QATAR INDUSTRIAL MANUFACTURING COMPANY Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013

QATAR INDUSTRIAL MANUFACTURING COMPANY Q.S.C.

Consolidated Financial Statements
As at and for the year ended 31 December 2013

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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") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statements of profit or loss, 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 of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as 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 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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 2013 and of 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 explanation which we considered necessary for the purpose of our audit. The Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith, and we confirm that a physical count for the inventory at year-end was carried out as per the established principles. We have reviewed the report of the board of directors and confirm the financial information contained thereon is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of Qatar Commercial Companies Law No 5 of 2002, or the terms of Articles of Association having occurred during the year which might have had a material adverse effect on the business of the Company or its consolidated financial position as at 31 December 2013.

10 February 2014
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	Note	**2013**	2012
ASSETS			
Non-current assets			
Property, plant and equipment	5	431,597,944	410,133,133
Investment property	6	45,887,839	45,887,839
Equity – accounted investees	7	552,632,540	516,754,721
Other financial assets	8	195,440,392	158,542,822
Due from a related party	9.a1	99,275,728	81,177,034
Total non-current assets		1,324,834,443	1,212,495,549
Current assets			
Inventories	10	37,339,166	30,372,470
Trade and other receivables	11	82,396,831	94,548,163
Due from related parties	9.a2	24,058,245	16,147,169
Held for trading investments		9,168,289	7,958,000
Cash and banks	12	161,671,511	172,049,050
Total current assets		314,634,042	321,074,852
TOTAL ASSETS		**1,639,468,485**	1,533,570,401
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	396,000,000	396,000,000
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	91,576,949	68,344,015
Retained earnings		445,291,242	366,977,375
Equity attributable to owners of the company		1,409,338,531	1,307,791,730
Non – controlling interests		32,385,694	28,246,357
Total equity		1,441,724,225	1,336,038,087
LIABILITIES			
Non-current liabilities			
Borrowings – non-current portion	17	45,641,636	50,993,262
Employees' end of service benefits	18	13,011,617	11,273,321
Notes payable	19	1,798,400	1,481,904
Total non-current liabilities		60,451,653	63,748,487
Current liabilities			
Bank overdraft	12	2,044,582	5,631,076
Borrowings – current portion	17	14,594,972	13,193,563
Trade and other payables	20	78,695,640	71,190,973
Notes payables	19	3,608,328	5,819,069
Due to related parties	9.b	38,349,085	37,949,146
Total current liabilities		137,292,607	133,783,827
Total liabilities		197,744,260	197,532,314
TOTAL EQUITY AND LIABILITIES		**1,639,468,485**	1,533,570,401

This consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following on 10 February 2014:

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

Abdulrahman Al Ansari
Chief Executive Officer

The notes on pages 8 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	Note	**2013**	2012
Revenue		348,296,549	353,324,672
Costs of sales		(275,749,784)	(285,740,690)
Gross profit		**72,546,765**	**67,583,982**
Other income		7,793,158	7,364,050
General and administrative expenses	22	(41,229,395)	(38,897,987)
Operating Profit		**39,110,528**	**36,050,045**
Net share of results from equity – accounted investees	7	145,752,547	163,064,344
Income from investments and financial assets		32,450,505	26,700,848
Interest expense		(2,991,998)	(3,118,173)
Impairment of available-for-sale financial assets	16	(399,394)	(3,949,633)
Net profit before board of directors' remuneration		213,922,188	218,747,431
Board of directors' remuneration		(6,000,000)	(6,000,000)
Net profit for the year		**207,922,188**	212,747,431
Attributable to:			
Owners of the company		202,168,069	208,275,731
Non-controlling interests		5,754,119	4,471,700
		207,922,188	212,747,431
Basic earnings per share	23	**5.11**	5.26

