Qatar National Cement Company (Q.S.C.)

building the nation through **quality & strength**

ANNUAL REPORT 2008

UKAS
QUALITY
MANAGEMENT

Contents

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In the Name of Allah,
the Most Gracious, the Most Merciful

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar

His Highness
Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani
The Heir Apparent

Board of Directors

Salem Bin Butti Al-Naimi
Chairman & Managing Director

Sulaiman Al Mana
Deputy Chairman & Director

Sh. Abdulaziz Bin Jassim Al-Thani
Member

Abdel Latif Al Mohanadi
Member

Badr Ahmed Qayed
Member

Najib Al Sada
Member

Hassan Al Jufairi
Member

Khalil Ibrahim Radwani
Member

Mohammad Ali Al Sulaity
General Manager

Board of Directors' Report

Dear Shareholders,

Al-Salamu Alaikum

I have the pleasure personally and on behalf of the Board of Directors, to welcome you in this meeting and to present Director›s report No. 43 on the company's performance and financial position as at 31st December 2008 and our future planning for the year 2009.

The results reflect the company›s achievements in Production, Sales, Profits, continuous development and performance during the year 2008 as follows:

Production, Sales & Profits

The company's production in both categories of cement OPC & SRC increased to 3.8 million tons during year 2008 compared to 2.4 million tons during year 2007. The production of washed sand increased to 6.5 million tons during the year 2008 compared to 5.9 million tons during year 2007. Lime production in both categories Calcined & Hydrated amounted to 25.3 thousand tons during year 2008 as against 22 thousand tons in year 2007.

Sales of all types of cement (OPC, SRC, Slag Blended Cement & Fly Ash Blended Cement) increased to 4.8 million tons during year 2008 against 3.7 million tons during year 2007 (+30%). The sales of washed sand increased to 6.6 million tons during the year 2008 compared to 5.8 million tons during year 2007 (+14%). And sales of lime in both categories Calcined & Hydrated amounted to 24.2 thousand tons during year 2008 as against 22 thousand tons in year 2007(+10%).

The total value of sales revenue increased to QR 1.413 billion compared to QR 1.105 billion in the previous year, which is an increase of QR 308 million (+28%).

Profits

Net profits increased to QR. 414 million for the year 2008 against QR. 355 for the previous year, which is an increase of QR 59 million (+17%).

Your company successfully responded to the huge construction developments in the country by covering the unprecedented market demand on cement and washed sand in a high quality standards and reasonable prices, in spite of the global & regional increase in demand and prices of cement.

Financial Position

Due to the outstanding results achieved by the company, the financial position became stronger, and the rights of the shareholders equity reached QR. 1643 million as against QR. 1642 million for the previous year.

Accordingly, the company's Board of Directors recommend to the AGM & EGM a distribution of 40% of the share capital as cash dividends and 25% of the share capital as bonus shares for the year 2008. We hope this will fulfill the shareholders expectations in view of the surrounding global economical situations.

Expansion Projects

The construction of the cement mills of Plant-4 was completed and the whole plant except the Kiln was handed over during the year 2008. The new cement mills added to the company›s production capacity a 5,500 MT of cement per day and the total production capacity increased in the third quarter to 15,500 MT of cement per day. The whole plant will be handed over in the coming days.

The construction of the second sand washing plant was completed in mid December 2008 and the plant was commissioned at the designed capacity of 20,000 TPD. Therefore the production capacity is doubled to 40,000 TPD.

Your company has executed during the year 2008 numerous projects to develop the infra-structure of the Plants & the Housing Estates including expansions of the Electricity network, water desalination, internal roads and replacement of the water pipes of the Sand washing plant and Umm-Bab Housing Estate.

The implementation of the above projects contributed positively to the special achievements attained during the year 2008.

Future Plan for 2009

Your company would enhance its ability to meet the Qatari market demand of Cement, Washed Sand & Lime.

Company would continue to invest surplus funds on different activities and utilize better investment return opportunities.

Company would lay down necessary precautions to avoid any possible adverse effects of the global financial crisis on the company›s future activities.

Company, commensurate with the State policy for development and improvement of the national work force, would continue to encourage Qatari youths to join our company.

Company would continue to protect the environment and ensure safety of nature preserves at Factory sites at both Umm-Bab & Mikainis area.

Company would support the charitable and other activities for the well-being and to serve the Qatari community.

Company would continue to improve the services at the works site in line with the State's development plan.

Company would continue to maintain stability and development of the human recourses by all possible means.

Company would continue its participation in the local, regional & international events to develop the company›s expertise and to reflect its frontier industrial role in the State of Qatar.

In this regard, the company in collaboration with the Arabs Cement Union has organized during the period of 27th – 29th January 2009 the Intercem conference, and the conference was successful in all respects.

Finally

I have the pleasure to extend the most profound gratitude to His Highness Sheikh Hamad Bin Khalifa Al-Thani , The Emir of the State of Qatar and to His Highness Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani, the Heir Apparent, for their continuous and generous support during various development stages.

Also I would like to thank His Excellency Sheikh Hamad Bin Jasim Bin Jabor Al-Thani, The Prime Minister and Minister of Foreign affairs, and His Excellency Abdullah Bin Hamad Al Attiyah, The Deputy premier and Minister of Energy and industry, Chairman of Qatar petroleum, and all Ministries, Government departments, establishments and institutions, Qatari and foriegn companies who are co-operating with our company. My sincere thanks are also extended to our esteemed customers for their continuous cooperation & encouragement.

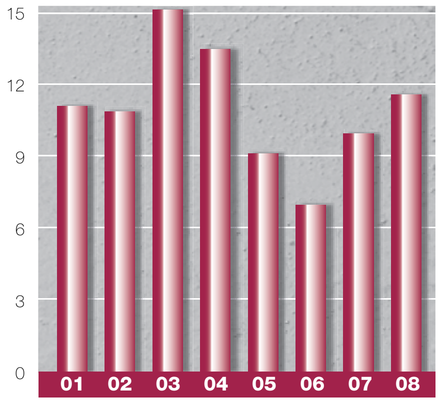
I take this opportunity to express my sincere thanks to our employees for their hard work and diligence in executing their work for the benefit and development of the company, and our thanks to the respected shareholders for their trust upon us to manage this leading industrial company and we insure our intention to pay all the efforts to develop this company.

