Annual 2014 Report

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

Contents

Qatar National Cement Co. (Q.S.C.)
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In the Name of Allah,
the Most Gracious, the Most Merciful

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

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Father Emir

Salem Bin Butti Al-Naimi
Chairman & Managing Director

Sulaiman Khalid Al Mana
Deputy Chairman

Sh. Abdulaziz Bin Jassim Al-Thani
Member

Abdel Latif Al Mohanadi
Member

Badr Ahmed Qayed
Member

Mohamed Abdullatif Almana
Member

Saad Al Romaihi
Member

Abdulaziz Radwani
Member

Mohammad Ali Al Sulaity
General Manager

Board of **Directors**

The company is committed to the regulations of the corporate governance at the level of the Board of Directors and executive management of the company, achieving its targets of transparency, disclosure and observance of good conduct.

Distinguished Shareholders,
Al-Salamu Alaikum

I have the pleasure personally and on behalf of the Board of Directors, to present to you the annual report on the company's performance and its financial position for the financial year 2014, and also our plans for 2015, which are outlined below:

Production & Sales

The company's production in both categories of cement, OPC & SRC, increased to 3.5 million tons during the year 2014 compared to 3.4 million tons during the previous year. The production of washed sand increased to 5.9 million tons during the year 2014 compared to 4.7 million tons during the previous year. Calcium carbonate production during the year 2014 increased to 28,000 tons compared to 16,600 tons during the previous year.

Sales of all types of cement (OPC, SRC, Slag Blended Cement & Fly Ash Blended Cement) increased to 3.5 million tons during the year 2014 against 3.4 million tons during the previous year. The sales of washed sand increased to 6.1 million tons during the year 2014 compared to 5.6 million tons during the previous year. Sales of calcium carbonate increased to 27,300 tons during the year 2014 against 14,500 tons during the previous year.

The total value of sales revenue was recorded at QR 1.1 billion during the year 2014 compared to QR 1.0 billion during the previous year. The reported increase in the sales revenue was due to increased market demand of cement, washed sand and calcium carbonate.

Profit and the Financial Position

The shareholders' equity increased, as at 31/12/2014, to QR 2.6 billion, compared to QR 2.5 billion at the end of the previous year, an increase of QR 122 million (+5%), and the company achieved a net profit amounting to QR 420 million for the year 2014 against QR 433 million during the previous year. The decrease in profit was due to the recognition of Qatar Petroleum claim as detailed on the financial statements.

Proposed Dividends

Accordingly, the company's Board of Directors recommend your respected meeting to approve the distribution of 40% of the share capital as cash dividend to the shareholders for the year 2014, i.e QR 4 for each share, and 10% of the share capital as bonus shares i.e. one free share for every 10 shares held.

Significant Achievements during 2014

The market demand for all types of cement and washed sand was successfully met from the company's own production maintaining the high quality standards and keeping the same price for all products.

The company increased the operations of the sand washing plant and the calcium carbonate unit to its utmost utilization in order to meet the local market demand.

The company reached a stronger financial position during the year 2014 in spite of a deduction in Qatar Petroleum claim.

On 13th April 2014, the company signed a contract with M/s. Fives FCB-France to construct the Cement Line No. 5 with a designed capacity of 5000TPD clinker. The contract price amounted to QR 950 million. The first cement mill will be installed within 17 months and the second cement mill within 19 months from the effective date of the contract (28-05-2014) and the overall plant will be completed within 27 months. The civil works at the site is progressing as per schedule and so are the ordering of machinery. The contract is being executed under the supervision of the consultant as per the terms and condition of the contract.

The new administration building was provisionally handed over to the company, with ground floor plus two stories to accommodate all departments at the factory site. It was constructed with the most modern designs.

The company is committed to the regulations of the corporate governance at the level of the Board of Directors and Executive Management of the company, achieving its targets of transparency, disclosure and observance of good conduct.

The company continues to be committed towards supporting social and sport activities in line with the State policy in this regard.

Future Plans

- Explore the possibility of increasing the production of cement and washed sand in line with the expected construction development in the Country as a result of the preparations for hosting the 2022 FIFA world cup, and to achieve the Qatar National Vision 2030.
- Explore all the opportunities to increase the sales volume of calcium carbonate by utilising the full capacity.
- Continue with the follow-up regarding the implementation of the ERP solutions to achieve a better quality performance in all aspects of the company.
- Continue protecting the environment and ensure the safety of the natural reserves by applying the highest protection standards adopted in the country.
- Encourage Qatari nationals to join the company in line with the State's policy regarding the employment of nationals.
- Improve the services and welfare of the company's employees at the work sites in Ummbab & Mekaines.
- Complete the full implementation of the corporate governance code with respect to the terms of reference and the policies manual in order to achieve the targets of corporate governance.
- Continue supporting social & sports activities in line with its commitment to implement the State's policies that aim to enhance companies' roles in social development.

Finally, I take immense pleasure in extending our most profound gratitude to His Highness Sheikh Tamim Bin Hamad Al-Thani for his continuous and generous support to the company's various strategic activities, thereby enabling it to play a major role in the key constructions projects of the State of Qatar.

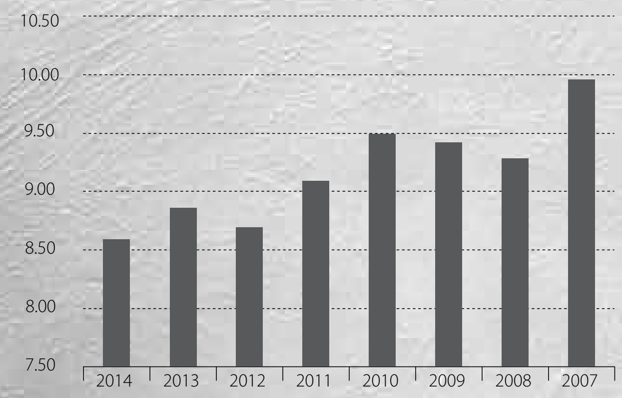
Also I would like to thank His Excellency Sheikh Abdulla Bin Nasser Bin Khalifa Al-Thani, the Prime Minister and Minister of Interior, for his continuous support, as well as all ministries, government departments, establishments and institutions, and Qatari and foreign companies who are co-operating with our company. My sincere thanks are also extended to our esteemed customers for their loyalty and support.

I would like to 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 in order to achieve the organization's goals. I would like to congratulate our respected shareholders for the company's achievements during the year 2013 and would like to reiterate our commitment to reward the trust they have bestowed upon us with further development and growth for our company.

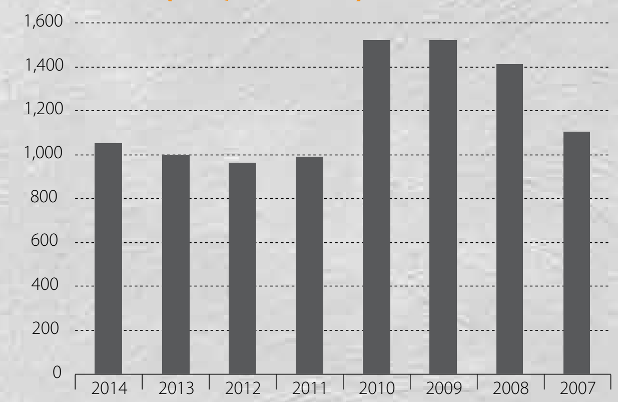
Salem Bin Butti Al-Naimi
Chairman & Managing Director

Financial Highlights

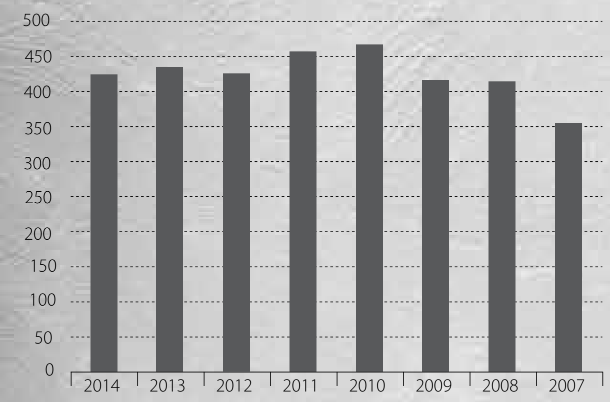
Earnings Per Share (in QR)



