprehensive income for the year		**132,886,176**	163,969,975
Profit attributable to:			
Owners of the Company		168,831,142	160,976,130
Non-controlling interests		5,391,077	2,988,906
		174,222,219	163,965,036
Total comprehensive income attributable to:			
Owners of the Company		127,495,099	160,981,069
Non-controlling interests		5,391,077	2,988,906
		132,886,176	163,969,975
Basic earnings per share	23	**3.55**	3.39

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	**2015**	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		174,222,219	163,965,036
Adjustments for:			
Depreciation	5	26,720,073	25,900,509
Gain on sale of property, plant and equipment		(8,064)	(15,506)
Net share of results from equity – accounted investees and other transactions	7	(148,327,701)	(108,672,627)
Loss / (gain) on sale of investments		1,856	(44,502,591)
Impairment of available-for-sale financial assets	16	12,344,506	869,998
Provision / (reversal) for slow moving items		(3,201)	-
Provision for doubtful debts		645,571	503,862
Employees’ end of service benefits		2,428,607	2,062,179
Finance costs		2,126,258	2,569,043
		70,150,124	42,679,903
Changes in:			
- inventories		(53,352,341)	(23,414,331)
- due from related parties		(58,556,111)	(1,034,037)
- trade and other receivables		(87,071,325)	2,332,870
- due to related parties		107,237,728	18,304,689
- trade and other payables		22,289,597	(12,083,545)
Cash generated from operating activities		**697,672**	26,785,549
Employees' end of service benefits paid		(190,132)	(348,252)
Finance costs paid		(2,126,258)	(2,569,043)
Net cash (used in) / from operating activities		**(1,618,718)**	23,868,254
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments properties		(3,034,030)	-
Purchase of property, plant and equipment	5	(73,484,976)	(29,202,162)
Proceeds from sale of property, plant and equipment		21,370	15,506
Investment in associate companies	7	-	(31,032,436)
Acquisition of available-for-sale financial assets		(8,458,420)	(53,232,829)
Proceeds from sale of available for sale financial assets		2,203,182	87,011,818
Proceeds from sale of held for trading sale investments		-	14,217,059
Dividends received from associate companies	7	92,661,782	78,184,217
Net cash from investing activities		**9,908,908**	65,961,173
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from borrowings		14,309,493	-
Settlement of related party – Loan receivable		-	38,259,748
Repayment of borrowings		(15,728,340)	(11,865,989)
Repayment of notes payable		(2,681,372)	(1,458,873)
Liquidation of fixed deposit account		10,000,000	-
Dividends paid		(146,560,000)	(5,000,000)
Net cash (used in) / from financing activities		**(140,660,219)**	19,934,886
Net (decrease) / increase in cash and cash equivalents		**(132,370,029)**	109,764,313
Cash and cash equivalents at 1 January		259,391,242	149,626,929
Cash and cash equivalents at 31 December	12	**127,021,213**	259,391,242

The notes on pages 7 to 33 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share Capital	**Legal reserve**	**General reserve**	**Revaluation reserve**	**Fair value reserve**	**Retained earnings**	**Equity attributable to the Owners of the Company**	**Non-controlling interests**	**Total Equity**
Balance at 31 December 2013	396,000,000	250,000,000	43,970,860	182,499,480	92,166,577	386,263,058	1,350,899,975	32,385,694	1,383,285,669
Total comprehensive income for the year:									
Net profit	-	-	-	-		160,976,130	160,976,130	2,988,906	163,965,036
Other comprehensive income	-	-	-	-	4,939	-	4,939		4,939
Total comprehensive income for the year	-	-	-	-	4,939	160,976,130	160,981,069	2,988,906	163,969,975
Issuance of bonus shares	79,200,000	-	-	-	-	(79,200,000)	-	-	-
Transfer to social and sports fund	-	-	-	-	-	(4,024,403)	(4,024,403)	-	(4,024,403)
Dividends paid	-	-	-	-	-		-	(5,000,000)	(5,000,000)
Balance at 31 December 2014	475,200,000	250,000,000	43,970,860	182,499,480	92,171,516	464,014,785	1,507,856,641	30,374,600	1,538,231,241
Balance at 31 December 2014	475,200,000	250,000,000	43,970,860	182,499,480	92,171,516	464,014,785	1,507,856,641	30,374,600	1,538,231,241
Total comprehensive income for the year:									
Net profit	-	-	-	-	-	168,831,142	168,831,142	5,391,077	174,222,219
Other comprehensive income	-	-	-	-	(41,336,043)	-	(41,336,043)	-	(41,336,043)
Total comprehensive income for the year	-	-	-	-	(41,336,043)	168,831,142	127,495,099	5,391,077	132,886,176
Transfer to social and sports fund	-	-	-	-	-	(4,220,779)	(4,220,779)	-	(4,220,779)
Dividends paid	-	-	-	-	-	(142,560,000)	(142,560,000)	(4,000,000)	(146,560,000)
Balance at 31 December 2015	**475,200,000**	**250,000,000**	**43,970,860**	**182,499,480**	**50,835,473**	**486,065,148**	**1,488,570,961**	**31,765,677**	**1,520,336,638**