I hereby pray to Allah Almighty to give us strength to achieve our targeted objectives for the development and welfare of The State of Qatar.

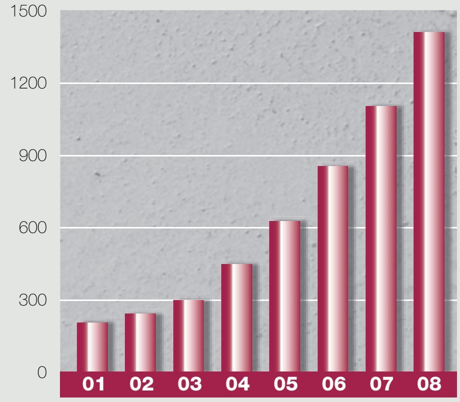
Salem Bin Butti Al-Naimi
Chairman & Managing Director

Financial Highlights

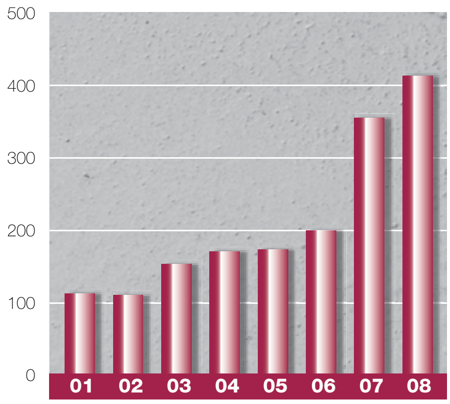
EARNINGS PER SHARE
(in QR)



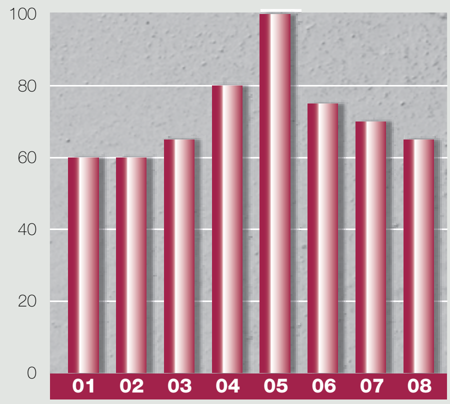
SALES
(in QR Million)



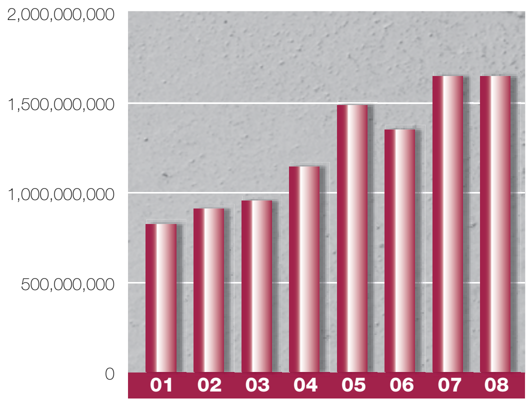
NET PROFIT
(in QR Million)



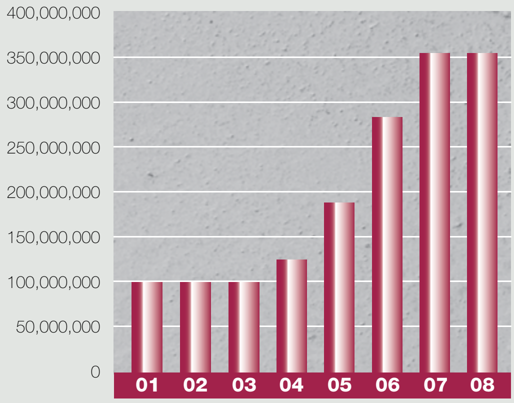
DISTRIBUTIONS
(%)



NET WORTH
(in QR)



SHARE CAPITAL
(in QR)



Independent Auditor's Report

To
The Shareholders
Qatar National Cement Company (Q.S.C)
Doha, State of Qatar

Report on the Financial Statements

We have audited the accompanying financial statements of **Qatar National Cement Company (Q.S.C)**, Doha-State of Qatar, which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Qatar National Cement Company (Q.S.C)**, Doha, State of Qatar, as at December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In addition, in our opinion, the Company has maintained proper accounting records and the financial statements are in agreement therewith and the contents of directors' report which relate to the financial statements are in agreement with the Company's accounting records. To the best of our knowledge and belief, no violations of the Commercial Companies Law No. 5 of 2002 or the terms of the Articles of Association of the Company, have occurred during the year ended December 31, 2008, which might have had a material adverse effect on the business of the Company or its financial position. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

TALAL ABU-GHAZALEH & CO.

Hazim Al Surkhi
Licence No. 119

February 10, 2009
Doha, Qatar

Balance Sheet

AS AT DECEMBER 31, 2008

EXHIBIT 'A'

	Note	2008 (QR)	2007 (QR)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and capital work in progress	3	**1,790,477,506**	1,122,104,684
Investment properties	4	**14,985,030**	16,402,120
Advances for plant constructions	5	**15,162,066**	130,271,123
Investments in associates	6	**52,419,019**	48,541,991
Investments available for sale	7	**208,157,164**	387,935,393
Non-current portion of finance lease receivables	8	**1,279,755**	9,904,806
Total Non-Current Assets		**2,082,480,540**	**1,715,160,117**
CURRENT ASSETS			
Inventories	9	**492,092,505**	173,652,486
Accounts receivable and prepayments	10	**267,790,928**	115,100,866
Current portion of finance lease receivables	8	**6,219,269**	6,920,800
Cash in hand and at banks	11	**4,553,614**	105,681,811
Total Current Assets		**770,656,316**	**401,355,963**
Total Assets		**2,853,136,856**	**2,116,516,080**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12	**357,095,240**	357,095,240
Reserves	13	**1,285,432,011**	1,284,988,176
Total Shareholders' Equity – Exhibit C		**1,642,527,251**	**1,642,083,416**
NON–CURRENT LIABILITIES			
Employees' terminal benefits	14	**5,764,244**	3,752,470
Non-current portion of term loans	15	**320,452,000**	262,188,000
Total Non-Current Liabilities		**326,216,244**	**265,940,470**
CURRENT LIABILITIES			
Accounts payable and accruals	16	**330,493,952**	120,573,427
Current portion of term loans	15	**87,396,000**	87,396,000
Due to banks	17	**466,503,409**	522,767
Total Current Liabilities		**884,393,361**	**208,492,194**
Total Liabilities		**1,210,609,605**	**474,432,664**
Total Shareholders' Equity and Liabilities		**2,853,136,856**	**2,116,516,080**

These financial statements were approved by the Board of Directors and signed on their behalf by the following on February 10, 2009.