The notes on pages 8 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	**2013**	2012
Net profit for the year		**207,922,188**	212,747,431
Other comprehensive income			
Reclassification to statement of profit or loss on sale of available-for-sale financial assets	16	(13,918,436)	(19,799,730)
Reclassification to statement of profit or loss on impairment of available-for-sale financial assets	16	399,394	3,949,633
Net change in fair value of available-for-sale financial assets	16	27,801,252	(12,552,088)
Share of change in fair value reserve from equity – accounted investees	7	8,950,724	(1,083,448)
Total other comprehensive income		**23,232,934**	(29,485,633)
Total comprehensive income for the year		**231,155,122**	183,261,798
Attributable to:			
Owners of the company		225,401,003	178,790,098
Non-controlling interests		5,754,119	4,471,700
		231,155,122	183,261,798

The notes on pages 8 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	Note	**2013**	2012
OPERATING ACTIVITIES			
Net profit for the year		207,922,188	212,747,431
Adjustments for:			
Depreciation	5	25,842,364	23,622,100
Gain on sale of property, plant and equipment		(204,676)	(604,711)
Net share of results from equity – accounted investees	7	(145,007,643)	(163,064,344)
Profit from sale of investments		(18,846,084)	(18,964,558)
Impairment of available-for-sale financial assets	16	399,394	3,949,633
Provision (reversal) for slow moving items		(56,177)	(9,904)
Reversal of provision for doubtful debts		660,291	867,552
Employees’ for end of service benefits		2,216,707	2,341,214
Interest expense		2,991,998	3,118,173
Operating profit before working capital changes		**75,918,362**	64,002,586
Change in inventories		(6,910,519)	(2,779,744)
Change in due from related parties		(7,911,076)	(3,164,970)
Change in trade and other receivables		11,491,041	(1,409,473)
Change in due to related parties		399,939	10,054,530
Change in trade and other payables		(2,672,708)	1,971,675
Cash generated from operating activities		**70,315,039**	68,674,604
Employees' for end of service benefits paid		(478,411)	(389,838)
Interest paid		(2,991,998)	(3,118,173)
Net cash flows from operating activities		**66,844,630**	65,166,593
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(47,405,099)	(69,202,035)
Proceeds from sale of property, plant and equipment		302,600	604,711
Investment in associate companies	7	(24,715,027)	(15,667,725)
Acquisition of available-for-sale financial assets		-	(754,851)
Proceeds from sale of available for sale financial assets		50,250,377	11,897,035
Acquisition of held for sale investments		(55,629,336)	(7,958,000)
Dividends received from associate companies	7	142,795,575	137,526,682
Short-term deposit		**-**	(10,000,000)
Net cash flows from investing activities		**65,599,090**	46,445,817
FINANCING ACTIVITIES			
Settlement of related party – Loan receivable		(18,098,694)	(2,744,402)
Repayment of borrowings		(3,950,217)	22,366,331
Repayment of notes payable		(1,894,245)	(5,649,206)
NCI share capital increase		3,385,218	-
Dividends paid		(118,676,827)	(121,253,649)
Net cash flows used in financing activities		**(139,234,765)**	(107,280,926)
Net (decrease) / increase in cash and cash equivalents		(6,791,045)	4,331,484
Cash and cash equivalents at 1 January		156,417,974	152,086,490
Cash and cash equivalents at 31 December	12	**149,626,929**	156,417,974