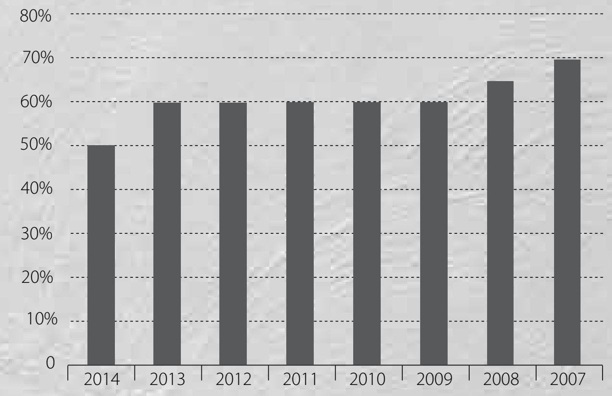
Sales (in QR Million)



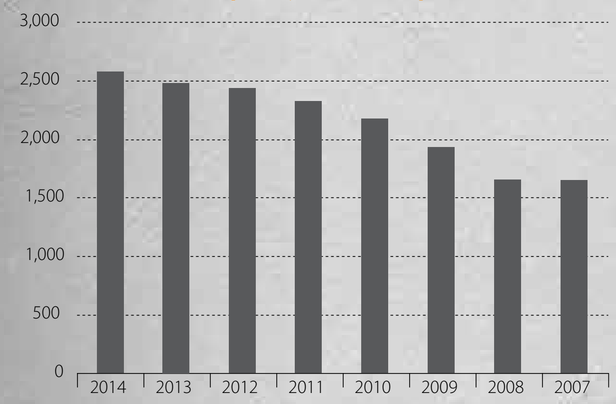
Net Profit (in QR Million)



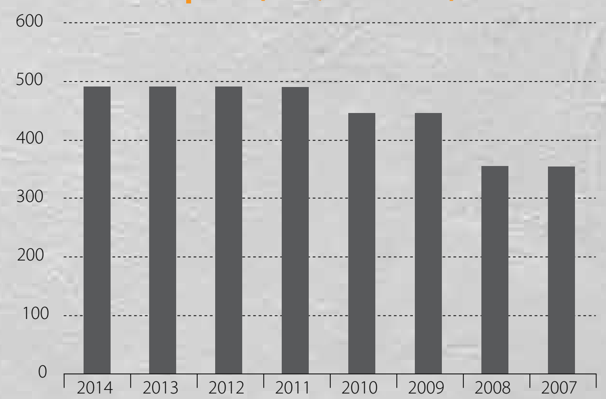
Distributions (%)



Net Worth (in QR Million)



Share Capital (in QR Million)



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.), (the "Company")** Doha-State of Qatar, which comprise the statement of financial position as at December 31, 2014, and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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.), (the "Company"),** Doha-State of Qatar, as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In addition, in our opinion, the Company has maintained proper accounting records and the financial statements are in agreement therewith. Further, we confirm that we have obtained all the information and explanations which we considered necessary for the purpose of our audit and 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 effect on the business of the Company or its financial position as at December 31, 2014.

TALAL ABU-GHAZALEH & CO.

Hazim Al Surkhi
(Licence No. 119)
Doha, Qatar
February 11, 2015

Statement of **Financial Position** Exhibit "A"

As at December 31, 2014

	Note	2014 (QR)	2013 (QR) (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and capital work in progress	-5-	**1,580,496,166**	1,618,498,375
Investment properties	-6-	**7,682,010**	9,215,258
Intangible assets	-7-	**2,496,166**	5,629,216
Advances for capital nature assets	-8-	**150,621,067**	10,148,976
Investments in associates	-9-	**49,313,627**	47,406,770
Available-for-sale financial assets	-10-	**168,524,983**	163,979,232
Total Non-Current Assets		**1,959,134,019**	1,854,877,827
CURRENT ASSETS			
Inventories	-11-	**268,724,612**	267,195,867
Accounts and other receivables	-12-	**187,863,902**	185,531,612
Cash and cash equivalents	-13-	**568,186,804**	512,372,408
Total Current Assets		**1,024,775,318**	965,099,887
Total Assets		**2,983,909,337**	2,819,977,714
EQUITY AND LIABILITIES			
EQUITY			
Share capital	-14-	**491,005,960**	491,005,960
Legal reserve	-15-	**245,502,980**	245,502,980
Development reserve	-16-	**406,588,511**	406,588,511
Fair value reserve of available-for-sale financial assets	-17-	**60,233,684**	55,687,933
Share of fair value reserves of associates	-18-	**8,782,311**	6,407,678
Retained earnings	-19-	**1,384,508,965**	1,269,282,319
Total Equity – Exhibit D		**2,596,622,411**	2,474,475,381
NON–CURRENT LIABILITIES			
Employees' end of service benefits	-20-	**14,411,362**	12,711,058
CURRENT LIABILITIES			
Accounts and other payables	-21-	**372,875,564**	332,791,275
Total Liabilities		**387,286,926**	345,502,333
Total Equity and Liabilities		**2,983,909,337**	2,819,977,714

These financial statements were approved by the Board of Directors on February 11, 2015 and were signed on its behalf by:

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

Mr. Sulaiman Khalid Al Mana
Deputy Chairman

The accompanying notes 1 to 33 constitute an integral part of these financial statements

Statement of **Profit or Loss** Exhibit "B"

For the year ended December 31, 2014

	Note	2014 (QR)	2013 (QR) (Restated)
Revenue		1,049,653,859	1,004,083,092
Cost of revenue		(602,566,633)	(555,015,858)
Gross profit		447,087,226	449,067,234
Other income and expenses	-22-	24,781,992	31,584,441
Selling and distribution expenses		(6,106,032)	(5,339,359)
General and administrative expenses	-23-	(43,558,072)	(43,162,345)
Share of (loss) profit from associates	-9-	(467,776)	1,431,796
Finance charges		(1,398,649)	(301,912)
Profit for the year – Exhibits C, D&E		420,338,689	433,279,855
Basic and diluted earnings per share	-24-	8.56	8.82

The accompanying notes 1 to 33 constitute an integral part of these financial statements

Statement of **Profit or Loss and Other Comprehensive Income** Exhibit "C"

For the year ended December 31, 2014

	Note	2014 (QR)	2013 (QR) (Restated)
Profit for the year – Exhibit B		420,338,689	433,279,855
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of available-for-sale financial assets	-17-	4,545,751	9,478,707
Net changes in share of fair value reserves of associates	-18-	2,374,633	(276,909)
Other comprehensive income for the year – Exhibit D		6,920,384	9,201,798
Total comprehensive income for the year – Exhibit D		427,259,073	442,481,653

The accompanying notes 1 to 33 constitute an integral part of these financial statements

Statement of
Changes In Equity Exhibit "D"