1 STATUS AND ACTIVITIES

Qatar Industrial Manufacturing Company Q.S.C., (the "Company") was incorporated on February 11, 1990 by an Amiri Decree No. 54 of 1990 under Commercial Registration No. 12991. The consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group is engaged in industrial manufacturing and various types of industrial investments inside and outside the State of Qatar.

The consolidated financial statements of the Group include the financial statements of the branches listed below:

	Commercial register number
National Paper Industries	12991/2
Qatar Acids	12991/3
Qatar Sand Treatment Plant	12991/4
Qatar Paving Stones	12991/5

2 BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for available-for-sale financial assets, held for trading investment and land held for use which have been measured at fair value.

c) Functional and presentation currency

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

d) Use of estimates and judgements

The Group makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities, at the reporting date. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimates and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included under note 27.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

e) New standards, amendments and interpretations effective from 1 January 2015

The following standards, amendments and interpretations which became effective from 1 January 2015, are relevant to the Group:

i) Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees periods of service using the project unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees periods of service.

The adoption of this amendment had no significant impact on the consolidated financial statements

2 BASIS OF PREPARATION (CONTINUED)

e) New standards, amendments and interpretations effective from 1 January 2015 (continued)

ii) Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles various standards

The annual improvements to IFRSs to 2010-2012 and 2011 -2013 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 July 2014; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The following are the key amendments in brief:

- The amendments to IFRS 2 changes the definitions of "vesting condition" and "market condition" ; and add definitions for "performance condition" and "service condition" which were previously included in the definition of vesting condition.

- The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit or loss. IAS 37 Provisions, Contingent Liabilities and Contingent Assets is amended to exclude provisions related to contingent consideration. IFRS 3 is also not applicable to the accounting for the formation of all types of joint arrangements in IFRS 11 Joint Arrangements (including joint operations) in the financial statements of joint arrangements themselves.

- IFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include:
  - a brief description of the operating segments that have been aggregated; and
  - the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics.

  In addition, this amendment clarifies that a reconciliation of the total of the reportable segments assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker.

- The IASB has clarified that, in issuing IFRS 13 and making consequential amendments to IAS 39 and IFRS 9, it did not prevent entities from measuring short term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is not material. IFRS 13 has also been amended to clarify that portfolio exception applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.

- The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation / amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation / amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. The accumulated depreciation / amortization is eliminated against the gross carrying amount of the asset.

- The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of IAS 24.

- IAS 40 has been amended to clarify that an entity should:
  - assess whether an acquired property is an investment property under IAS 40; and
  - perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

Entities will still need to use judgement to determine whether the acquisition of an investment property is an acquisition of a business under IFRS 3.

The adoption of this amendment had no significant impact on the consolidated financial statements

2 BASIS OF PREPARATION (CONTINUED)

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

i) IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements Resulting from the application of IFRS 9.

ii) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

iii) Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. The amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The Group does not expect to have a significant impact on its consolidated financial statements.

iv) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

The amendments to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The Group does not expect to have a significant impact on its consolidated financial statements.

v) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment dependson whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or

contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The Group does not expect to have a significant impact on its (consolidated) financial statements.

2 BASIS OF PREPARATION (CONTINUED)

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

vi) Annual Improvements to IFRSs 2012–2014 Cycle – various standards.

The annual improvements to IFRSs to 2012-2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The amendments are not expected to have any material impact on the consolidated financial statements of the Group.

The following are the key amendments in brief:

- **IFRS 5** – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such

- **IFRS 7** – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition

- **IFRS 7** – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34

- **IAS 19** – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise

- **IAS 34** – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

vii) Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures clarify that:

- The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities.
- An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.
- Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

The amendments to IFRS 10 apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. Early adoption is permitted

2 BASIS OF PREPARATION (CONTINUED)

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

viii) Disclosure Initiative (Amendments to IAS 1).

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

- Notes – confirmation that the notes do not need to be presented in a particular order.

- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

3 SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of these consolidated financial statements:

(a) Basis of consolidation

i) Subsidiaries

Subsidiaries are those entities 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 existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled. In addition, control may exist without having 50% voting power through ownership or agreements, as a consequence of de facto control. De facto control is control without the legal right to exercise unilateral control, and involves decision-making ability that is not shared with others and the ability to give directions with respect to the operating and financial policies of the entity concerned. 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.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. The consolidated financial statements of the Group include the financial statements of the Parent and controlled subsidiaries listed below:

	Percentage of holding	
	2015	2014
KlJ Organic – Qatar - W.L.L.	60%	60%
Qatar Metal Coating Company W.L.L. (*)	50%	50%

(*) The financial statements of Qatar Metal Coating Company W.L.L. "Subsidiary" is consolidated in these consolidated financial statements as Qatar Industrial Manufacturing Company Q.S.C. "Parent" has the power to

govern the financial and operating policies of the subsidiary through representing the majority of the board.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

ii) Equity – accounted investees

The Group's interests in euity - accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolodated financial statements include the Group's share of the profit or loss and OCI of equity - accounted investees, until the date on which significant influence or joint control ceases.

iii) Jointly controlled entities

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The Group recognises its share in the joint venture using proportionate consolidation method.

iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

v) 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 income statement and within equity in the consolidated financial position, separately from parent shareholders' equity. Losses applicable to the minority in excess of the minority's interests are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover losses.

The interest of the minority shareholders in the acquire is initially measured at the minority's proportion of net fair value of the assets, liabilities and contingent liabilities recognized.

vi) Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

vii) Business combinations and goodwill

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re measured and settlement is accounted for within equity.

Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the income statement.
Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at year-end.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

vii) Business combinations and goodwill (continued)

Where goodwill forms part of a cash-generating unit (group of cash generating units) 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.

If subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortized goodwill is recognized in the consolidated income statement.

(b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement. The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency.

(c) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The following specific recognition criteria must also be met before revenue is recognised.

i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

ii) Dividend and interest income

Dividends from investments are recognised when the shareholder's right to receive payment has been established.
Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

iii) Construction contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in income statement in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.
The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in consolidated income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition (continued)

iv) Rental income

Rental income from investment property is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

(d) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for land which is measured at fair value. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including the capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

An item of property, plant and equipment is derecognized 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 income statement in the year the asset is derecognized.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and where the carrying value of an asset exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

Depreciation is recognised in income statement on a straight line basis over the estimated useful lives of each component of an item of property plant and equipment. Land is not depreciated. Estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

Plant and equipment	10-15 years
Buildings and constructions	13-25 years
Motor vehicles	4-5 years
Installations & fixtures	4-10 years
Furniture & fittings	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, if any, are not capitalized and expenditure is reflected in the consolidated income statement in the year in which the expenditure is incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(f) Investment property

Investment property is property held either to earn rentals or for capital appreciation or both, but not for sale in ordinary course of business, use in production in the production or supply of goods or services or for administrative purpose. Investment property is stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Property that is being constructed for future use as investment property is accounted for as investment property. Property under construction is designated as investment property only if there are unambiguous plans by management to subsequently utilize the property for rental activities upon completion of development.

(g) Financial instruments

Financial instruments represent the Group’s financial assets and liabilities. Financial assets and financial liabilities are recognized on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments also include commitments not recognized but adequately disclosed in the respective notes to the consolidated financial statements.

Non-derivative financial assets

Non-derivative financial assets include trade receivables, due from related parties, investments at fair value through income statement, available-for-sale investments and cash and bank balances.

i) Trade receivables and due from related parties

Trade receivables and due from related parties are stated at cost being the fair value, net of provisions for amounts estimated to be non-collectable. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

ii) Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognized in the consolidated income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

Non-derivative financial assets (continued)

iii) Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale and are not classified as an investment at fair value through profit or loss or held to maturity or loans or receivables. Available-for-sale investments are initially recognised at cost being the fair value of the consideration given. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments are recognized in other comprehensive income and presented within equity in fair value reserve. When an investment is derecognized, cumulative gains and loss in other comprehensive income is transferred to the consolidated income statement.

iv) Cash and cash equivalents

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

For the purpose of consolidated statement of cash flows, cash and cash equivalents consists of bank balances and cash, net of bank overdrafts.

De-recognition of financial assets

A financial asset is derecognised where:

- The right to receive cash flows from the asset have expired or
- 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 has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Non-derivative financial liabilities

Non derivative financial liabilities comprise borrowings, due to related parties, bank overdrafts, trade and other payables.

Group recognizes these financial liabilities at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

i) 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

Non-derivative financial liabilities (continued)

ii) Borrowings

All the borrowings are initially recognised at the fair value of the consideration received plus directly attributable transaction costs.

After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method.

De-recognition of 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 amount is recognised in the income statement.

(h) Fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

•• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
•• Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
•• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(i) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognized in the consolidated income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the consolidated income statement.