The notes on pages 8 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	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
At 31 December 2012	396,000,000	250,000,000	43,970,860	182,499,480	68,344,015	366,977,375	1,307,791,730	28,246,357	1,336,038,087
Total comprehensive income for the year:									
Net profit	-	-	-	-	-	202,168,069	202,168,069	5,754,119	207,922,188
Other comprehensive income	-	-	-	-	23,232,934	-	23,232,934	-	23,232,934
Total comprehensive income for the year	-	-	-	-	23,232,934	202,168,069	225,401,003	5,754,119	231,155,122
Transfer to social and sports Fund	-	-	-	-	-	(5,054,202)	(5,054,202)	-	(5,054,202)
Non-controlling interest share in capital increase	-	-	-	-	-	-	-	3,385,218	3,385,218
Dividends paid	-	-	-	-	-	(118,800,000)	(118,800,000)	(5,000,000)	(123,800,000)
At 31 December 2013	**396,000,000**	**250,000,000**	**43,970,860**	**182,499,480**	**91,576,949**	**445,291,242**	**1,409,338,531**	**32,385,694**	**1,441,724,225**
At 31 December 2011	396,000,000	250,000,000	43,970,860	182,499,480	97,829,648	282,708,537	1,253,008,525	28,774,657	1,281,783,182
Total comprehensive income for the year:	-	-	-	-	-	-			
Net profit	-	-	-	-	-	208,275,731	208,275,731	4,471,700	212,747,431
Other comprehensive income	-	-	-	-	(29,485,633)	-	(29,485,633)	-	(29,485,633)
Total comprehensive income for the year	-	-	-	-	(29,485,633)	208,275,731	178,790,098	4,471,700	183,261,798
Transfer to social and sports Fund	-	-	-	-	-	(5,206,893)	(5,206,893)	-	(5,206,893)
Dividends paid	-	-	-	-	-	(118,800,000)	(118,800,000)	(5,000,000)	(123,800,000)
At 31 December 2012	396,000,000	250,000,000	43,970,860	182,499,480	68,344,015	366,977,375	1,307,791,730	28,246,357	1,336,038,087

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 number 12991. The Group is engaged in industrial manufacturing and various types of industrial investments inside and outside the State of Qatar. The consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as the "Group").

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 2013

The following standards, amendments and interpretations which become effective from 1 January 2013 and relevant to the Group:

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

The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss.

The 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 2013 (continued)

ii) IAS 19 – Employee benefits (2011)

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two.

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

iii) IAS 28 (2011) – Equity – accounted investees and Joint ventures

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

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

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

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

iv)Amendments to IFRS 7 on offsetting financial assets and financial liabilities (2011)

Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. Based on the new disclosure requirements the Group has to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set off under master netting arrangements or similar arrangements.

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

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

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. This new control model focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Group has amended its accounting policy on consolidation in line with requirements of IFRS 10 and has re-assessed its consolidation conclusion.

The reassessment of control and consolidation requirements had no significant impact on the (consolidated) financial statements

vi)IFRS 11 – Joint Arrangements

IFRS 11 replaces the parts of previously existing IAS 31 Interests in Joint Ventures that dealt with joint ventures. IFRS 11 requires that interests in joint arrangements be classified as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement. When making this assessment, the Group has to consider the structure of the arrangements and other facts and circumstances.

The Group has amended its accounting policy for its interest in joint arrangements and has re-evaluated its involvement in its joint arrangements.

The re-evaluation of involvement in joint arrangements had no significant impact on the consolidated financial statements

2 BASIS OF PREPARATION (CONTINUED)

e) New standards, amendments and interpretations effective from 1 January 2013 (continued)

vii)IFRS 12 - Disclosures of interests in other entities

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

As a result of IFRS 12, the Group has expanded its disclosures about its interests in subsidiaries and other structured entities.

viii) IFRS 13 - Fair value measurement

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

ix) Improvements to IFRSs (2011)

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. Those which are relevant to the Group are set out below. The Group does not plan to early adopt these standards.

i) IFRS 9 Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions to the standard relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 was issued in November 2009, amended in October 2010 and November 2013 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets and financial liabilities and hedge accounting. The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalized. However, application of IFRS 9 is permitted. The adoption of this standard is not expected to have a significant impact on the Group.

2 BASIS OF PREPARATION (CONTINUED)

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

ii) Amendments to IAS 19R: Employee Benefits

IAS 19 Employee Benefits (Amendments to IAS 19R) apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service.

The amendments are effective for annual periods beginning on or after 1 January 2014. Early application is permitted.

The Group is not expecting a significant impact from the adoption of these amendments.

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

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria IAS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

The Group is not expecting a significant impact from the adoption of these amendments.

iv)Investment Entities (Amendments to IFRS 10 and IFRS 12)

The IASB published Investment Entities (Amendments to IFRS 10 and IFRS 12), which grants certain relief from consolidation to investment entities. It requires qualifying investment entities to account for investment in controlled investees on a fair value basis. The effective date is annual periods beginning on or after 1 January 2014, but early adoption is permitted to enable alignment with the adoption of IFRS 10.