Mr. Salem Bin Butti Al-Naimi
Chairman & Managing Director

Mr. Sulaiman Khalid Al Mana
Deputy Chairman

THE ACCOMPANYING NOTES 1 TO 28 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Income Statement

FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT 'B'

	Note	2008 (QR)	2007 (QR)
Sales		**1,412,993,162**	1,105,493,270
Cost of sales		**(1,125,973,908)**	(819,354,452)
Gross profit		**287,019,254**	**286,138,818**
Other income	19	**180,782,609**	115,414,461
Share of profit from associates	6	**12,688,118**	15,548,733
		480,489,981	**417,102,012**
Expenses			
Selling and distribution expenses		**(10,304,650)**	(8,400,137)
General and administrative expenses	20	**(32,905,014)**	(28,971,478)
Finance charges		**(23,635,798)**	(24,570,514)
Profit for the year – Exhibits C&D		**413,644,519**	**355,159,883**
Earnings per share			
Basic and diluted earnings per share		**11.58**	9.95
Average number of shares outstanding at end of the year		**35,709,524**	**35,709,524**

THE ACCOMPANYING NOTES 1 TO 28 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT 'C'

	Share Capital (QR)	Reserves: Proposed Bonus Shares (QR)	Reserves: Proposed Distributions (QR)	Reserves: Legal Reserve (QR)	Reserves: Development Reserve (QR)	Reserves: Fair Value Reserve (QR)	Reserves: Retained Earnings (QR)	Reserves: Total Reserves (QR)	Total (QR)
Balance as at December 31, 2006	285,676,190	71,419,048	147,838,095	115,231,596	406,588,511	92,590,152	226,938,910	1,060,606,312	**1,346,282,502**
Bonus shares issued	71,419,050	(71,419,048)	–	–	–	–	(2)	(71,419,050)	**–**
Directors' remuneration paid	–	–	(5,000,000)	–	–	–	–	(5,000,000)	**(5,000,000)**
Cash dividend paid	–	–	(142,838,095)	–	–	–	–	(142,838,095)	**(142,838,095)**
Net movement in fair value reserve Note 13(b)	–	–	–	–	–	88,479,126	–	88,479,126	**88,479,126**
Profit for the year – Exhibit B	–	–	–	–	–	–	355,159,883	355,159,883	**355,159,883**
Transfer to legal reserve	–	–	–	35,515,988	–	–	(35,515,988)	–	**–**
Proposed directors' remuneration for 2007 – Note 13(c)	–	–	5,000,000	–	–	–	(5,000,000)	–	**–**
Proposed dividend for 2007 – Note 13(c)	–	–	249,966,668	-–	–	–	(249,966,668)	–	**–**
Balance as at December 31, 2007 – Exhibit A	**357,095,240**	**–**	**254,966,668**	**150,747,584**	**406,588,511**	**181,069,278**	**291,616,135**	**1,284,988,176**	**1,642,083,416**
Directors' remuneration paid	–	–	(5,000,000)	–	–	–	–	(5,000,000)	**(5,000,000)**
Cash dividend paid	–	–	(249,966,668)	–	–	–	–	(249,966,668)	**(249,966,668)**
Net movement in fair value reserve – Note 13(b)	–	–	–	–	–	(158,234,016)	–	(158,234,016)	**(158,234,016)**
Profit for the year – Exhibit B	–	–	–	–	–	–	413,644,519	413,644,519	**413,644,519**
Transfer to legal reserve	–	–	–	27,800,036	–	–	(27,800,036)	–	**–**
Proposed directors' remuneration for 2008 – Note 13(c)	–	–	8,500,000	–	–	–	(8,500,000)	–	**–**
Proposed dividend for 2008 – Note 13(c)	–	89,273,810	142,838,096	–	–	–	(232,111,906)	–	**–**
Balance as at December 31, 2008 Exhibit A	**357,095,240**	**89,273,810**	**151,338,096**	**178,547,620**	**406,588,511**	**22,835,262**	**436,848,712**	**1,285,432,011**	**1,642,527,251**

THE ACCOMPANYING NOTES 1 TO 28 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT 'D'

	Note	2008 (QR)	2007 (QR)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year – Exhibit B		413,644,519	355,159,883
Adjustments for:			
Depreciation		85,279,812	88,553,863
Profit from associates		(12,688,118)	(15,548,733)
Profit on sale of investments		(87,449,154)	(32,526,479)
Investments and interest income		(11,534,207)	(21,029,630)
Provision for obsolete and slow moving inventories		1,900,000	1,900,000
Profit on disposal of property, plant and equipment		–	(40,823)
Required (excess) provision for doubtful debts		638,162	(536,997)
Provision for employees' terminal benefits		2,011,774	901,458
Operating profit before working capital changes		391,802,788	376,832,542
(Increase) in inventories		(320,340,019)	(29,615,605)
(Increase) in accounts receivable and prepayments		(153,328,224)	(26,560,371)
Increase in accounts payable and accruals		209,920,525	3,141,573
Net Cash from Operating Activities		128,055,070	323,798,139
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and capital work in progress		(752,235,544)	(309,322,382)
Proceeds from disposal of property, plant and equipment		–	130,000
Additions to investment properties		–	(7,441,250)
Net movement in advances paid for plant constructions		115,109,057	(7,068,934)
Dividend received from associates		9,730,000	5,330,000
Purchase of investments available for sale		(22,467,437)	(9,000,000)
Proceeds from sale of investments available for sale		130,541,894	101,985,895
Investments and interest income		11,534,207	21,029,630
Net Cash (used in) Investing Activities		(507,787,823)	(204,357,041)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from finance lease receivables		9,326,582	8,573,374
Dividend paid		(249,966,668)	(142,838,095)
Board of directors' remuneration paid		(5,000,000)	(5,000,000)
Net movement in term loans		58,264,000	(87,396,000)
Net movement in due to banks		465,980,642	522,767
Net Cash from (used in) Financing Activities		278,604,556	(226,137,954)
Net (decrease) in cash and cash equivalents		(101,128,197)	(106,696,856)
Cash and cash equivalents at beginning of the year		105,681,811	212,378,667
Cash and cash equivalents at end of the year	11	4,553,614	105,681,811