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of the estimated future cash flows discounted at the original effective finance cost rate.
- Significant financial assets are tested for impairment on an individual basis.
- The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (continued)

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated income statement.

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

(j) 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 on specific identification basis for items easily identifiable and on a weighted average basis for other items.

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

(k) Borrowing costs
Borrowing costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognizes other borrowing costs as an expense in the period in which it incurs them.

The Group begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Group first meets all of the following conditions:
i) Incurs expenditures for the asset;
ii) Incurs borrowing costs; and
iii) Undertakes activities that are necessary to prepare the asset for its intended use or sale.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Borrowing cost (continued)

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

The borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific borrowings mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset. The amount of borrowing costs that the Group capitalizes during the period is not to exceed the amount of borrowing costs it incurred during that period.

The Group suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

(l) Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Qatar labour law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to the General Pension Fund Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

(m) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and the risks specific to the liability.

4 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and internal audit activities. The Board is in the process of establishing committees for Risk Management and Internal Audit, which will be responsible for developing and monitoring the Group's risk management policies and internal audit activities. The committees will be reporting regularly to the Board of Directors on their activities.

i) Credit risk

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

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

i) Credit risk (continued)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The majority of the Group's revenue is attributable to customers originating from the Gulf Cooperative Council countries. There is no concentration on credit risk attributable to a single customer.

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

ii) 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 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.

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

a) Currency risk

The Group's exposures to currency risk on transactions with related parties and borrowings that are denominated in a currency other than the respective functional currency are limited to those currencies which are pegged against USD such as AED, OMR, etc. The Group's exposure to other currencies risk is minimal

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level.

b) Interest rate risk

The Group adopts a policy of ensuring that finance cost rates on interest rate exposures are reviewed quarterly, and that finance cost rates are not subject to present fluctuations.

c) Equity price risk

Equity price risk is the risk that the fair values of equity decrease as a result of changes in price indices of investments in other entities' equity instruments as part of the Group's investment portfolio.

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 return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.
The details of the financial instruments risk management tools are described in note 26.

5 PROPERTY, PLANT AND EQUIPMENT

	Land	Plant and equipment	Buildings and constructions	Motor vehicles	Installations and fixtures	Furniture and fittings	Capital work-in-progress	Total
Cost								
At 1 January 2014	185,144,400	214,511,459	86,757,920	49,501,282	2,657,127	7,925,241	73,985,968	620,483,397
Additions	-	5,231,932	48,961	3,967,412	16,347	289,257	19,648,253	29,202,162
Disposals	-	(491,555)	-	-	-	-	-	(491,555)
Transfer	-	1,451,858	2,096,910	-	-	-	(3,548,768)	-
At 31 December 2014	185,144,400	220,703,694	88,903,791	53,468,694	2,673,474	8,214,498	90,085,453	649,194,004
At 1 January 2015	185,144,400	220,703,694	88,903,791	53,468,694	2,673,474	8,214,498	90,085,453	649,194,004
Additions	-	1,595,085	292,342	1,997,375	231,814	598,412	68,769,948	73,484,976
Disposals	-	-	-	(428,688)	-	(21,991)	-	(450,679)
Transfer	-	34,995,750	-	-	-	-	(34,995,750)	-
At 31 December 2015	185,144,400	257,294,529	89,196,133	55,037,381	2,905,288	8,790,919	123,859,651	722,228,301
Accumulated depreciation								
At 1 January 2014	-	101,718,849	41,758,637	37,291,905	1,843,957	6,272,105	-	188,885,453
Depreciation	-	16,073,973	4,142,629	4,905,526	370,508	407,873	-	25,900,509
Disposals	-	(491,555)	-	-	-	-	-	(491,555)
At 31 December 2014	-	117,301,267	45,901,266	42,197,431	2,214,465	6,679,978	-	214,294,407
At 1 January 2015	-	117,301,267	45,901,266	42,197,431	2,214,465	6,679,978	-	214,294,407
Depreciation	-	17,167,046	4,161,979	4,611,709	230,504	548,835	-	26,720,073
Disposals	-	-	-	(428,688)	-	(8,685)	-	(437,373)
At 31 December 2015	-	134,468,313	50,063,245	46,380,452	2,444,969	7,220,128	-	240,577,107
Carrying value								
At 31 December 2014	185,144,400	103,402,427	43,002,525	11,271,263	459,009	1,534,520	90,085,453	434,899,597
At 31 December 2015	**185,144,400**	**122,826,216**	**39,132,888**	**8,656,929**	**460,319**	**1,570,791**	**123,859,651**	**481,651,194**

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In 2008, the Group revalued the land using an independent valuer. The fair value of the land was estimated at QR 185,144,400 which resulted in an increase in the revaluation reserve by QR 133,144,400. In the management opinion, the carrying value of the land as of 31 December 2015 approximates its fair value.