The Group is not expecting a significant impact from the adoption of these amendments.

v) Amendments to IAS 36 on recoverable amount disclosures for non-financial assets

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) have expanded disclosures of recoverable amounts when the amounts are based on fair value less costs of disposals and impairment is recognized. The amendments are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. An entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply IFRS 13.

The Group is not expecting a significant impact from the adoption of these amendments.

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 iclude the financial statements of the Parent and controlled subsidaries listed below:

	Percentage of holding	
	2013	2012
KIJ Organic – Qatar - W.L.L.	60%	51%
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 “Parent” has the power to govern the financial and operating policies of the subsidiary through representing the majority of the board.

ii) Equity – accounted investees

Equity – accounted investees are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. It is neither a subsidiary nor an interest in the joint venture. Investments in equity – accounted investees are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The Group’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group’s share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. The details of associate companies are mentioned in the note (7)

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

vii) Business combinations and goodwill (continued)

- 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

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

For available for sale investments traded in organised financial markets, fair value is determined by reference to the quoted market price at the close of business on statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or other applicable methods. If there is no reliable method for the measurement of fair value of these investments, then they are stated at cost less any impairment in their value.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties at arm’s length basis. Since the consolidated financial statements have been prepared under the historical cost convention, except for available for sale and fair value through profit or loss investments which are re-measured at their fair value, the carrying value of the Group's financial instruments as recorded could, therefore, be different from the fair value. The fair values of the financial assets and liabilities are not considered significantly different from their book values as most of these items are either short-term in nature or re-priced frequently.

(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:
(a) Incurs expenditures for the asset;
(b) Incurs borrowing costs; and
(c) 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)

(a) 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 construction**	**Motor vehicles**	**Installations and fixtures**	**Furniture and fittings**	**Capital work-in-progress**	**Total 2013**	Total 2012
Cost									
At 31 December 2012	185,144,400	182,955,163	83,678,590	46,907,509	2,574,428	6,963,587	68,901,612	577,125,289	509,969,046
Additions	-	492,518	3,079,330	3,851,656	82,699	968,504	38,930,392	47,405,099	69,202,035
Disposals	-	(2,782,258)	-	(1,257,883)	-	(6,850)	-	(4,046,991)	(2,045,792)
Transfer	-	33,846,036	-	-	-	-	(33,846,036)	-	-
At 31 December 2013	185,144,400	214,511,459	86,757,920	49,501,282	2,657,127	7,925,241	73,985,968	620,483,397	577,125,289
Accumulated depreciation									
At 31 December 2012	-	88,528,722	37,926,752	33,062,559	1,631,546	5,842,577	-	166,992,156	145,415,848
Charge for the year	-	15,899,579	3,831,885	5,466,667	212,411	431,822	-	25,842,364	23,622,100
Disposals	-	(2,709,452)	-	(1,237,321)	-	(2,294)	-	(3,949,067)	(2,045,792)
At 31 December 2013	-	101,718,849	41,758,637	37,291,905	1,843,957	6,272,105	-	188,885,453	166,992,156
Net carrying value									
At 31 December 2013	**185,144,400**	**112,792,610**	**44,999,283**	**12,209,377**	**813,170**	**1,653,136**	**73,985,968**	**431,597,944**	-
At 31 December 2012	185,144,400	94,426,441	45,751,838	13,844,950	942,882	1,121,010	68,901,612	-	410,133,133

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 2013 approximates its fair value.

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

	2013	2012
Cost of sales	24,336,168	22,110,833
General and administrative expenses (note 22)	1,506,196	1,511,267
	25,842,364	23,622,100

6 INVESTMENT PROPERTY

Investment property represents land acquired for long term capital appreciation. Management believes that the fair value of the land approximates its carrying amount.