THE ACCOMPANYING NOTES 1 TO 28 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2008

1) STATUS AND ACTIVITIES

Qatar National Cement Company Q.S.C. ("the Company") was incorporated in the State of Qatar as a Qatari Shareholding Company, under the Emiri Decree No. 7 of 1965. The company is primarily engaged in the production and sale of cement, washed sand and lime at its plants located at Ummbab, Qatar.

2) SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB) and the applicable requirements of Qatar Commercial Law No. 5 of 2002.

The company has adopted the following new and revised Standards issued by the International Accounting Standards Board and the International Financial Reporting Interpretation Committee (IFRIC) of the IASB that are relevant to its operations which were effective from January 1, 2007:

- Amendments to IAS 1: Capital Disclosures
- IFRS 7: Financial Instruments: Disclosure
- IFRIC 8: Scope of IFRS 2
- IFRIC 10: Interim Financial Reporting and Impairment

The company has elected to adopt the following in advance of their effective dates:

- IFRS 8: Operating Segments
- IAS 23: (Revised) Cost of Borrowing
- IFRIC 11: IFRS 2 Group and Treasury Share Transactions
- IFRIC 13: Customer Loyalty Programs

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company.

The following are the significant accounting policies consistently followed by the Company.

a) Accounting Convention

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention except for the investments available for sale which are stated at fair value.

b) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Renewal and betterment which enhance the economic life of the asset, its capacity, improving the quality of the output or reduce substantially operating costs are capitalized. Regular maintenance and replacement of minor property, plant and equipment are charged directly to income statement.

Upon disposal of property, plant and equipment items, the assets and related accumulated depreciation accounts are removed from the accounting records and any resulting gain or loss is reflected currently in income statement. The Company applies the straight line method in depreciating its property, plant and equipment over their estimated useful lives. The rates of depreciation used are based on the following estimated useful lives of the assets:

Buildings	5-30 years
Plants, equipment and tools	1-20 years
Vehicles and lorries	5-10 years
Furniture and fixtures	10 years

c) Capital Work in Progress

Capital work in progress is stated at cost. Cost includes all expenditure incurred on capital projects that have not been completed. Borrowing costs are capitalized as mentioned in note (m) below. When the projects are completed they are transferred to property, plant and equipment and depreciated thereafter.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2008

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investment Properties

Investment property is property (land or a building-or part of a building-or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Land, which is part of investment properties, is not depreciated. Depreciation is computed using straight line method based on estimated useful lives of 20-30 years.

e) Investments in Associates

Associates are entities over which the company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The company's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserve are recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

f) Investments Available for Sale

Investments available for sale are measured at fair value. Unrealized gains or losses arising from changes in fair values are recognized directly in equity, under fair value reserve, until such investments are sold, impaired, collected or otherwise disposed, at which time cumulative gain or loss previously recognized in the fair value reserve is included in net income of the year.

g) Inventories

Inventories are stated at the lower of cost and net realizable value after providing for any obsolescence and damages determined by the management. Costs includes expenses incurred in bringing each product to its present location and condition which are computed as follows:

Raw materials, spare parts and consumables: Purchases cost on weighted average basis.

Work in progress and finished goods: Cost of direct materials, direct labour and other direct cost plus attributable overheads based on normal level of activity.

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

h) Accounts Receivable

Short-term trade accounts receivable are measured at original invoiced amount and presented in the balance sheet at its net amount after deducting the estimated provision for doubtful accounts thereto.

i) Employee Benefits

i) Provision for Employees' Terminal Benefits

Provision for employees' terminal benefits is computed at 21 days salary for each completed year of service in accordance with Qatari Labour Law.

ii) Retirement and Terminal Benefits for Qatari Employees

The Company makes contributions to Government Pension Fund calculated as a percentage of the employees' salaries in accordance with the requirements of Law No. 24 of 2002 pertaining to Retirement and Pensions. The Company's obligations are limited to the contributions which are expensed when due.

j) Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in future for goods or services received whether or not billed to the Company.

k) Provision – Others

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by considering the expected future cash outflows of the Company.

l) Revenue Recognition

i) Sales income

Sales income is recognized when significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding the determination of consideration, associated costs or the possible return of goods. Sales represent the invoiced value of goods supplied by the Company during the year net of sales returns and discounts, if any.

ii) Finance lease income

Finance lease income is recognized based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

iii) Dividend income

Dividend income is recognized when the right to receive the dividend is established.

iv) Interest income

Interest income is recognized on a time proportion basis that takes into account the effective yield on the deposits and investments.

v) Sale of investments

Profit on quoted investments are recognized when the sale of investments is confirmed by the broker/agent.

vi) Other income

Other income are recognized on accrual basis.

m) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred.

n) Foreign Currency Transactions

Transactions in foreign currencies during the year are recorded in Qatari Riyals at the rates of exchange ruling at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at year-end are converted to Qatari Riyals at the rates of exchange ruling at that date. Any gains and losses arising thereon are taken to current year income.

o) Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognized in the income statement.

p) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand, balances under current and call accounts with the banks and deposits having a maturity of less than ninety days. For the purpose of cash flow statement, cash and cash equivalents consists cash in hand and at banks net of overdrafts on current accounts.

q) Financial Instruments

A financial instrument is defined as any contract that gives rise to both a financial asset of an enterprise and a financial liability or equity instrument of another enterprise. Financial instruments are principally comprised of accounts receivable, cash at banks, investments available for sale, finance lease receivables, term loans, due to banks and accounts payable.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2008