The depreciation charge has been disclosed in the consolidated financial statements as follow:

	2015	2014
Cost of sales	25,038,984	24,111,367
General and administrative expenses (note 22)	1,681,089	1,789,142
	26,720,073	25,900,509

6 INVESTMENT PROPERTY

Investment property represents land acquired for long term capital appreciation. Investment property is measured at cost, However, the land has been revalued at the end of the year by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued . the fair value of the land as at 31 December 2015 amounting to QR 85,670,200 .

	Land	**Capital work – in- progress**	**Total**
Cost			
At 1 january 2015	45,887,837	-	45,887,837
Additions	-	3,034,030	3,034,030
At 31 December 2015	**45,887,837**	**3,034,030**	**48,921,867**

7 EQUITY – ACCOUNTED INVESTEES

	Nationality	*Ownership*	**2015**	2014
Aminatit Qatar Pipes Company W.L.L.	Qatar	40%	27,339,533	23,642,518
Qatar Saudi Gypsum Industries Company W.L.L.	Qatar	33%	26,036,405	29,813,953
Qatar Clay Bricks Company W.L.L. *	Qatar	46.35%	30,790,671	29,479,768
Qatar Plastic Products Company W.L.L.	Qatar	33%	23,702,418	23,804,380
Qatar Jet Fuel Company W.L.L.	Qatar	40%	274,049,452	254,520,414
Qatar Aluminum Extrusion Company Q.S.C.	Qatar	40%	16,898,374	15,754,199
Gasal Company Q.S.C.	Qatar	29.5%	171,853,832	152,218,796
National Food Company Q.S.C.	Qatar	20%	11,152,148	14,327,061
Gulf Formaldehyde Company S.A.Q.	Qatar	20%	16,878,312	15,303,808
Others			800,000	800,000
			599,501,145	559,664,897

*The Ministry of Environment sent a letter to the Company to stop extraction of quarry as they have intention to use the same area as a natural reserve. The Company's operations will continue based on the current inventory and as the date of this report the Company’s management is still negotiating the decision of the future activity of the Company to reach the appropriate decision relating to its going concern.

7 EQUITY – ACCOUNTED INVESTEES (CONTINUED)

The movement in equity – accounted investees during the year are as follows:

	2015	2014
At 1 January	559,664,897	492,680,440
Capital increase	-	31,032,436
Net share of results from equity – accounted investees	149,353,750	110,508,571
Dividends received	(92,661,782)	(78,184,217)
Share of change in fair value reserve	(15,829,671)	5,463,612
Other transactions	(1,026,049)	(1,835,945)
At 31 December	**599,501,145**	559,664,897

The following table illustrates summarized financial information of the equity – accounted investees:

	2015	2014
Total assets	3,638,533,651	3,766,086,555
Total liabilities	(1,901,917,645)	(2,207,922,887)
Net assets	1,736,616,006	1,558,163,668
Total revenues	6,076,582,447	7,902,494,827
Profit for the year	**406,594,379**	300,183,770

8 OTHER FINANCIAL ASSETS

	2015	2014
Available for sale investments		
Quoted securities – Local shares	143,249,843	174,355,127
Quoted securities – Foreign shares	388,636	880,849
Unquoted securities – at cost	14,592,437	14,592,437
Total available for sale investments	158,230,916	189,828,413
Held to maturity investments*	4,958,142	4,958,142
	163,189,058	194,786,555

*Held to maturity investments – coupon rate 4.14% and mature after 18 years.

Movement in available for sale investments:

	2015	2014
Balance at 1 January	189,828,413	190,482,252
Addition during the year	8,458,420	53,232,829
Disposal during the year	(2,205,039)	(74,301,516)
Changes in fair value	(25,506,372)	20,414,848
Impairment of available for sale financial assets	(12,344,506)	-
Balance at 31 December	**158,230,916**	189,828,413

9 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. shareholders, directors and senior management of the Group, companies of which they are principal owners and associated companies. Pricing policies and terms of these transactions are approved by the Group's management.