For the year ended December 31, 2014

	Share Capital (QR)	Legal Reserve (QR)	Development Reserve (QR)	Fair Value Reserve of Available-For-Sale Financial Assets (QR)	Share of Fair Value Reserves of Associates (QR)	Retained Earnings (QR)	Total Equity (QR)
Balance as at December 31, 2012 (Restated)-Note 32	491,005,960	245,502,980	406,588,511	46,209,226	6,684,587	1,141,507,514	2,337,498,778
Total comprehensive income for the year							
Profit for the year – Exhibit B (Restated)-Note 32	-0-	-0-	-0-	-0-	-0-	433,279,855	433,279,855
Other comprehensive income							
Net changes in fair value of available-for-sale financial assets	-0-	-0-	-0-	9,478,707	-0-	-0-	9,478,707
Net changes in share of fair value reserves of associates	-0-	-0-	-0-	-0-	(276,909)	-0-	(276,909)
Other comprehensive income for the year – Exhibit C	-0-	-0-	-0-	9,478,707	(276,909)	-0-	9,201,798
Total comprehensive income for the year – Exhibit C (Restated)	-0-	-0-	-0-	9,478,707	(276,909)	433,279,855	442,481,653
Social and sports fund contribution – Note 25	-0-	-0-	-0-	-0-	-0-	(10,901,474)	(10,901,474)
Dividend distribution for the year 2012 – Note 19(b)	-0-	-0-	-0-	-0-	-0-	(294,603,576)	(294,603,576)
Balance as at December 31, 2013 – Exhibit A (Restated)	491,005,960	245,502,980	406,588,511	55,687,933	6,407,678	1,269,282,319	2,474,475,381
Balance as at December 31, 2013 (Restated)-Note 32	**491,005,960**	**245,502,980**	**406,588,511**	**55,687,933**	**6,407,678**	**1,269,282,319**	**2,474,475,381**
Total comprehensive income for the year							
Profit for the year – Exhibit B	**-0-**	**-0-**	**-0-**	**-0-**	**-0-**	**420,338,689**	**420,338,689**
Other comprehensive income							
Net changes in fair value of available-for-sale financial assets	**-0-**	**-0-**	**-0-**	**4,545,751**	**-0-**	**-0-**	**4,545,751**
Net changes in share of fair value reserves of associates	**-0-**	**-0-**	**-0-**	**-0-**	**2,374,633**	**-0-**	**2,374,633**
Other comprehensive income for the year – Exhibit C	**-0-**	**-0-**	**-0-**	**4,545,751**	**2,374,633**	**-0-**	**6,920,384**
Total comprehensive income for the year – Exhibit C	**-0-**	**-0-**	**-0-**	**4,545,751**	**2,374,633**	**420,338,689**	**427,259,073**
Social and sports fund contribution – Note 25	**-0-**	**-0-**	**-0-**	**-0-**	**-0-**	**(10,508,467)**	**(10,508,467)**
Dividend distribution for the year 2013 – Note 19(b)	**-0-**	**-0-**	**-0-**	**-0-**	**-0-**	**(294,603,576)**	**(294,603,576)**
Balance as at December 31, 2014 – Exhibit A	**491,005,960**	**245,502,980**	**406,588,511**	**60,233,684**	**8,782,311**	**1,384,508,965**	**2,596,622,411**

The accompanying notes 1 to 33 constitute an integral part of these financial statements

Statement of
Cash Flows Exhibit "E"

As at December 31, 2014

	Note	2014 (QR)	2013 (QR) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year – Exhibit B		420,338,689	433,279,855
Adjustments for:			
Depreciation of property, plant and equipment and investment properties		145,225,734	141,437,295
Amortization of intangible assets		1,824,048	1,824,572
Provision for employees' end of service benefits		2,250,042	2,210,339
Finance charges		1,398,649	301,912
Interest income		(4,519,784)	(4,409,569)
Dividend income		(9,024,480)	(8,686,231)
Share of loss (profit) from associates		467,776	(1,431,796)
Operating profit before working capital changes		557,960,674	564,526,377
Changes in operating assets and liabilities			
- Inventories		(1,528,745)	60,291,205
- Accounts and other receivables		(2,332,290)	(32,323,352)
- Accounts and other payables		39,078,647	35,409,368
Cash generated from operations		593,178,286	627,903,598
Social and sports fund contribution paid		(10,901,474)	(10,632,718)
Employees' end of service benefits paid		(549,738)	(532,439)
Finance charges paid		-0-	(301,912)
Net Cash from Operating Activities		581,727,074	616,436,529
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and capital work in progress		(94,163,918)	(59,630,503)
Additions to intangible assets		(68,381)	-0-
Advances paid for capital nature assets		(150,621,067)	(9,542,635)
Acquisition of available-for-sale financial assets		-0-	(1,278,720)
Interest income received		4,519,784	4,409,569
Dividend income received		9,024,480	8,686,231
Net Cash (used in) Investing Activities		(231,309,102)	(57,356,058)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend distribution		(294,603,576)	(294,603,576)
Repayment of term loan		-0-	(81,933,750)
Net Cash (used in) Financing Activities		(294,603,576)	(376,537,326)
Net increase in cash and cash equivalents		55,814,396	182,543,145
Cash and cash equivalents at beginning of the year		512,372,408	329,829,263
Cash and cash equivalents at end of the year	-13-	568,186,804	512,372,408
SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOWS			
Non-Cash Transactions			
Social and sports fund contribution transferred from retained earnings to other payables	-25-	10,508,467	10,901,474
Advances for capital nature assets transferred to property, plant and equipment and capital work in progress	-5-	10,148,976	1,390,111
Intangible assets reclassified to property, plant and equipment	-5-	1,377,383	-0-
Intangible assets transferred from capital work in progress	-7-	-0-	7,453,788

The accompanying notes 1 to 33 constitute an integral part of these financial statements

Notes to the Financial Statements

For the year ended December 31, 2014

1. General Information

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 with Commercial Registration No. of 25. The Company's head office is located in Doha, State of Qatar.

The Company is primarily engaged in the production and sale of cement, washed sand and lime at its plants located in Ummbab and Al Rakiya in the State of Qatar. The sand plant is registered as a branch which is an integral part of these financial statements.

2. Basis of Preparation and Application of New and Revised International Financial Reporting Standards (IFRSs)

a) Statement of Compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the applicable provisions of the Qatar Commercial Companies Law No. 5 of 2002.

b) Basis of Measurement

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on fair value of the consideration initially given in exchange for assets.

c) Functional and Presentation Currency

The financial statements are presented in Qatari Riyals (QR), which is the Company's functional currency and all values are rounded to the nearest Qatari Riyals (QR) except when otherwise indicated.

d) Use of Estimates and Judgments

The information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the note 4.

e) New and Revised Standards and Amendments to IFRSs Affecting Amounts Reported and/or Disclosures in the Financial Statements

The accounting policies adopted in the preparation of these financial statements are consistent with those used in the preparation of the previous financial statements for the year ended December 31, 2013, except for the effects of certain amendments to the standards and interpretations that became effective in the current period as described below:

IAS 32	Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities) – Amendment
IAS 39	Financial Instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting) – Amendment
IAS 36	Impairment of Assets (Recoverable Amount Disclosures for Non Financial Assets) – Amendment
IAS 27	Separate Financial Statements (Investment Entities) – Amendment
IFRS 10	Consolidated Financial Statements (Investment Entities) – Amendment
IFRS 12	Disclosures of Interests in Other Entities (Investment Entities) – Amendment
IFRIC 21	Levies: New interpretation of IAS 37-Provisions, Contingent Liabilities and Contingent Assets on the accounting for levies imposed by governments

The above amendments to the standards and interpretations have been adopted by the Company, where applicable, and which did not have any material impact on the accounting policies, financial position or performance of the company as of reporting date.

f) New and Revised Standards and Amendments to IFRSs in Issue but Not Yet Effective

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

New Standards	Effective Date
IFRS 9 Financial Instruments	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contract with Customers	January 01, 2017

Amendments to the Standards	Effective Date
IAS 19 Defined Benefit Plans-Employee Contributions	July 01, 2014
IAS 27 Equity Method in Separate Financial Statements	January 01, 2016
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	January 01, 2016
IAS 16 & 38 Clarification of Acceptable Methods of Depreciation and Amortization	January 01, 2016
IAS 16 & 41 Agriculture - Bearer Plants	January 01, 2016
IAS 28 & IFRS 10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 01, 2016

3. Significant Accounting Policies

a) Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

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 capitalized borrowing. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation

Depreciation on all property, plant and equipment is charged to the profit or loss on the straight line method, so as to write off the historical cost of such asset over its estimated useful life as follows:

Buildings	5 – 30 years
Plants, equipment and tools	1 – 20 years
Motor vehicles	5 – 10 years
Furniture and fixtures	10 years

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for intended use.

b) Investment Properties

Investment properties are properties (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, but not for sale in ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Investment properties, other than land, are depreciated on a straight-line basis over their estimated useful lives of 20-30 years.

Investment property is derecognized when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit or loss in the period of de-recognition.

c) Intangible Assets

Intangible assets with finite useful lives are acquired separately are measured on initial recognition at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Notes to the Financial Statements

For the year ended December 31, 2014

3. Significant Accounting Policies (Cont.)

c) Intangible Assets (Cont.)

Intangible assets represent the cost of software development. The software development cost is amortized on straight line basis over the estimated useful life of three years. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is de-recognized.

d) Investment in Associates

Associates are those entities in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Company's investments in its associates are accounted for using the equity method. Under the equity method, the investments in associates are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associates since the acquisition date.

Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment individually. The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity.