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Dividend Distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

3) PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

a) This item consists of the following:

	Buildings (QR)	Plants, equipment and tools (QR)	Vehicles & lorries (QR)	Furniture & fixtures (QR)	Capital work in progress (QR)	Total (QR)
Cost						
As at December 31, 2007	340,882,209	1,105,776,630	80,006,610	13,631,087	255,990,294	**1,796,286,830**
Additions during the year	860,856	15,413,221	5,747,000	1,282,972	728,931,495	**752,235,544**
Transferred from capital work in progress	4,287,152	257,449,204	–	–	(261,736,356)	**–**
As at December 31, 2008	**346,030,217**	**1,378,639,055**	**85,753,610**	**14,914,059**	**723,185,433**	**2,548,522,374**
Accumulated Depreciation						
As at December 31, 2007	132,073,057	488,277,912	44,421,430	9,409,747	–	**674,182,146**
Charge for the year	16,708,727	59,946,931	6,396,601	810,463	–	**83,862,722**
As at December 31, 2008	**148,781,784**	**548,224,843**	**50,818,031**	**10,220,210**	**–**	**758,044,868**
Net Book Value						
As at December 31, 2008 – Exhibit A	**197,248,433**	**830,414,212**	**34,935,579**	**4,693,849**	**723,185,433**	**1,790,477,506**
As at December 31, 2007 – Exhibit A	208,809,152	617,498,718	35,585,180	4,221,340	255,990,294	**1,122,104,684**

b) The company's cement plants and sand plants are constructed on a land leased from the Government of Qatar.

c) Capital work in progress includes a sum of QR 680,476,214 incurred towards the construction of Cement Plant IV in Ummbab. The project is expected to be completed by first half of the year 2009 and a sum of QR 25,862,750 incurred towards the construction of New Desalination Plant. On the successful completion of the projects, the total amount incurred would be capitalized and depreciated thereafter.

d) The depreciation charge for the year, including depreciation on investment properties (refer note 4), is included in income statement as follows:

	2008 (QR)	2007 (QR)
Cost of sales	**78,381,710**	82,335,159
Selling and distribution expenses	**3,540,801**	3,115,930
General and administrative expenses	**3,357,301**	3,102,774
Total – Exhibit D	**85,279,812**	**88,553,863**

e) During the year the company has transferred a sum of QR 157,901,521 and QR 85,255,662 from capital work in progress to property, plant and equipment on the successful completion of Cement Grinding Mills 4 and 5 of Plant IV and New Sand Plant in Ummbab respectively.

4) INVESTMENT PROPERTIES

a) This item consists of the following:

	2008 (QR)	2007 (QR)
Cost		
Balance at beginning of the year	**40,589,328**	33,148,078
Additions during the year	**–**	7,441,250
Balance at end of the year	**40,589,328**	**40,589,328**
Accumulated Depreciation		
Balance at beginning of the year	**24,187,208**	23,057,566
Charge for the year	**1,417,090**	1,129,642
Balance at end of the year	**25,604,298**	**24,187,208**
Net Book Value – Exhibit A	**14,985,030**	**16,402,120**

b) Rent from investment properties included in the income statement for the year ended December 31, 2008 is QR 6.5 million (2007: QR 5.4 million). As per management estimates, the fair value of investment properties as at December 31, 2008 is QR 495 million.

5) ADVANCES FOR PLANT CONSTRUCTIONS

This item consists of the following:

	2008 (QR)	2007 (QR)
Advance for Plant III	**–**	155,926
Advance for Plant IV	**3,750,357**	100,392,118
Advance for sand plant	**–**	16,736,625
Advance for other projects	**11,411,709**	12,986,454
Total – Exhibit A	**15,162,066**	**130,271,123**

6) INVESTMENTS IN ASSOCIATES

a) This item consists of the following:

	Company Ownership	2008 (QR)	2007 (QR)
Qatar Saudi Gypsum Industries Co. (W.L.L)	33.325%	**21,325,297**	20,516,632
Qatar Quarries & Building Materials	20.000%	**31,093,722**	28,025,359
Total – Exhibit A		**52,419,019**	**48,541,991**

b) The movements in investments in associates were as follows:

	2008 (QR)	2007 (QR)
Balance at beginning of the year	**48,541,991**	37,098,976
Share of profit – Exhibit B	**12,688,118**	15,548,733
Movements in fair value reserve – Note 13(b)	**918,910**	1,224,282
Dividend received from associates	**(9,730,000)**	(5,330,000)
Balance at end of the year	**52,419,019**	**48,541,991**

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2008

7) INVESTMENTS AVAILABLE FOR SALE

Movements in investments available for sale were as follows:

	2008 (QR)	2007 (QR)
Balance at beginning of the year	387,935,393	360,139,965
Additions during the year	22,467,437	9,000,000
Fair value of investments sold	(116,470,954)	(86,730,961)
Fair value adjustments at end of the year – Note 13(b)	(85,774,712)	105,526,389
Balance at end of the year – Exhibit A	**208,157,164**	**387,935,393**

8) FINANCE LEASE RECEIVABLES

a) Finance lease payments are receivable as follows:

	Gross investment in lease 2008 (QR)	Unearned finance income 2008 (QR)	Principal 2008 (QR)
Current portion of finance lease receivables	6,405,000	(185,731)	6,219,269
Non-current portion of finance lease receivables	1,281,000	(1,245)	1,279,755
Total	**7,686,000**	**(186,976)**	**7,499,024**

b) The above comprises of two separate leases with Qatar Real Estate Investment Company (Q.S.C) for the purchase of two buildings. The first lease agreement installments will be settled in forty equal quarterly installments of QR 1,281,000 starting from October 1, 1999 and the final lease payment is receivable on July 1, 2009. The second lease agreement will be settled in forty equal quarterly installments of QR 1,281,000 starting from April 1, 2000 and the final lease payments is receivable on January 1, 2010.

During the year, a sum of QR 1,115,709 has been recognized as rental income (2007: QR 1,853,225).

On receiving the final lease rental, the ownership in the properties financed will be transferred to Qatar Real Estate Investment Company (Q.S.C) at nil value. Under the terms of the lease agreements, there are no residual values accruing to the benefit of the lessor. No allowance has been made for un-collectible minimum lease payments receivable as all current lease payments due have been received.