(a.1) Balances due from related parties – long term:

	2015	2014
Gazal Q.S.C. – Loan "Associate"	127,777,588	71,572,412
Sarplast Qatar W.L.L. – Loan "Affiliatied"	2,790,451	3,005,100
Qatar Clay Bricks – Q.S.C.C. "Associate"	4,000,000	4,000,000
	134,568,039	78,577,512

(a.2) Balances due from related parties – short term:

	2015	2014
Gazal Q.S.C. "Associate"	2,673,185	247,159
Qatar Aluminium Extrusion Company "Associate"	86,709	60,709
Qatar Plastic Products Company "Associate"	4,700,000	4,700,000
Aminatit Qatar Pipes Company "Associate"	121,124	80,170
Sarplast Qatar W.L.L. – loan "Affiliatied"	2,361,150	2,361,150
Qatari Saudi Gypsum Company W.L.L. "associate"	115,966	81,562
Others "Associate"	38,200	-
	10,096,334	7,530,750

(b) Balances due to related parties:

	2015	2014
Qatar Steel Q.S.C.C.	140,150,485	38,744,178
KlJ Organic – India " Sister company"	21,293,407	17,642,696
Qatar Clay Bricks – Q.S.C.C. "Associate"	2,447,610	266,900
	163,891,502	56,653,774

(c) Transactions with related parties

The Group in the normal course of business and in accordance with the Management Service Agreement and Marketing Agreement carries out transactions with Qatar Steel Company Q.S.C. The details of the transactions with this related party are as follows:

	2015	2014
Sale of coated bars	**51,126,733**	3,380,759
Sales commission	**2,202,606**	1,030,218
Sale of scrap	**101,007**	235,424
Purchase of raw materials	**246,417,116**	120,746,300
Management fees	**671,108**	284,908

(d) Compensation to key management personnel:

	2015	2014
Board of Directors' remuneration and allowances	6,450,000	6,450,000
Salaries and short term benefits	4,064,453	6,648,544
Long term benefits	5,666,783	5,900,324
	16,181,236	18,998,868

Long-term portion of due from related parties carries interest rate at prevailing rates in the market. Other than long-term balances are in the normal course of business and payable on demand.

10 INVENTORIES

	2015	2014
Finished products	22,441,662	23,434,796
Raw materials	79,008,188	20,806,849
Spare parts	13,355,339	13,170,366
Goods in transit	-	4,040,837
	114,805,189	61,452,848
Less: provision for obsolete and slow moving items	(696,150)	(699,351)
	114,109,039	60,753,497

11 TRADE AND OTHER RECEIVABLES

	2015	2014
Trade receivables	150,534,559	51,977,593
Deposit margin	-	2,982,700
Prepaid expenses	1,828,684	1,458,342
Due from brokers	139,813	11,094,005
Advances	5,637,552	6,089,221
Other receivables	10,563,860	8,031,282
	168,704,468	81,633,143
Less: impairment of receivables (d)	(2,718,615)	(2,073,044)
	165,985,853	79,560,099

The aging for trade receivables is as follows:

	2015	2014
a) Aging of neither past due not impaired		
Less than 90 days	**11,363,386**	24,065,909
b) Aging of past due not impaired		
91 to 180 days	8,488,437	5,448,090
181 to 365 days	127,444,370	19,073,503
More than 365 days	3,238,366	3,390,091
	139,171,173	27,911,684
c) Aging of past due and impaired		
More than 365 days	**2,718,615**	2,073,044

d) Movement in the impairment of receivables:

	2015	2014
At 1 January	2,073,044	1,569,182
Additional during the year	645,571	503,862
At 31 December	**2,718,615**	2,073,044

12 CASH AND CASH EQUIVALENTS

	2015	2014
Cash	185,683	27,432
Bank accounts	42,284,216	66,385,052
Term deposits	87,763,075	204,769,755
Cash and bank balances	**130,232,974**	271,182,239
Less:		
Bank overdraft	(3,211,761)	(1,790,997)
Term deposits (more than 3 months)	-	(10,000,000)
Cash and cash equivalents	**127,021,213**	259,391,242

13 SHARE CAPITAL

	2015	2014
Authorized, issued and fully paid up share capital 47,520,000 shares (2014: 47,520,000 shares) of QR 10 per share	**475,200,000**	475,200,000

At the ordinary general meeting held on 10 March 2015, the shareholders approved cash dividends of 30% of share's par value (2014 - cash dividends of 30%).

14 LEGAL RESERVE

Legal reserve is computed in accordance with the provisions of the Qatar Commercial Companies' Law and the Company's Articles of Association at 10% of the net profit for the year. Transfers to the reserve are made until it equals at least 50% of the paid up capital. The reserve is not available for distribution except in circumstances specified in the Qatar Commercial Companies' law. The Board of Directors decided in 2011 to transfer QR 70 million from net profit to the legal reserve, which took the legal reserve balance to greater than 50% of the paid up capital.

15 REVALUATION RESERVE

The revaluation reserve is created against revaluation of land. Land is revalued on regular interval by the directors of the Group and resultant upward or downward valuation is reflected in revaluation reserve.