7 EQUITY – ACCOUNTED INVESTEES

	Nationality	*Ownership*	**2013**	2012
Aminatit Qatar Pipes Company W.L.L.	Qatar	40%	22,083,353	20,764,895
Qatar Saudi Gypsum Industries Company W.L.L.	Qatar	33%	26,899,905	24,395,171
Qatar Clay Bricks Company W.L.L. *	Qatar	46.35%	27,824,172	25,134,184
Qatar Plastic Products Company W.L.L.	Qatar	33%	22,697,250	20,040,354
Qatar Jet Fuel Company W.L.L.	Qatar	40%	294,917,452	302,542,762
Qatar Aluminum Extrusion Company Q.S.C.	Qatar	40%	16,026,893	16,133,100
Gasal Company Q.S.C.	Qatar	29.5%	113,253,753	82,286,638
National Food Company Q.S.C.	Qatar	20%	13,434,016	12,517,545
Gulf Formaldehyde Company S.A.Q. **	Qatar	20%	14,695,746	12,940,072
Investment under corporation			800,000	-
			552,632,540	516,754,721

*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.

** The group purchased 5% from Gulf Formaldehyde Company on 26 June 2012 as the result the ownership percentage became 20%, therefore it has been classified as investments in equity – accounted investees as the Group is having a significant influence on it.

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

	2013	2012
At 1 January	516,754,721	470,632,782
New acquisition	800,000	6,300,000
Capital increase	23,915,027	9,367,725
Reclassification from other financial assets (Note 8)	-	6,000,000
Net share of results from equity – accounted investees	145,752,547	163,064,344
Dividends received	(142,795,575)	(137,526,682)
Share of change in fair value reserve	8,950,724	(1,083,448)
Other transactions	(744,904)	
	552,632,540	516,754,721

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

	2013	2012
Total assets	3,375,550,848	2,603,882,059
Total liabilities	(2,605,323,841)	(1,357,807,905)
Net assets	770,227,007	1,246,074,154
Total revenues	7,151,304,391	6,500,458,551
Profit for the year	377,891,455	381,116,898

8 OTHER FINANCIAL ASSETS

	2013	2012
Held for sale investment		
Quoted securities – Local shares	176,054,752	134,984,960
Quoted securities – Foreign shares	338,782	3,268,755
Unquoted securities – at cost	14,088,716	15,330,965
Total held for sale investment	190,482,250	153,584,680
Held to maturity investment*	4,958,142	4,958,142
	195,440,392	158,542,822

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

Movement in held for sale investment:

	2013	2012
Balance at 1 January	153,584,680	197,649,981
Addition during the year	55,629,336	754,851
Disposal during the year	(32,614,580)	(28,104,900)
Change in fair value	13,882,816	(10,715,252)
Reclassification to associate (Note 7)	-	(6,000,000)
Balance at 31 December	**190,482,252**	153,584,680

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 a related party – long term:

	2013	2012
Gazal Q.S.C. – loan receivable	**99,275,728**	81,177,034

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

	2013	2012
Gazal Q.S.C. "Associate" – loan receivable	17,808,691	11,285,529
Qatar Aluminium Extrusion Company "Associate"	38,654	38,654
Qatar Plastic Products Company "Associate"	4,700,000	4,700,000
Aminatit Qatar Pipes Company "Associate"	53,384	-
Others "Associate"	1,457,516	122,986
	24,058,245	16,147,169

(b) Balances due to related parties:

	2013	2012
Qatar Steel Q.S.C.C.	27,917,551	32,857,056
KlJ Organic – India " Sister company"	10,285,134	5,092,090
Qatar Clay Bricks – Q.S.C.C. "Associate"	146,400	**-**
	38,349,085	37,949,146

9 RELATED PARTY TRANSACTIONS (CONTINUED)

(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:

	2013	2012
Sale of coated bars	9,879,697	21,762,853
Sales commission	1,362,336	1,624,602
Sale of scrap	371,678	259,041
Purchase of raw materials	129,252,431	155,555,997
Management fees	342,836	388,796

(d) Compensation to key management personnel:

	2013	2012
Board of Directors' remuneration and allowances	6,000,000	6,000,000
Salaries and short term benefits	5,086,952	4,103,200
Long term benefits	5,675,212	3,574,700
	16,762,164	13,677,900

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

	2013	2012
Finished products	16,172,667	13,997,439
Raw materials	10,375,875	7,421,093
Spare parts	11,002,909	9,709,466
Goods in transit	487,066	-
	38,038,517	31,127,998
Less: provision for obsolete and slow moving items	(699,351)	(755,528)
	37,339,166	30,372,470

11 TRADE AND OTHER RECEIVABLES

	2013	2012
Trade receivables	66,352,945	83,094,543
Rent receivables	2,791,530	-
Deposit margin	4,492,200	-
Prepaid expenses	1,624,318	3,053,750
Other receivables	8,705,020	9,308,761
	83,966,013	95,457,054
Less: impairment of receivables (d)	(1,569,182)	(908,891)
	82,396,831	94,548,163

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

The aging for trade receivables is as follows:

a)Aging of neither past due not impaired	**2013**	2012
Less than 90 days	**17,387,586**	67,838,965
b)Aging of past due not impaired		
91 to 180 days	11,077,646	3,739,638
181 to 365 days	35,561,722	10,303,897
More than 365 days	756,809	-
	47,396,177	14,043,535
c)Aging of past due and impaired		
More than 365 days	**1,569,182**	1,212,043

d)Movement in the impairment of receivables:

	2013	2012
Balance at the beginning of the year	908,891	41,339
Additional during the year	660,291	867,552
Balance at the end of the year	**1,569,182**	908,891

12 CASH AND CASH EQUIVALENTS

	2013	2012
Cash	69,622	38,907
Bank accounts	133,877,548	143,494,733
Term deposits	27,724,341	28,515,410
Cash and banks	161,671,511	172,049,050
Less:		
Bank overdraft	(2,044,582)	(5,631,076)
Term deposits (more than 3 months)	(10,000,000)	(10,000,000)
Cash and cash equivalents	**149,626,929**	156,417,974

Term deposit carries an average interest rate from 1.5 % to 2 % (2012- from 2 % to 3.75 %).

13 SHARE CAPITAL

	2013	2012
Authorized, issued and fully paid up share capital 39,600,000 shares (2012: 39,600,000 shares) of QR 10 per share	**396,000,000**	396,000,000

At the ordinary general meeting held on 3 March 2013, the shareholders approved the Board of Directors proposal for cash dividends of 30% (2012 - cash dividends of 30%). In their meeting held on 10 February 2014, the Board of Directors proposed bouns shares of 20%, which will be subject to the approval of the shareholders in the coming annual general assembly meeting.

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:

	2013	2012
At 1 January	68,344,015	97,829,648
Reclassification to statement of profit or loss on sale of financial assets	(13,918,436)	(19,799,730)
Net change in fair value	27,801,252	(12,552,088)
Reclassification to statement of profit or loss on impairment of available for sale financial assets	399,394	3,949,633
	82,626,225	69,427,463
Share of change in fair value reserve from equity – accounted investees (note 7)	8,950,724	(1,083,448)
At 31 December	**91,576,949**	68,344,015

17 BORROWINGS

	2013	2012
Loan (A)	11,451,978	8,393,563
Loan (B)	29,237,149	34,037,149
Loan (C)	19,547,481	21,756,113
	60,236,608	64,186,825

(A) The Group entered into an agreement with a bank to avail term loan facility for QR 24 million to be used in the Group expansion of an existing plant to increase its production capacity. The loan bears interest at the QCB rate plus a margin of 0.1% and is repayable in 20 equal quarterly installments. The loan is secured against mortgage and assignment of insurance of plant and machinery relating of the expansion.

(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.