9) INVENTORIES

a) This item consists of the following:

	2008 (QR)	2007 (QR)
Work in progress	325,920,764	21,394,928
Spare parts	139,554,926	116,358,498
Raw materials	17,294,425	16,249,050
Goods in transit	9,397,374	29,581,268
Finished goods	10,714,513	12,535,157
Fuel, oil and lubricants	1,124,670	882,540
Miscellaneous	15,918,939	2,584,151
Total	519,925,611	**199,585,592**
Less: Provision for obsolete & slow moving inventories - Note 9(b)	(27,833,106)	(25,933,106)
Net – Exhibit A	492,092,505	**173,652,486**

b) Provision for obsolete & slow moving inventories

Movements in the provision were as follows:

	2008 (QR)	2007 (QR)
Balance at beginning of the year	25,933,106	24,033,106
Provision for the year	1,900,000	1,900,000
Balance at end of the year – Note 9(a)	27,833,106	**25,933,106**

10) ACCOUNTS RECEIVABLE AND PREPAYMENTS

a) This item consists of the following:

	2008 (QR)	2007 (QR)
Accounts receivable	106,782,002	100,638,463
Prepayments and other receivables	3,904,815	2,636,021
Claims from Government	158,400,000	12,484,109
Total	269,086,817	**115,758,593**
Less: Provision for doubtful debts – Note 10(b)	(1,295,889)	(657,727)
Net – Exhibit A	267,790,928	**115,100,866**

b) Provision for doubtful debts

Movement in provision were as follows:

	2008 (QR)	2007 (QR)
Balance at beginning of the year	657,727	1,194,724
Provision for the year	638,162	–
Written back during the year	–	(536,997)
Balance at end of the year – Note 10(a)	1,295,889	**657,727**

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2008

11) CASH IN HAND AND AT BANKS

This item consists of the following:

	2008 (QR)	2007 (QR)
Current and call accounts	2,542,927	35,180,926
Deposits	2,010,667	70,500,000
Cash in hand	20	885
Total – Exhibit A&D	**4,553,614**	**105,681,811**

12) SHARE CAPITAL

The authorized, issued and fully paid share capital of the company amounts to QR 357,095,240 (Exhibit A) as at December 31, 2008 comprising 35,709,524 shares of QR 10 each (35,709,524 shares of QR 10 each as at December 31, 2007).

13) RESERVES

a) Legal Reserve

As required by Qatar Commercial Companies Law No. 5 of 2002, 10% of the net income for the year should be transferred to legal reserve. The company may resolve to discontinue such annual transfers when the reserve equals 50% of the issued share capital. The reserve is not normally available for distribution, except in the circumstances stipulated by the law.

b) Fair Value Reserve

The movements in fair value reserve were as follows:

	2008 (QR)	2007 (QR)
Balance at beginning of the year	181,069,278	92,590,152
Net movement:		
Fair value reserve transferred to income on sale of investments available for sale	(73,378,214)	(18,271,545)
Fair value reserve adjustments at the end of the year on investments available for sale – Note 7	(85,774,712)	105,526,389
Share of fair value reserve in associates – Note 6(b)	918,910	1,224,282
Net movement during the year – Exhibit C	(158,234,016)	88,479,126
Balance at end of the year – Exhibit C	**22,835,262**	**181,069,278**

c) Proposed dividends

In its meeting held on February 10, 2009 the Board of Directors has proposed a distribution of 65% of the paid up capital for the year 2008 (2007: 70%) of which 40% represents cash dividends and remaining 25% represents bonus shares. Directors remuneration of QR 8,500,000 (2007: QR 5,000,000) is also proposed. The proposed appropriations are subject to the approval of the shareholders in the Annual General Meeting.

14) EMPLOYEES' TERMINAL BENEFITS

a) This item consists of the following:

	2008 (QR)	2007 (QR)
Balance at beginning of the year	**3,752,470**	2,851,012
Provisions for the year	**2,019,227**	1,030,952
Paid during the year	**(7,453)**	(129,494)
Balance at end of the year – Exhibit A	**5,764,244**	**3,752,470**

b) The Company employed 1,167 employees as at December 31, 2008 (2007: 1,071 employees).

15) TERM LOANS

a) This item consists of the following:

	2008 (QR)	2007 (QR)
Balance at beginning of the year	**349,584,000**	436,980,000
Obtained during the year – Note 15(c)	**145,660,000**	–
Repayments during the year	**(87,396,000)**	(87,396,000)
Balance at end of the year	**407,848,000**	**349,584,000**
The balance is presented in the balance sheet as follows:		
Current portion of term loans – Exhibit A	**87,396,000**	87,396,000
Non-current portion of term loans – Exhibit A	**320,452,000**	262,188,000
Total	**407,848,000**	**349,584,000**

b) The company has entered into a loan agreement on December 19, 2004 with five leading banks for USD 120,000,000 which is equivalent to QR 436,980,000 to finance the construction of Cement Plant III in Ummbab.

The term loan bears interest at a rate of 0.70% per annum over LIBOR and is repayable in 10 equal semi-annual installments starting from June 2007.

The term loan is secured as follows:

- First charge over the financed plant and equipment to the satisfaction of lenders.
- Assignment of all insurance policies.
- Assignment of all bonds, guarantees, indemnities etc. issued in favor of the company by various project/contract counter parties to the satisfaction of lenders.

c) The company has entered into a loan agreement on June 08, 2008 with a foreign bank for USD 40,000,000, which is equivalent to QR 145,660,000 to finance the construction of Cement Plant IV in Ummbab.

The term loan bears interest at a rate of 0.90% per annum on LIBOR and is repayable in two equal installments. The first installment is payable on November 15, 2010 and the second installment is payable on May 15, 2011.

Covenants:

- Gross gearing not to exceed 1.25
- Net debt/EBITDA not to exceed 4.5
- Interest cover not less than 3.5
- The government of the State of Qatar shall maintain and hold a minimum of 30% of the share capital through out the period of the loan.