When the Company'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 Company has an obligation or has made payments on behalf of the associate.

e) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets include trade receivables, available-for-sale financial assets and cash and cash equivalents. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Available-for-sale financial assets

Available-for-sale financial assets 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 financial assets are initially recognized at fair value plus any directly attributable transaction costs. After the initial recognition, these are stated at fair value, unless fair value cannot be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed off or impaired. At each reporting date, these investments are re-measured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss currently. Fair value of quoted investments is their bid price on Qatar Exchange at the statement of financial position date.

Accounts receivables

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

Notes to the Financial Statements

For the year ended December 31, 2014

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances under current accounts with the banks and deposits having a maturity less than 90 days. For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand, cash at banks (call and current) and short term bank fixed deposits.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss or 'other financial liabilities, the other financial liabilities include accounts and other payables.

Accounts and other payables

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

f) Inventories

Inventories are measured at the lower of cost and net realizable value after providing for any obsolescence and damages determined by the management. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Costs are those expenses incurred in bringing each product to its present location and condition which are computed as follows:

- Raw materials, minor spare parts and consumables: Purchases costs on weighted average cost 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 the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

g) Employees' End of Service Benefits, Leave Salary and Airfare

End of service benefits for expatriate employees

For the expatriate employees, the Company provides for employees' end of service benefits determined in accordance with the requirements of Qatar Labor laws pertaining to retirement and pensions, wherever required. These unfunded charges are made by the Company on the basis of employees' salaries and the number of years of service at the statement of financial position date. Applicable benefits are paid to employees on termination of employment with the Company. The Company has no expectation of settling its employees' end of service benefits obligation in the near term and hence classified this under non-current liability.

End of service benefits for Qatari employees

With respect to its Qatari employees, the Company makes contributions to the General Pension Fund Authority 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 these contributions, which are expensed when due.

Employees' leave salary and airfare

Provision for leave salary and airfare is determined as per the management policy applicable to each class of employee.

h) Provision

A provision is recognized in the statement of financial position 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 flows of the Company.

i) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Exchanges for goods and services of similar nature and value are not regarded as transactions that generate revenue. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

Notes to the Financial Statements

For the year ended December 31, 2014

3. Significant Accounting Policies (Cont.)

i) Revenue Recognition (Cont.)

Sale of goods (Cont.)

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits will flow to the Company;
- The stage of completion at the statement of financial position date can be measured reliably; and
- The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

When the above criteria are not met, revenue arising from the rendering of services is recognized only to the extent of the expenses recognized are recoverable.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Profit on sale of available-for-sale of financial assets

Profit on the sale of quoted investment in available-for-sale of financial assets is recognized when the sale is confirmed by the broker.

Rental income

Rental income from investment property is recognized in the statement of profit or loss on a straight-line basis over the term of the lease.

Other Income

Other income is recognized on an accrual basis.

j) Borrowing Costs

Borrowing costs are finance and other costs that the Company 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 Company 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 Company recognizes other borrowing costs as an expense in the period in which it incurs them.

The Company 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 Company first meets all of the following conditions:

- incurs expenditures for the asset;
- incurs borrowing costs; and
- undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company 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 Company 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 Company capitalizes during the year is not to exceed the amount of borrowing costs it incurred during that year.

The Company 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.

k) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Company at Qatari Riyals at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated Qatari Riyals at exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using Qatari Riyals at exchange rates prevailing at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into Qatari Riyals at exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

l) 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 dividend is approved by the Company's shareholders.

m) Basic and Diluted Earnings Per Share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

n) Related Party Transactions

Parties are considered to be related because they have the ability to exercise control over the Company or to exercise significant influence or joint control over the Company's financial and operating decisions. Further, parties are considered related to the Company when the Company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties.

Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties.

o) Events After the Reporting Period

The financial statements are adjusted to reflect events that occurred between the statements of financial position date and when the financial statements are authorized for issue, provided they give evidence of conditions that existed at the statement of financial position date.

p) Impairment and Un-collectability of Assets

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 statement of profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income is transferred to the statement of profit or loss.

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of profit or loss;
- 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 amortized 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.

For shares classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

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 other comprehensive income.

Notes to the Financial Statements

For the year ended December 31, 2014

Notes to the Financial Statements

For the year ended December 31, 2014

3. Significant Accounting Policies (Cont.)

p) Impairment and Un-collectability of Assets

Financial assets (Cont.)

Non-financial assets

The carrying amounts of the Company'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 statement of profit or loss. 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.

q) Fair Values

For available-for-sale financial assets traded in organized financial markets, fair value is determined by reference to the quoted market price at the close of business on the 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. 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.

4. Critical Accounting Judgments And Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company 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:

a) Classification of Quoted Investment

Quoted securities could be classified either as available-for-sale or at fair value through profit or loss account. The Company invests substantially on quoted securities management has primarily decided to account for them on their potential for long term growth rather than the short term profit basis. Consequently, the entire investments are recognized as available-for-sale rather than at fair value through profit or loss. Financial assets are classified as fair value through profit or loss where the assets are either held for trading or designated as at fair value through profit or loss.

b) Impairment of Receivables

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

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

At the reporting date, the allowance for impairment of accounts receivables amounted to QR 1,986,282 (2013: QR 1,986,282).

c) Provision for Slow Moving Inventories

The Company'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.

d) Impairment of Available-For-Sale Financial assets

The Company treats investment in available-for-sale financial assets 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 Company 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.

e) Depreciation and Impairment of Property, Plant and Equipment and Investment Properties

The cost of property, plant and equipment and investment properties other than land are depreciated over the estimated useful life, which is based on expected usage of the asset, the repair and maintenance program and technological obsolescence arising from changes. The management has not considered any residual value as it is deemed immaterial.

The carrying amounts of the Company's property, plant and equipment and investment properties 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. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

f) Amortization and Impairment of Intangible Assets

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 the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

g) Going Concern

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

Notes to the
Financial Statements
For the year ended December 31, 2014

5. Property, Plant And Equipment and Capital Work In Progress

a) The details of cost, accumulated depreciation and respective net book value of various categories of property, plant and equipment and capital work in progress are as follows:

	Buildings (QR)	Plants, equipment and tools (QR)	Motor vehicles (QR)	Furniture and fixtures (QR)	Capital work in progress (QR)	Total 2014 (QR)	Total 2013(QR) (Restated)
Cost							
As at January 1 (Restated)	521,701,125	2,347,613,030	114,909,366	22,658,365	23,996,344	**3,030,878,230**	2,977,311,404
Additions during the year	42,750	50,727,697	4,036,622	262,409	39,094,440	**94,163,918**	59,630,503
Transferred from advances for capital nature assets	-0-	9,542,635	-0-	-0-	606,341	**10,148,976**	1,390,111
Transferred from capital work in progress	24,757,914	29,216,895	-0-	-0-	(53,974,809)	**-0-**	-0-
Transferred to intangible assets	-0-	-0-	-0-	-0-	-0-	**-0-**	(7,453,788)
Reclassified from intangible assets	-0-	-0-	-0-	1,650,000	-0-	**1,650,000**	-0-
Reclassification	(72,450)	48,890	-0-	23,560	-0-	**-0-**	-0-
As at December 31	**546,429,339**	**2,437,149,147**	**118,945,988**	**24,594,334**	**9,722,316**	**3,136,841,124**	3,030,878,230
Accumulated Depreciation							
As at January 1 (Restated)	271,611,001	1,037,679,712	87,450,311	15,638,831	-0-	**1,412,379,855**	1,272,475,808
Charge for the year	25,454,415	109,403,241	7,186,210	1,648,620	-0-	**143,692,486**	139,904,047
Reclassified from intangible assets	-0-	-0-	-0-	272,617	-0-	**272,617**	-0-
Reclassification	(11,860)	11,815	-0-	45	-0-	**-0-**	-0-
As at December 31	**297,053,556**	**1,147,094,768**	**94,636,521**	**17,560,113**	**-0-**	**1,556,344,958**	1,412,379,855
Net Book Value							
As at December 31, 2014 – Exhibit A	**249,375,783**	**1,290,054,379**	**24,309,467**	**7,034,221**	**9,722,316**	**1,580,496,166**	-0-
As at December 31, 2013 – Exhibit A (Restated)	250,090,124	1,309,933,318	27,459,055	7,019,534	23,996,344	**-0-**	1,618,498,375