16 FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognized or impaired.

Movement in the fair value reserve:

	2015	2014
At 1 January	92,171,516	92,166,577
Reclassification to statement of profit or loss on sale of financial assets	(74,961)	(26,743,524)
Net change in fair value	(37,775,917)	20,414,853
Reclassification to statement of profit or loss on impairment of available for sale financial assets	12,344,506	869,998
	66,665,144	86,707,904
Share of change in fair value reserve from equity – accounted investees (note 7)	(15,829,671)	5,463,612
At 31 December	**50,835,473**	92,171,516

17 BORROWINGS

	2015	2014
Loan (A)	9,618,629	12,626,731
Loan (B)	15,848,182	22,921,174
Loan (C)	7,175,468	12,822,714
Loan (D)	14,309,493	-
	46,951,772	48,370,619

(A) The Group entered into an agreement with a local bank to avail term loan facility for QR 23.5 million to be used in the Branch expansion of an existing plant to increase its production capacity. The loan bears interest at the QCB rate plus a margin of 0.1% i.e 4.6% and is repayable in 20 equal quarterly instalments. The loan is secured against mortgage and assignment of insurance of plant and machinery relating of the expansion project in favour of lending bank.

(B) The Group entered into an agreement with a bank to avail a term loan facility for QR 46.5 million to be used in the acquisition of plant and machinery. The loan carries interest at 7% p.a. The loan is being paid on an installment basis along with accrued interest starting from February 2011. The loan is secured against mortgage and assignment of insurance of plant and machinery.

(C) The Group entered into an agreement with a bank to avail a term loan facility for QR 25 Million to be used in constructing a new factory. The loan bears interest at QCB rate plus margin 0.1 % and is repayable in 20 equal quarterly installment. The first installment will be paid after 15 months from receiving the first amount of Facility. The loan is secured against promissory note and irrecoverable guarantee.

(D) The Group entered into an agreement with a bank to avail a term loan facility for USD 80 million to be used in the acquisition of plant and machinery. The loan carries interest LIBOR plus 2. 5%. The loan is to be repaid within 8 years from the date of first draw-down under the facility. The outstanding principal amount (along with the capitalized interest) under the facility is to be repaid by way of 12 semiannual installments commencing six months after the end of availability period that is 24 months from the date of first draw-down under the facility. The loan is secured against corporate guarantee of QIMC and KLJ, India to secure the entire facility amount in the prorata manner of their respective shareholding of 60% and 40% in the borrower

The outstanding borrowings as at 31 December 2015 are classified as follows:

	2015	2014
Current portion	16,022,144	16,284,684
Non-current portion	30,929,628	32,085,935
	46,951,772	48,370,619

18 EMPLOYEES' END OF SERVICE BENEFITS

	2015	2014
Balance at 1 January	14,725,544	13,011,617
Provided during the year	2,428,607	2,062,179
Paid during the year	(190,132)	(348,252)
Balance at 31 December	**16,964,019**	14,725,544

19 NOTES PAYABLE

This is the discounted amount of long-term notes payable that were used to finance the acquisition of the investment property and vehicles. The discount rate used was 6.5%.

The outstanding notes payable as at 31 December 2015 are classified as follows:

	2015	2014
Current portion	893,988	2,244,044
Non-current portion	372,495	1,703,811

	1,266,483	3,947,855

20 TRADE AND OTHER PAYABLES

	2015	2014
Trade payables	34,604,333	15,586,724
Unclaimed dividends payable	24,125,775	30,482,929
Other payables and provision	5,196,042	6,896,461
Retentions payable	4,317,843	2,477,613
Transfer to social and sport fund (note 21)	4,220,779	4,024,403
Accrued expenses	23,168,558	9,654,825
	95,633,330	69,122,955

21 SOCIAL AND SPORTS FUND CONTRIBUTION

In accordance with Law No. 13 of 2008, the Group has taken a provision for the support of sports, social, cultural and charitable activities for an amount equivalent of 2.5% of the net profit of the Group. As per the instruction issued during the year 2010 by the Ministry of Economy and Finance, this social contribution has been treated as distribution from retained earnings of the Company. The provision for the year ended 31 December 2014 has been paid to the Public Revenues and Tax Department at the Ministry of Economy and Finance.

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
Employees cost and related benefits	26,055,715	26,271,897
Rent	5,064,157	1,923,700
Professional and consulting fees	941,962	1,143,215
Insurance expenses	146,062	167,557
Stationery	171,085	166,300
Maintenance	355,011	543,418
Bank commissions	118,804	314,107
Travel	843,068	911,626
Depreciation	1,681,089	1,789,142
Selling costs	3,660,922	1,730,382
Research expense	-	1,899,037
Provision for bad debt expense	645,571	-
Others	9,270,734	10,778,177
	48,954,180	47,638,558

23 BASIC EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company by the weighted average number of ordinary shares in outstanding during the year as follows:

	2015	2014
Profit for the year attributable to the Owners of the Company	**168,831,142**	160,976,130
Weighted average number of shares outstanding during the year	**47,520,000**	47,520,000
Basic earnings per share	**3.55**	3.39

24 CONTINGENT LIABILITIES

	2015	2014
Letters of credit	21,096,720	16,668,199
Letters of guarantee	5,513,332	1,731,185
Capital commitments	100,610,942	49,729,621
Lease commitments	3,149,174	3,066,000
	130,370,168	71,195,005

25 SEGMENTAL REPORTING

The Group operates in the Industrial Manufacturing business segment and the entire Group assets are in the State of Qatar.