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2008

16) ACCOUNTS PAYABLE AND ACCRUALS

a) This item consists of the following:

	2008 (QR)	2007 (QR)
Accounts payable	**169,775,754**	26,561,008
Accruals and provisions	**18,987,494**	7,522,205
Other payables	**141,730,704**	86,490,214
Total – Exhibit A	**330,493,952**	**120,573,427**

b) Concentration: As at the balance sheet date a sum of QR.119,499,040 is payable to two suppliers which represents 70% of the accounts payable.

17) DUE TO BANKS

During the year, the company has obtained overdraft facilities from four leading local banks without pledging any securities. Total maximum limit of these facilities are amounting to QR 482,075,000, of which company has utilized a sum of QR 466,503,409 (Exhibit A) as at December 31, 2008. Further, subsequent to the balance sheet date one of four banks has increased its maximum limit by QR 100,000,000 through the facility letter dated January 13, 2009.

18) SEGMENT REPORTING

The company is organized into one business segment, which comprises of manufacture and sale of cement, sand and other allied byproducts. Geographically, the company's entire business operations are concentrated in the State of Qatar.

19) OTHER INCOME

This item consists of the following:

	2008 (QR)	2007 (QR)
Profit on sale of investments	**87,449,154**	32,526,479
Investments income	**9,451,352**	12,760,596
Rental income	**8,139,941**	7,778,392
Transportation income	**20,810,536**	12,558,128
Interest on bank deposits	**2,082,855**	8,269,034
Claims from Government	**42,704,510**	37,620,621
Miscellaneous income	**10,144,261**	3,901,211
Total – Exhibit B	**180,782,609**	**115,414,461**

20) GENERAL AND ADMINISTRATIVE EXPENSES

a) This item consists of the following:

	2008 (QR)	2007 (QR)
Staff cost	**24,037,779**	18,903,078
Depreciation	**3,357,301**	3,102,774
Provisions	**2,538,162**	1,900,000
Others	**2,971,772**	5,065,626
Total – Exhibit B	**32,905,014**	**28,971,478**

b) Total staff cost during the year amounted to QR 76,212,173 (2007: QR 54,006,260) of which QR 50,863,801 (2007:QR 34,171,861) is charged to cost of sales and QR 1,310,593 (2007: QR 931,321) is charged to selling and distribution expenses.

21) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

Investments available for sale

In the process of applying the company's accounting policies, the company treats available for sale equity investments as impaired when there is a significant or prolonged decline in the 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 making this judgment the company evaluates, among other factors, the financial wealth of the investee, industry and sector performance and changes in technology.

Investments in associates

As disclosed in note (6) the company has treated investments in two companies as investments in associates on the basis that it has significant influence over these companies.

22) RELATED PARTY TRANSACTIONS

a) Transactions with Government and its agencies

The Government of Qatar holds 43% of the company's share capital. In the normal course of business, the company supplies its commodities to various Government and semi Government agencies and companies in the State of Qatar. The company also avails of various services from Government and semi Government agencies and companies in the State of Qatar.

Also, during the year the company received a sum of QR 55,188,619 representing refund for the price of imported cement, custom fees, port charges and demurrages, out of which QR 11,893,469 was deducted from operating costs in the year 2007, QR 590,640 was classified under other income in the year 2007 and a sum of QR 42,704,510 (note 19) classified under other income for the year ended December 31, 2008.

In addition, during the year the company has received a sum of QR 150,102,752 representing refund for the price of imported cement, price of imported clinker, customs fees, port charges and demurrages for the financial period upto May 31, 2008, which was deducted from the operating costs for the year ended December 31, 2008.

The rental income (note 19) includes a sum of QR 5 million from a ministry.

b) Transactions with key management personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the entity. The remuneration paid and proposed to the Board of Directors during the year has been separately disclosed in the Statement of Changes in Shareholders' Equity. In addition to the above, a sum of QR 880,000 is paid to members of the Committees of the Board of Directors and salaries and benefits paid to key members of management amounts to QR 2.2 million.

23) CONTINGENT LIABILITIES

This item consists of the following:

	2008 (QR)	2007 (QR)
Letters of credit and acceptances	**248,212,429**	202,265,301
Commitment for balance of associate share capital	**12,000,000**	12,000,000

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24) CAPITAL COMMITMENTS

a) During the year 2006, the company entered into a contract for the construction of Cement Plant IV in Ummbab having a production capacity of 5,000 metric tons of clinker per day. The total value of the contract is distributed as Euro 81 million and US$ 119 million and the construction of the plant is scheduled to be completed in the first half of the year 2009. As at December 31, 2008 the company has paid a sum of QR 752,538,403 for this project.

b) Other capital commitments of the company amounted to QR 204 million as at December 31, 2008. The company has paid a sum of QR 147,358,984 against those commitments upto the year end.

25) RISK MANAGEMENT

The company monitors and manages the financial risks relating to its business and operations. These risks include: capital risk, credit risk, interest rate risk, market risk, foreign currency risk and liquidity risk.

The company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

Capital risk

Regularly, the company reviews its capital structure and considers the cost of capital and the risks associated with it. It manages its capital to ensure that it will be able to support its operations while maximizing the return to stakeholders through the optimization of the debt and equity balance.

Credit risk

Financial instruments that potentially subject the Company to the concentration of credit risk consist primarily of accounts receivable, finance lease receivables and cash at banks.

The maximum risk exposure to the Company is represented in the carrying amount of these instruments as disclosed in the relevant notes. The following is an age analysis of these instruments:

December 31, 2008	Less than 30 days (QR)	31-60 days (QR)	61-90 days (QR)	Over 90 days (QR)	Total (QR)
Cash and cash equivalents	4,553,614	–	–	–	**4,553,614**
Accounts receivable and prepayments	256,632,001	7,656,179	207,095	3,295,653	**267,790,928**
Finance lease receivables	–	–	–	7,499,024	**7,499,024**
Total	**261,185,615**	**7,656,179**	**207,095**	**10,794,677**	**279,843,566**

December 31, 2007	Less than 30 days (QR)	31-60 days (QR)	61-90 days (QR)	Over 90 days (QR)	Total (QR)
Cash and cash equivalents	105,681,811	–	–	–	**105,681,811**
Accounts receivable and prepayments	107,738,469	3,498,589	283,781	3,580,027	**115,100,866**
Finance lease receivables	–	–	–	16,825,606	**16,825,606**
Total	**213,420,280**	**3,498,589**	**283,781**	**20,405,633**	**237,608,283**

25) RISK MANAGEMENT (continued)

Credit risk (continued)

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company manages its credit risk by obtaining bank guarantees from the customers. Also, further credit evaluations are performed on all customers requiring credit and are approved by the Company's management.