Notes to the
Financial Statements
For the year ended December 31, 2014

b) The Company's cement plants and sand plants are constructed on lands leased from the Government of Qatar.

c) During the year 2011, the Company has transferred major spare parts amounting to QR 147,540,804 along with related provision of QR 10,606,353 to plant and machinery under property, plant and equipment. These spare parts represent critical spare parts that are required to be kept in stock at all times to ensure the continued operation of the cement and other plants. Further, during the year 2014, the Company has acquired a sum of QR 38,590,602 worth of capital nature spare parts and have been capitalized to plants, equipment and tools (2013: QR 21,755,477).

d) The capital work in progress consists of the following:

	2014 (QR)	2013 (QR)
Construction of Cement Plant-V at Ummbab*	**3,062,743**	2,566,460
Water Tank Plant	**1,548,850**	1,545,100
Consultancy service for New Store at Ummbab	**520,200**	-0-
New Office Building at Ummbab**	**-0-**	13,901,117
Replacement of Ducts for Raw Mill in Plant III	**-0-**	3,888,032
Others***	**4,590,523**	2,095,635
Total	**9,722,316**	23,996,344

* This amount mainly includes the payments made to a consultant for the consultancy services for the construction of new Cement Plant V, parallel to the Company's existing Cement Plants II, III and IV at Ummbab – State of Qatar.

In addition, the Company has signed a contract on April 13, 2014 with a foreign contractor for the construction of Cement Plant V with a capacity of 5,000 MT per day. The construction will be commenced after handing over the site on stages, starting with two cement mills, which will be completed in 17 months and 19 months respectively and the overall project will be completed in 27 months of duration. The total value of the contract is Euro 99,300,000 plus USD 125,950,000 [Note 8(b)].

** The construction of new Office Building at Ummbab-State of Qatar was successfully completed during the year 2014 and capitalized. Accordingly, the total cost incurred amounting to QR 21,976,384 was transferred to buildings.

*** Other capital work in progress includes purchase of capital nature spare parts amounting to QR 4,231,163 which are under inspection and consultancy charges for miscellaneous projects under progress amounting to QR 359,360.

e) As detailed in note 32 to these financial statements, the Company has finalized its certain capital nature commitments with Qatar Petroleum which was initiated based on the side letter agreement dated on May 07, 2009. Pursuant to the agreement, the capital nature commitments mainly consist of expenses related to installation of pipe lines, metering facilities and other related costs incurred towards the supply of natural gas for the Cement Plant IV located at Ummbab. Accordingly, a sum QR 55,582,195 worth of reimbursement expenses claimed by Qatar Petroleum have been capitalized retrospectively from the financial year 2009 on which the actual expenses were committed.

Notes to the Financial Statements

For the year ended December 31, 2014

5. Property, Plant And Equipment and Capital Work In Progress (Cont.)

f) The depreciation charge for the year is included in the statement of profit or loss as follows:

	2014 (QR)	2013 (QR) (Restated)
Cost of revenue	139,567,221	136,327,535
Selling and distribution expenses	95,796	60,418
General and administrative expenses	4,029,469	3,516,094
Total	143,692,486	139,904,047

6. Investment Properties

a) The movements in investment properties during the year were as follows:

	2014 (QR)	2013 (QR)
Cost		
Balance at beginning of the year	42,556,999	42,556,999
Balance at end of the year	42,556,999	42,556,999
Accumulated Depreciation		
Balance at beginning of the year	33,341,741	31,808,493
Charge for the year	1,533,248	1,533,248
Balance at end of the year	34,874,989	33,341,741
Net Book Value – Exhibit A	7,682,010	9,215,258

b) Rental income from investment properties included in the statement of profit or loss for the year ended December 31, 2014 is QR 8.5 million (2013: QR 8.5 million). As per management estimates, the fair value of investment properties as at December 31, 2014 is QR 535 million (2013: 535 million).

7. Intangible Assets

a) The movements in intangible assets during the year were as follows:

	2014 (QR)	2013 (QR)
Cost		
Balance at beginning of the year	7,453,788	-0-
Transferred from capital work in progress	-0-	7,453,788
Additions during the year	68,381	-0-
Reclassified to property, plant and equipment	(1,650,000)	-0-
Balance at end of the year	5,872,169	7,453,788
Accumulated Amortization		
Balance at beginning of the year	1,824,572	-0-
Charge for the year	1,824,048	1,824,572
Reclassified to property, plant and equipment	(272,617)	-0-
Balance at end of the year	3,376,003	1,824,572
Net Book Value – Exhibit A	2,496,166	5,629,216

Notes to the Financial Statements

For the year ended December 31, 2014

b) Intangible assets represent the cost of software development – SAP ERP, which was completed and implemented during the year ended December 31, 2013 and the total development cost incurred were transferred from capital work in progress and capitalized as intangible assets. The software development cost is amortized on straight line basis over the estimated useful life of three years.

c) The company has capitalized the cost of network equipment for main data centre in the intangible assets and amortized in the year 2013. Accordingly, during the year ended December 31, 2014, the Company has reclassified the respective cost and accumulated amortization to property, plant and equipment amounting to QR 1,650,000 and QR 272,617 respectively as it is an integral to the functionality of the related equipments.

8. Advances for Capital Nature Assets

a) The advances for capital nature assets are as follows:

	2014 (QR)	2013 (QR)
Construction of Plant-V – Note 8(b)	143,474,909	-0-
Construction of New Sub-Station for Plant-V – Note 8(c)	4,953,195	-0-
Supply of Slip Ring/Induction Motors – Note 8(d)	2,055,723	-0-
Construction of New Office Building	-0-	606,341
Replacement of Main Reducer of Plant-II	-0-	4,447,800
Replacement of Ducts for Raw Mills in Plant-III	-0-	1,142,734
Other advances – Note 8(e)	137,240	3,952,101
Total – Exhibit A	150,621,067	10,148,976

b) The Company has paid 15% advance payment amounting to QR 143,474,909 to a foreign contractor for the construction of new Cement Plant V at Ummbab – State of Qatar, parallel to the existing Cement Plants II, III and IV with a capacity of 5,000 MT per day. The total value of the contract is Euro 99,300,000 plus USD 125,950,000 [Note 5(d)].

c) The Company has paid 10% advance payment to a local contractor for the construction of a new sub-station for the Plant V at Ummbab. The total contract value of the project is QR 49,531,950.

d) The Company has paid 20% advance payment amounting to Euro 436,181 to a local supplier for the supply of slip ring/induction motors and associated accessories for the Plants II, III and IV at Ummbab. The total contract value of the project is Euro 2,180,907.

e) Other advances represent payments made to purchase of capital nature spare parts which have not been received until December 31, 2014.

9. Investments in Associates

a) The investments in associates are represented as follows:

	Ownership	2014 (QR)	2013 (QR)
Qatar Saudi Gypsum Industries Co. (W.L.L.)	33.325%	26,923,955	24,419,846
Qatar Quarries & Building Materials Co. (P.Q.S.C.)	20.000%	22,389,672	22,986,924
Total – Exhibit A & Note 9(b)		49,313,627	47,406,770

Notes to the Financial Statements

For the year ended December 31, 2014

9. Investments In Associates (Cont.)

b) The movements in investments in associates during the year were as follows:

	2014 (QR)	2013 (QR)
Balance at beginning of the year	47,406,770	46,251,883
Share of (loss) profit – Exhibit B	(467,776)	1,431,796
Net changes in share of fair value reserves – Note 18	2,374,633	(276,909)
Balance at end of the year – Note 9(a)	49,313,627	47,406,770

c) The share of net results of associates are based on the latest available financial statements for the year ended December 31, 2013 as follows:

	Total Assets (QR)	Total Liabilities (QR)	Total Revenue (QR)
Qatar Saudi Gypsum Industries Co. (W.L.L)	83,234,582	2,442,520	4,642,800
Qatar Quarries & Building Materials Co. (P.Q.S.C.)	147,680,652	35,732,290	124,995,368

10. Available-for-Sale Financial Assets

The available-for-sale financial assets comprise of investments in shares of listed companies on Qatar Exchange. The fair value of the quoted equity shares is determined by reference to published price quotations in Qatar Exchange.