26 FINANCIAL RISK MANAGEMENT

(i) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables, due from related parties and retention receivable and bank balances. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Credit evaluations are performed on all customers requiring credit and are approved by the Group's management.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks in and outside Qatar. Given this, management do not expect these banks to fail on their obligations.

The Group maintains a provision for doubtful accounts receivable; the estimation of such provision is reviewed periodically and established on a case by case basis. Refer to note 11 for trade receivables ageing.

(ii) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

2015	**Carrying Amounts**	**Gross un-discounted contractual cash out flows**	**Less than 1 year**	**1 – 5 Years**
Notes payables	1,266,483	(1,266,483)	(893,988)	(372,495)
Borrowings	46,951,772	(46,951,772)	(16,022,144)	(30,929,628)
Due to related parties	163,891,502	(163,891,502)	(163,891,502)	-
Trade and other payables	95,633,330	(95,633,330)	(95,633,330)	-
Bank overdraft	3,211,761	(3,211,761)	(3,211,761)	-
	310,954,848	**(310,954,848)**	**(279,652,725)**	**(31,302,123)**

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (continued)

2014	**Carrying Amounts**	**Gross un-discounted contractual cash out flows**	**Less than 1 year**	**1 – 5 Years**
Notes payables	3,947,855	(3,947,855)	(2,244,044)	(1,703,811)
Borrowings	48,370,619	(48,370,619)	(16,284,684)	(32,085,935)
Due to related parties	56,653,774	(56,653,774)	(56,653,774)	-
Trade and other payables	69,122,955	(69,122,955)	(69,122,955)	-
Bank overdraft	1,790,997	(1,790,997)	(1,790,997)	-
	179,886,200	(179,886,200)	(146,096,454)	(33,789,746)

(iii) Market risk

a) Equity price risk

The Group is subject to equity price risk in relation to the available-for-sale investments. The Group evaluates the current market value and other factors including normal volatility in share price for quoted equities and other relevant factors such as investment manager's periodical reports relating to unquoted equities in order to manage its market risk.

A 10% increase or decrease in market values of the Group's quoted portfolio of available-for-sale investment is expected to result in an increase or decrease of QR 14.3 million (2014: QR 17.5 million) in the assets and equity of the Group.

b) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Management does not hedge its interest rate risk and believes that the interest rate risk on its loans is minimal in the current business environment.

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

	Carrying amounts	
	2015	2014
Variable rate instruments		
Financial liabilities	**46,951,772**	48,370,619

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Interest rate risk (continued)

	Profit or loss		Equity	
	100 bp Increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2015				
Variable rate instruments	**(469,518)**	**469,518**	**(469,518)**	**469,518**
31 December 2014				
Variable rate instruments	(483,706)	483,706	(483,706)	483,706

c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's functional currency and significant foreign currency transactions are denominated in currencies pegged with the United States Dollar (“USD”). Therefore, the management is of the opinion that the Group's exposure to currency risk is minimal.

Capital risk management

The Group manages its capital to ensure that it will be able to continue on a going concern basis while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from last years.

27 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of receivables

An estimate of the collectible amount of trade accounts receivable and due from related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of financial position, there was no allowance for impairment of due from related parties or other receivables as the Group does not have collection concern with regards to its receivables from its related parties.

(ii) Provision for slow moving stock

The Group's management determines the estimated amount of slow moving inventories. This estimate is based on the age of items in inventories. This provision is subject to change as a result of technical innovations and the usage of items.

27 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iii) Impairment of available-for-sale equity investments

The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities, if any.

(iv) Fair value of unquoted equity investments

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(v) Classification of investment securities

On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. The Group classifies investments as "held for trading" if they are acquired primarily for the purpose of short term profit making and cash generation. All other investments are classified as "available-for-sale". The Group accounts for investments in equity securities as investment in associate only when significant influence over the investee's operations can be proved to exercise, else and regardless of the ownership share, the investment is classified as available for sale.

28 COMPARATIVE FIGURES

The corresponding figures presented for the prior year have been reclassified where necessary to preserve consistency with the current period figures. However, such reclassifications did not have any effect on the net profit or equity of the comparative year.