Deposits are placed with banks with appropriate credit rating and the credit risk is determined to be low due to their short term maturities.

The Company maintains a provision for doubtful accounts; the estimation of such provision is reviewed periodically and established on a case to case basis. Provision for doubtful debts are disclosed in note 10.

Interest rate risk

The Company has maintained recognized financial instruments which are subject to interest rate risk and which may potentially result in changes in the contractually determined cash flows associated with or may cause repricing of such financial instruments.

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, finance lease receivables, term loans and bank overdrafts). As at December 31, 2008, the Company's interest rate sensitive bank deposits amounting to QR 2,010,667 (2007: QR 70,500,000) have an effective rate of 4.75% (2007: 5.5%). The interest rate on finance lease receivables is 8.5%. The company is exposed to interest rate risk on the term loans and bank overdrafts since rate of interest is fixed on the basis of LIBOR and QCB rates. The Company's remaining financial assets and liabilities are not sensitive to interest rates.

The impact of an increase of 0.5%, in interest rates on net income and equity, all other variables held constant, would be a net reduction in profit and equity for the year by QR 219,248.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities in the market.

The company is exposed to market risk on its investments available for sale. The company manages its market risk by maintaining a diversified investment portfolio and monitoring the market price of the investments on a regular basis.

The impact of an increase of 10% in market price of quoted investments as at December 31, 2008, all other variables held constant, would be an increase in equity by QR 20.8 million (QR 38.7 million as at December 31, 2007); a reduction by 10% in market price on quoted investments would decrease equity by the same amounts.

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25) RISK MANAGEMENT (continued)

Foreign currency risk

The company is exposed to foreign currency risk on the transactions that are denominated in a currency other than Qatari Riyal.

The schedule below summarizes the Company's exposure to foreign currency risk at the balance sheet date:

December 31, 2008	USD (in QR)	Euro (in QR)	QR and Others	Total (QR)
Cash and cash equivalents	1,331,259	1,053,716	2,168,639	**4,553,614**
Accounts receivable and prepayments	666,805	1,157,666	265,966,457	**267,790,928**
Inventories	–	–	492,092,505	**492,092,505**
Property, plant and equipment and capital work in progress	–	–	1,790,477,506	**1,790,477,506**
Investment properties	–	–	14,985,030	**14,985,030**
Advances for plant constructions	–	–	15,162,066	**15,162,066**
Finance lease receivables	–	–	7,499,024	**7,499,024**
Investments in associates	–	–	52,419,019	**52,419,019**
Investments available for sale	–	–	208,157,164	**208,157,164**
Total Assets	**1,998,064**	**2,211,382**	**2,848,927,410**	**2,853,136,856**
Term loans	407,848,000	–	–	**407,848,000**
Accounts payables and accruals	82,909,039	57,294,707	190,290,206	**330,493,952**
Employees' terminal benefits	–	–	5,764,244	**5,764,244**
Due to banks	172,816,000	–	293,687,409	**466,503,409**
Total Liabilities	**663,573,039**	**57,294,707**	**489,741,859**	**1,210,609,605**

December 31, 2007	USD (in QR)	Euro (in QR)	QR and Others	Total (QR)
Cash and cash equivalents	3,574,852	3,732,748	98,374,211	**105,681,811**
Accounts receivable and prepayments	–	1,256,236	113,844,630	**115,100,866**
Inventories	–	–	173,652,486	**173,652,486**
Property, plant and equipment and capital work in progress	–	–	1,122,104,684	**1,122,104,684**
Investment properties	–	–	16,402,120	**16,402,120**
Advances for plant constructions	–	–	130,271,123	**130,271,123**
Finance lease receivables	–	–	16,825,606	**16,825,606**
Investments in associates	–	–	48,541,991	**48,541,991**
Investments available for sale	–	–	387,935,393	**387,935,393**
Total Assets	**3,574,852**	**4,988,984**	**2,107,952,244**	**2,116,516,080**
Term loan	349,584,000	–	–	**349,584,000**
Accounts payables and accruals	11,790,057	563,473	108,219,897	**120,573,427**
Employees' terminal benefits	–	–	3,752,470	**3,752,470**
Due to bank	522,767	–	–	**522,767**
Total Liabilities	**361,896,824**	**563,473**	**111,972,367**	**474,432,664**

25) RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate reserves, banking facilities, and by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities. The following table summarizes the maturity profile of the Company's financial liabilities:

December 31, 2008	Upto 1 year (QR)	1-3 years (QR)	Total (QR)
Term loans	87,396,000	320,452,000	**407,848,000**
Accounts payable and accruals	330,493,952	–	**330,493,952**
Due to banks	466,503,409	–	**466,503,409**
Total Financial Liabilities	**884,393,361**	**320,452,000**	**1,204,845,361**

December 31, 2007	Upto 1 year (QR)	1-3 years (QR)	Total (QR)
Term loan	87,396,000	262,188,000	**349,584,000**
Accounts payable and accruals	120,573,427	–	**120,573,427**
Due to bank	522,767	–	**522,767**
Total Financial Liabilities	**208,492,194**	**262,188,000**	**470,680,194**

26) FAIR VALUE

Fair values represent the amount at which an asset could be exchanged or a liability settled in a transaction between knowledgeable, willing parties in an arms length transaction.

Note 2 to the financial statements shows the policies used in valuing the financial instruments. In the opinion of the Company's management, the fair value of the Company's accounts receivable, investments, finance lease receivables, term loans and accounts payable are not significantly different from their carrying amounts.

27) COMPARATIVE FIGURES

Certain of the prior year figures have been reclassified to conform with the presentation of the current year.

28) GENERAL

Figures in the financial statements have been rounded to the nearest Qatari Riyal.