Movements in available-for-sale financial assets during the year were as follows:

	2014 (QR)	2013 (QR)
Balance at beginning of the year	163,979,232	153,221,805
Additions during the year	-0-	1,278,720
Net changes in fair value – Note 17	4,545,751	9,478,707
Balance at end of the year – Exhibit A	168,524,983	163,979,232

Notes to the Financial Statements

For the year ended December 31, 2014

11. Inventories

This item consists of the following:

	2014 (QR)	2013 (QR)
Work in progress	82,968,407	86,552,157
Raw materials	71,633,266	66,420,970
Finished goods	9,877,633	14,079,904
Spare parts	113,969,456	107,340,779
Fuel, oil and lubricants	1,685,155	1,441,523
Other miscellaneous stocks	1,481,668	1,700,449
Sub Total	281,615,585	277,535,782
Provision for obsolete and slow moving inventories	(14,943,047)	(14,943,047)
Net	266,672,538	262,592,735
Goods in transit	2,052,074	4,603,132
Total – Exhibit A	268,724,612	267,195,867

12. Accounts And Other Receivables

a) This item consists of the following:

	2014 (QR)	2013 (QR)
Accounts receivable	178,930,818	174,166,466
Provision for doubtful debts	(1,986,282)	(1,986,282)
Net	176,944,536	172,180,184
Advances to suppliers	4,618,381	7,668,436
Prepayments and other receivables	6,300,985	5,682,992
Total – Exhibit A	187,863,902	185,531,612

b) Concentration: An amount of QR 30,199,033 is receivable from a major customer which represents 17% of total accounts receivable as at December 31, 2014. (2013: QR 26,658,448 is receivable from a major customer, represents 15%)

13. Cash and Cash Equivalents

a) This item consists of the following:

	2014 (QR)	2013 (QR)
Cash in hand	-0-	5,000
Balances in call and current accounts	3,338,946	4,104,767
Short term fixed deposits	564,847,858	508,262,641
Total – Exhibits A&E	568,186,804	512,372,408

b) The balances in short term fixed deposits and call deposits have a profit rate of 1.1% to 1.5% per annum during the year ended December 31, 2014 (2013: 1% to 1.75% per annum).

Notes to the **Financial Statements**

For the year ended December 31, 2014

14. Share Capital

Authorized, issued and fully paid up capital

The authorized, issued and fully paid up capital of the Company amounting to QR 491,005,960 (Exhibit A) as at December 31, 2014 comprising 49,100,596 shares of QR 10 each. (2013: QR 491,005,960 comprising 49,100,596 shares of QR 10 each).

15. Legal Reserve

The legal reserve of the company amounting to QR 245,502,980 (Exhibit A) as at December 31, 2014 (2013: QR 245,502,980) created, pursuant to Qatar Commercial Companies' Law No. 5 of 2002, which mandates 10% of the net profit for the year is to be deducted annually and retained in the legal reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the Company's capital and is not available for distribution except in the circumstances specified in the law.

Since the reserve has reached 50% of the share capital, the management has not transferred any portion from the profit to legal reserve for the years ended December 31, 2013 and December 31, 2014.

16. Development Reserve

Development reserve amounting to QR 406,588,511 (Exhibit A) as at December 31, 2014 (2013: QR 406,588,511) represents the reserve created in the year of 1990 to finance the construction of Cement Plant-II.

17. Fair Value Reserve of Available-For-Sale Financial Assets

The movements in the fair value reserve of available-for-sale financial assets during the year were as follows:

	2014 (QR)	2013 (QR)
Balance at beginning of the year	55,687,933	46,209,226
Net changes in fair value of available-for-sale financial assets – Exhibit C	4,545,751	9,478,707
Balance at end of the year – Exhibit A	60,233,684	55,687,933

18. Share of Fair Value Reserves Of Associates

The movement in the share of fair value reserves of associates was as follows:

	2014 (QR)	2013 (QR)
Balance at beginning of the year	6,407,678	6,684,587
Net changes in share of fair value reserves – Exhibit C	2,374,633	(276,909)
Balance at end of the year – Exhibit A	8,782,311	6,407,678

19. Retained Earnings

a) The movements in the retained earnings during the year were as follows:

	2014 (QR)	2013 (QR) Restated
Balance at beginning of the year	1,269,282,319	1,141,507,514
Profit for the year	420,338,689	433,279,855
Social and sports fund contribution	(10,508,467)	(10,901,474)
Dividend distribution	(294,603,576)	(294,603,576)
Balance at end of the year – Exhibit A	1,384,508,965	1,269,282,319

Notes to the **Financial Statements**

For the year ended December 31, 2014

b) Proposed and Distribution of Dividend

In respect of year ended December 31, 2014, the Board of Directors proposed a cash dividend distribution of 40% of the paid up capital totaling QR 196,402,384 and a 10% of bonus shares of the paid up capital totaling QR 49,100,596. This proposed dividend subject to approval by shareholders at the Annual General Assembly.

Relating to the year ended December 31, 2013, following the approval of the Annual General Assembly held on February 18, 2014, it was decided a cash dividend distribution of 60% of the paid up capital totaling QR 294,603,576 (Exhibit D) (2012: cash dividend distribution of 60% of the paid up capital totaling QR 294,603,576).

20. Employees' End of Service Benefits

The movements in the employees' end of service benefits during the year were as follows:

	2014 (QR)	2013 (QR)
Balance at beginning of the year	12,711,058	11,033,158
Provisions for the year	2,250,042	2,210,339
Paid during the year	(549,738)	(532,439)
Balance at end of the year – Exhibit A	14,411,362	12,711,058

21. Accounts and Other Payables

a) This item consists of the following:

	2014 (QR)	2013 (QR) (Restated)
Accounts payable	25,392,565	22,636,079
Retention payable	3,157,711	2,325,607
Claims from Qatar Petroleum – Note 21(b)	159,705,421	142,762,279
Advances from customers	5,788,522	5,684,007
Directors' remuneration payable	8,750,000	8,500,000
Accruals and provisions	73,035,428	62,897,785
Provision for social and sports fund contribution	10,508,467	10,901,474
Other payables	86,537,450	77,084,044
Total – Exhibit A	372,875,564	332,791,275

b) The claims from Qatar Petroleum include the following:

	2014 (QR)	2013 (QR) (Restated)
Claims against capital assets -Note 5(e)	55,582,195	55,582,195
Claims against quantities supplies – Note 21(c)	92,128,817	76,584,324
Interest charges for the claims-Note 21(d)	11,994,409	10,595,760
Total – Note 21(a)	159,705,421	142,762,279

c) As detailed in note 32 to these financial statements, the claims against quantities supplies represents the dues arises, pursuant to the gas sales and purchase agreements with Qatar Petroleum signed in the years 2007 and 2009 for consumption of natural gas on the basis of take and pay or, pay if not taken the unutilized quantities by the Company.

d) As part of the agreements with Qatar Petroleum, being a financially committed party to contractual obligations, the company was charged the borrowing cost of LIBOR plus 3 % on outstanding dues.

Notes to the Financial Statements

For the year ended December 31, 2014

22. Other Income and Expenses

This item consists of the following:

	2014 (QR)	2013 (QR)
Rental income from investment properties	8,504,000	8,504,000
Transportation income	4,472,160	4,231,462
Interest income	4,519,784	4,409,569
Dividend income	9,024,480	8,686,231
(Loss) gain on foreign currency exchange rate fluctuation	(7,119,796)	318,226
Other miscellaneous income	5,381,364	5,434,953
Net – Exhibit B	24,781,992	31,584,441

23. General and Administrative Expenses

a) This item consists of the following:

	2014 (QR)	2013 (QR)
Salaries and benefits	22,207,145	23,721,897
Depreciation of property, plant and equipment and investment properties	5,562,717	5,049,342
Amortization of intangible assets	1,824,048	1,824,572
Directors' remuneration – Note 26(b)	8,750,000	8,500,000
Others	5,214,162	4,066,534
Total – Exhibit B	43,558,072	43,162,345

b) The salaries and benefits for the year is included in statement of profit or loss as follows:

	2014 (QR)	2013 (QR)
Cost of revenue	64,051,542	65,075,385
Selling and distribution expenses	3,361,162	3,040,396
General and administrative expenses	22,207,145	23,721,897
Total	89,619,849	91,837,678

24. Basic and Diluted Earnings Per Share

a) Basic Earnings Per Share

The basic earnings per share is computed by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year as follows:

	2014	2013 (Restated)
Profit attributable to ordinary share holders of the Company (QR) – Exhibit B	420,338,689	433,279,855
Weighted average number of ordinary shares outstanding – Note 14	49,100,596	49,100,596
Basic earnings per share (QR) – Exhibit B	8.56	8.82

b) Diluted Earnings Per Share

No separate diluted earnings per share were calculated since the diluted earnings per share were equal to basic earnings per share.