The outstanding borrowings as at 31 December 2013 are classified as follows:

	2013	2012
Current portion	14,594,972	13,193,563
Non-current portion	45,641,636	50,993,262
	60,236,608	64,186,825

18 EMPLOYEES' END OF SERVICE BENEFITS

	2013	2012
Balance at 1 January	11,273,321	9,321,945
Provided during the year	2,216,707	2,341,214
Paid during the year	(478,411)	(389,838)
Balance at 31 December	**13,011,617**	11,273,321

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 2013 are classified as follows:

	2013	2012
Current portion	3,608,328	5,819,069
Non-current portion	1,798,400	1,481,904
	5,406,728	7,300,973

20 TRADE AND OTHER PAYABLES

	2013	2012
Trade payables	15,892,193	15,255,306
Unclaimed dividends payable	34,499,916	29,376,743
Other payables and provision	13,113,757	11,797,970
Retention payable	5,904,533	5,208,595
Transfer to social and sport fund (note 21)	5,054,202	5,206,893
Accrued expenses	4,231,039	4,345,466
	78,695,640	71,190,973

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 2012 has been paid to the Public Revenues and Tax Department at the Ministry of Economy and Finance.

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
Employees cost and related benefits	22,680,652	20,639,621
Rent	2,047,790	1,963,842
Professional and consulting fees	1,002,364	982,409
Insurance expenses	205,168	208,953
Stationery	164,582	314,574
Maintenance	485,733	400,729
Bank commissions	282,638	195,658
Travel	930,992	534,556
Depreciation	1,506,196	1,511,267
Selling cost	1,689,606	1,482,234
Research expense	1,183,872	908,208
Others	9,049,802	9,755,936
	41,229,395	38,897,987

23 BASIC EARNING 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:

	2013	2012
Profit for the year attributable to the Owner of the Company	**202,168,069**	208,275,731
Weighted average number of shares outstanding during the year	39,600,000	39,600,000
Basic earning per share	**5.11**	5.26

24 CONTINGENT LIABILITIES

	2013	2012
Letters of credit	28,712,102	15,054,445
Letters of guarantee	1,956,205	2,694,510
Capital commitments	27,393,527	38,672,168
Lease commitments	352,816	-
	58,414,650	56,421,123

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.

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (continued)

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

2013	**Carrying Amounts**	**Gross un-discounted contractual cash out flows**	**Less than 1 year**	**1 – 5 Years**
Employees' end of service benefits	13,011,617	(13,011,617)	-	(13,011,617)
Notes payables	5,406,728	(5,406,728)	(3,608,328)	(1,798,400)
Borrowings	60,236,608	(60,236,608)	(14,594,972)	(45,641,636)
Due to related parties	38,349,085	(38,349,085)	(38,349,085)	-
Trade and other payables	78,695,640	(78,695,640)	(78,695,640)	-
Bank overdraft	2,044,582	(2,044,582)	(2,044,582)	-
	197,744,260	**(197,744,260)**	**(137,292,607)**	**(60,451,653)**

2012	Carrying Amounts	Gross un-discounted contractual cash out flows	Less than 1 year	1 – 5 Years
Employees' end of service benefits	11,273,321	(11,273,321)	-	(11,273,321)
Notes payables	7,300,973	(7,300,973)	(5,819,069)	(1,481,904)
Borrowings	64,186,825	(64,186,825)	(13,193,563)	(50,993,262)
Due to related parties	37,949,146	(37,949,146)	(37,949,146)	-
Trade and other payables	71,190,973	(71,190,973)	(71,190,973)	-
Bank overdraft	5,631,076	(5,631,076)	(5,631,076)	-
	197,532,314	(197,532,314)	133,783,827	63,748,487

(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 17.6 million (2012: QR 13.8 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.

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)

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

	Carrying amounts	
	2013	2012
Variable rate instruments		
Financial liabilities	**60,236,608**	64,186,825

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 2012.

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2013				
Variable rate instruments	**(602,366)**	**602,366**	**(602,366)**	**602,366**
31 December 2012				
Variable rate instruments	(641,868)	641,868	(641,868)	641,868

(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 2012.

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.

27 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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.

(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 2012 have been reclassified where necessary to preserve consistency with the 2013 figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative year.