Notes to the Financial Statements

For the year ended December 31, 2014

25. Social and Sports Fund Contribution

In accordance with Law No. 13 of 2008, the Company has taken a provision for the support of sports, social, cultural and charitable activities with an amount equivalent to 2.5% of the net profit. As per the instruction issued by the Ministry of Economy and Finance during the year 2010, this social and sports contribution is considered as an appropriation of retained earnings of the Company and presented in statement of changes in equity rather than recording it through the statement of profit or loss.

Accordingly, the Company made an appropriation from retained earnings amounting to QR 10,508,467 (Exhibit D) for the year ended December 31, 2014 (2013: QR 10,901,474) for contribution to the Social and Sports Development Fund of Qatar. The social and sports fund contribution previously reported amounts are not retrospectively restated in accordance with the restatement adjustments as explained in note 32, since the Company's management decided not to claim for any reimbursement from the paid contribution.

26. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, shareholders and key management personnel of the Company.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

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.

Refund of sand transportation cost from the Government of Qatar for the year ended December 31, 2014 is nil (2013: QR 6.1 million).

The rental income includes a sum of QR 5 million for the year ended December 31, 2014 (2013: QR 5 million) from the Government of Qatar.

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 proposed to the Board of Directors during the year has been separately recognized within general and administrative expenses (Note 23).

During the year ended December 31, 2014, the Company has paid a sum of QR 1.55 million (2013: QR 2.25 million) to members of the Committees of the Board of Directors and salaries and benefits paid to key members of management amounted to QR 4.42 million (2013: QR 4.73 million).

27. Segment Reporting

The Company is organized into one business segment, which comprises the manufacture and sale of cement, sand and other by products. Geographically, the Company's entire business operations are concentrated in State of Qatar. The Chief Operating Decision Maker evaluates the results of the Company for this overall segment.

Notes to the Financial Statements
For the year ended December 31, 2014

28. Commitments and Contingencies

a) The following summarizes the significant contractual commitments and contingencies:

	2014 (QR)	2013 (QR)
Capital Commitments	829,667,477	32,265,800
Letters of credit	95,442,640	27,445,707

b) Capital commitments include a sum of QR 771,595,056 as at December 31, 2014 related to the construction of new Cement Plant V at Ummbab – State of Qatar [Notes 5(d) and 8(b)].

29. Events After the Reporting Period

There were no circumstances have arisen for the material events, favorable and unfavorable, that occur between the statement of financial position date and date on which these financial statements authorize for issue except for the following:

In respect of year ended December 31, 2014, the Board of Directors proposed a cash dividend distribution of 40% of the paid up capital totaling QR 196,402,384 and a 10% bonus shares of the paid up capital totaling QR 49,100,596. This proposed dividend subject to approval by shareholders at the Annual General Assembly.

30. Financial Risk Management

The Company monitors and manages the financial risks relating to its business and operations. The Company has exposure to the following risks from its use of financial instruments.

- Liquidity risk
- Credit risk
- Capital risk
- Market risk
- Operational risk
- Other risks

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.

a) 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 Company'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 Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

Notes to the Financial Statements
For the year ended December 31, 2014

	Carrying amount (QR)	Contractual cash outflows (QR)	Less than 1 year (QR)
December 31, 2014			
Accounts and other payables	372,875,564	(372,875,564)	372,875,564

	Carrying amount (QR) (Restated)	Contractual cash outflows (QR) (Restated)	Less than 1 year (QR) (Restated)
December 31, 2013			
Accounts and other payables	332,791,275	(332,791,275)	332,791,275

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to the concentration of credit risk are cash at banks, accounts and other receivable and available-for-sale financial assets.

Accounts receivables

The management has a credit policy in place and the exposure to the 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 management.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim. The Company requires collaterals in the form of letters of credit in respect of sales to non related parties.

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. The Company maintains a provision of doubtful debts; the estimation of such provision is reviewed periodically and established on case by case basis. 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. Provision for doubtful debts is disclosed in note 12.

Other receivables mainly consist of prepaid expenses and advances, which will be recovered against future expenses of the Company.

Ageing analysis of accounts receivable is as follows:

	Not past due (QR)	Past due 0-30 days (QR)	Past Due 31-120 days (QR)	More than 120 days (QR)	Total (QR)
December 31, 2014					
Gross accounts receivable	87,187,062	57,015,837	31,692,863	3,035,056	178,930,818
Provision for doubtful debts	-0-	-0-	-0-	(1,986,282)	(1,986,282)
Net	87,187,062	57,015,837	31,692,863	1,048,774	176,944,536

	Not past due (QR)	Past due 0-30 days (QR)	Past Due 31-120 days (QR)	More than 120 days (QR)	Total (QR)
December 31, 2013					
Gross accounts receivable	84,463,325	58,742,064	27,170,552	3,790,525	174,166,466
Provision for doubtful debts	-0-	-0-	-0-	(1,986,282)	(1,986,282)
Net	84,463,325	58,742,064	27,170,552	1,804,243	172,180,184

Notes to the Financial Statements

For the year ended December 31, 2014

30. Financial Risk Management (Cont.)

b) Credit Risk (Cont.)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other financial instrument categories. The Company's investments in equity securities are classified as available-for-sale financial assets and represents equity securities of locally listed companies.

Cash at banks

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 inside Qatar. Given these reputation management do not expect these banks to fail on their obligations.

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

c) Capital Risk

The Company'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 as well as the level of dividends to ordinary shareholders.

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 shareholders through the optimization of the debt and equity balance. As part of this review, the management considers the cost of capital and the risks associate with each class of capital.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

d) Market Risk

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

The market risk primarily consists of the followings:

- Interest rate risk
- Foreign currency risk
- Equity price risk

(i) 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 financial assets and financial liabilities. Management does not hedge its interest rate risk.

The sensitivity of the Company's profit to change in interest rate on interest bearing assets, which carries floating interest rates, based on balance as at the reporting date.

Notes to the Financial Statements

For the year ended December 31, 2014

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amounts	
Variable rate instruments	**2014 (QR)**	2013 (QR)
Financial Assets		
Cash at banks	**568,186,804**	512,367,408

The following table summarizes the interest rate risk profile of the Company's financial assets and liabilities:

	1 to 3 months (QR)	**3 to 12 months (QR)**	**Total (QR)**
December 31, 2014			
Financial Assets			
Cash at banks	**568,186,804**	**-0-**	**568,186,804**
Interest Rate Sensitivity Gap	**568,186,804**	**-0-**	**568,186,804**

	1 to 3 months (QR)	3 to 12 months (QR)	Total (QR)
December 31, 2013			
Financial Assets			
Cash at banks	512,367,408	-0-	512,367,408
Interest Rate Sensitivity Gap	512,367,408	-0-	512,367,408

Interest rate sensitivity

The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest and profit rates by 100 basis points, with all other variables held constant. The sensitivity of the profit is the effect of the assumed changes in interest rate on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at reporting dates.

	Profit or Loss		**Equity**	
	+ 100 b.p.	**– 100 b.p.**	**+ 100 b.p.**	**– 100 b.p.**
December 31, 2014				
Variable rate financial assets	**5,681,868**	**(5,681,868)**	**5,681,868**	**(5,681,868)**

	Profit or Loss		Equity	
	+ 100 b.p.	– 100 b.p.	+ 100 b.p.	– 100 b.p.
December 31, 2013				
Variable rate financial assets	5,123,674	(5,123,674)	5,123,674	(5,123,674)

Notes to the **Financial Statements**
For the year ended December 31, 2014

30. Financial Risk Management (Cont.)

d) Market Risk (Cont.)

(ii) Foreign Currency Risk

The Company incurs foreign currency risk on its purchases that are denominated in a currency other than Qatari Riyals which is Company's functional and presentation currency.

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's exposure to foreign currency risk on the transactions that are denominated in USD is minimal as Qatari Riyal is pegged against USD.

The Company's exposure to the foreign currency risk is as follows based on notional amounts.

	USD (in QR)	Euro (in QR)	GBP (in QR)	Total (in QR)
December 31, 2014				
Financial assets				
Accounts receivable	**1,005,920**	**941,243**	**316,007**	**2,263,170**
Call and fixed deposits	**743,356**	**61,455,888**	**-0-**	**62,199,244**
Total financial assets	**1,749,276**	**62,397,131**	**316,007**	**64,462,414**
Financial liabilities				
Accounts and other payables	**105,314,307**	**1,181,112**	**-0-**	**106,495,419**
Total financial liabilities	**105,314,307**	**1,181,112**	**-0-**	**106,495,419**

	USD (in QR) (Restated)	Euro (in QR)	GBP (in QR)	Total (in QR) (Restated)
December 31, 2013				
Financial Assets				
Accounts receivable	420,579	5,627,554	22,539	6,070,672
Call and fixed deposits	215,581	3,824,493	-0-	4,040,074
Total financial assets	636,160	9,452,047	22,539	10,110,746
Financial Liabilities				
Accounts and other payables	95,811,190	759,988	64,555	96,635,733
Total financial liabilities	95,811,190	759,988	64,555	96,635,733

(iii) Equity Price Risk

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

The following table demonstrates the sensitivity of the effect of cumulative changes in fair value to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increase shown.

Description	**Changes in Equity Prices**	**Effect on Equity**	
December 31, 2014		**2014 (QR)**	2013 (QR)
Available-for-sale financial assets	**±10%**	**±16,852,498**	±16,397,923

Notes to the **Financial Statements**
For the year ended December 31, 2014

d) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

f) Other Risks

Other risks to which the Company is exposed are regulatory risk, legal risk, and reputation risk.

- Regulatory risk is controlled through a framework of compliance policies and procedures. The operations of the Company are subject to regulatory requirements of the state of Qatar.
- Legal risk is managed through the effective use of internal and external legal advisers.
- Reputation risk is controlled through the Company regular examination of issues that are considered to have repercussions for the Company, with guidelines and policies being issued as appropriate.

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Notes to the Financial Statements

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31. Fair Value

Fair value represents 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 3 to the financial statements show the methods used in valuing the financial instruments and non-financial assets such as investment properties and investment in associates.

a) The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

The management of the Company considers that the carrying amounts of the financial assets and financial liabilities recorded in these financial statements approximate their fair values.

	Carrying amount (QR)	Fair Value (QR)
December 31, 2014		
Assets Carried at Fair Value		
Available-for-sale financial assets	168,524,983	168,524,983
Assets Carried at Amortized Cost		
Accounts receivable	176,944,536	176,944,536
Cash and bank balances	568,186,804	568,186,804
Liabilities Carried at Amortized Cost		
Accounts and other payables	372,875,564	372,875,564

	Carrying amount (QR) (Restated)	Fair Value (QR) (Restated)
December 31, 2013		
Assets Carried at Fair Value		
Available-for-sale financial assets	163,979,232	163,979,232
Assets Carried at Amortized Cost		
Accounts receivable	172,180,184	172,180,184
Cash and bank balances	512,372,408	512,372,408
Liabilities Carried at Amortized Cost		
Accounts and other payables	332,791,275	332,791,275

b) Fair Value Measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The following table provides an analysis of all assets and liabilities, if any, that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Unobservable inputs for the assets or liability, which the fair value measurements are derived from valuation techniques.

December 31, 2014	Level 1 (QR)	Level 2 (QR)	Level 3 (QR)	Total (QR)
Assets Measured at Fair Value				
Available-for-sale financial assets	168,524,983	-0-	-0-	168,524,983
Total	168,524,983	-0-	-0-	168,524,983

December 31, 2013	Level 1 (QR)	Level 2 (QR)	Level 3 (QR)	Total (QR)
Assets Measured at Fair Value				
Available-for-sale financial assets	163,979,232	-0-	-0-	163,979,232
Total	163,979,232	-0-	-0-	163,979,232

32. Restatement of Comparative Figures

a) Nature of Restatement

The prior period figures in these financial statements have been restated due to the non-recognition, measurement, presentation and disclosure of claims from Qatar Petroleum related to the take or pay obligation of gas quantities supplies, reimbursement of capital nature committed expenses and corresponding interest charges on the outstanding dues explained as follows:

(i) Recognition of take or pay quantity supplies

In accordance with the gas sales and purchase agreements with Qatar Petroleum signed in the years 2007 and 2009, the Company obliged to take and pay for or, pay if not taken the unutilized quantities. The Company did not account for their take or pay obligation and respective interest charges from the year 2007 to 2013 amounting to QR 76,584,324 and QR 10,595,760 respectively, since the Company's management is in the process of negotiating with Qatar Petroleum to waive these claims. However, the management of the Company decided to reflect these obligations in the books of accounts during the year ended December 31, 2014. Accordingly, the respective comparative figures in these financial statements have been retrospectively restated.

(ii) Recognition of capital expenses

In accordance with side letter agreement with Qatar Petroleum dated May 07, 2009, the Company obliged to reimburse cost for the installation of pipe lines, metering facilities and other related costs incurred towards the supply of natural gas for the Cement Plant IV located at Ummbab. The Company did not account the capital commitments and reimbursement cost in the property, plant and equipment amounting to QR 55,582,195 during the year 2009 due to the negotiations with Qatar petroleum. However, during the year 2014, the management of the Company decided to capitalize these costs under plants, equipment and tools and recognize the respective capital commitments under accounts and other payables. Accordingly, the date of capitalization was considered from July 09, 2009, which was the actual date of capitalization of Cement Plant IV and thus, the comparative figures stated in these financial statements have been retrospectively restated.

32. Restatement of Comparative Figures (Cont.)

b) The Effects of the Abovementioned Restatement on the Financial Statements are as follows:

These financial statements disclose the retrospective restatement up to the extent it is practicable. The following summarizes the effect on elements of the financial statements.

(i) Statement of Financial Position

Net book value of property, plant and equipment and capital work in progress	**2013 (QR)**	2012 (QR)
As previously reported	**1,575,372,683**	1,658,930,794
Impact on cost due to restatement	**55,582,195**	55,582,195
Impact on accumulated depreciation due to restatement	**(12,456,503)**	(9,677,393)
As restated – Note 5	**1,618,498,375**	1,704,835,596
Retained earnings		
As previously reported	**1,368,918,906**	1,238,364,991
Impact on restatement	**(99,636,587)**	(96,857,477)
As restated – Exhibit D and Note 19	**1,269,282,319**	1,141,507,514
Accounts and other payables		
As previously reported	**190,028,996**	154,350,872
Impact on restatement	**142,762,279**	142,762,279
As restated – Note 21	**332,791,275**	297,113,151

(ii) Statement of Profit or Loss

Cost of Revenue	**2013 (QR)**	2012 (QR)
As previously reported after reclassification	**552,236,748**	506,560,053
Add: Increase due to depreciation charges	**2,779,110**	2,779,110
Add: Increase due to take or pay obligation	**-0-**	1,504,267
As restated – Exhibit B	**555,015,858**	510,843,430
Profit for the year		
As previously reported	**436,058,965**	425,308,724
Less: Decrease due to take or pay obligation	**-0-**	(1,504,267)
Less: Decrease due to depreciation charges	**(2,779,110)**	(2,779,110)
Less: Decrease due to interest charges	**-0-**	(120,224)
As restated – Exhibit B	**433,279,855**	420,905,123
Basic and diluted Earnings per share		
As previously reported	**8.88**	8.66
Less: Decrease due to restatement	**(0.06)**	(0.09)
As restated – Exhibit B and Note 24	**8.82**	8.57

33. Comparative Figures

Certain of the comparative figures and supporting note disclosures have been reclassified to conform with the presentation of the current year's financial statements. Those reclassifications do not affect previously reported profit or equity, except for the restatement of comparative figures for the facts as explained in note 32.