UKAS QUALITY MANAGEMENT

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

ANNUAL REPORT 2015

CONTENTS

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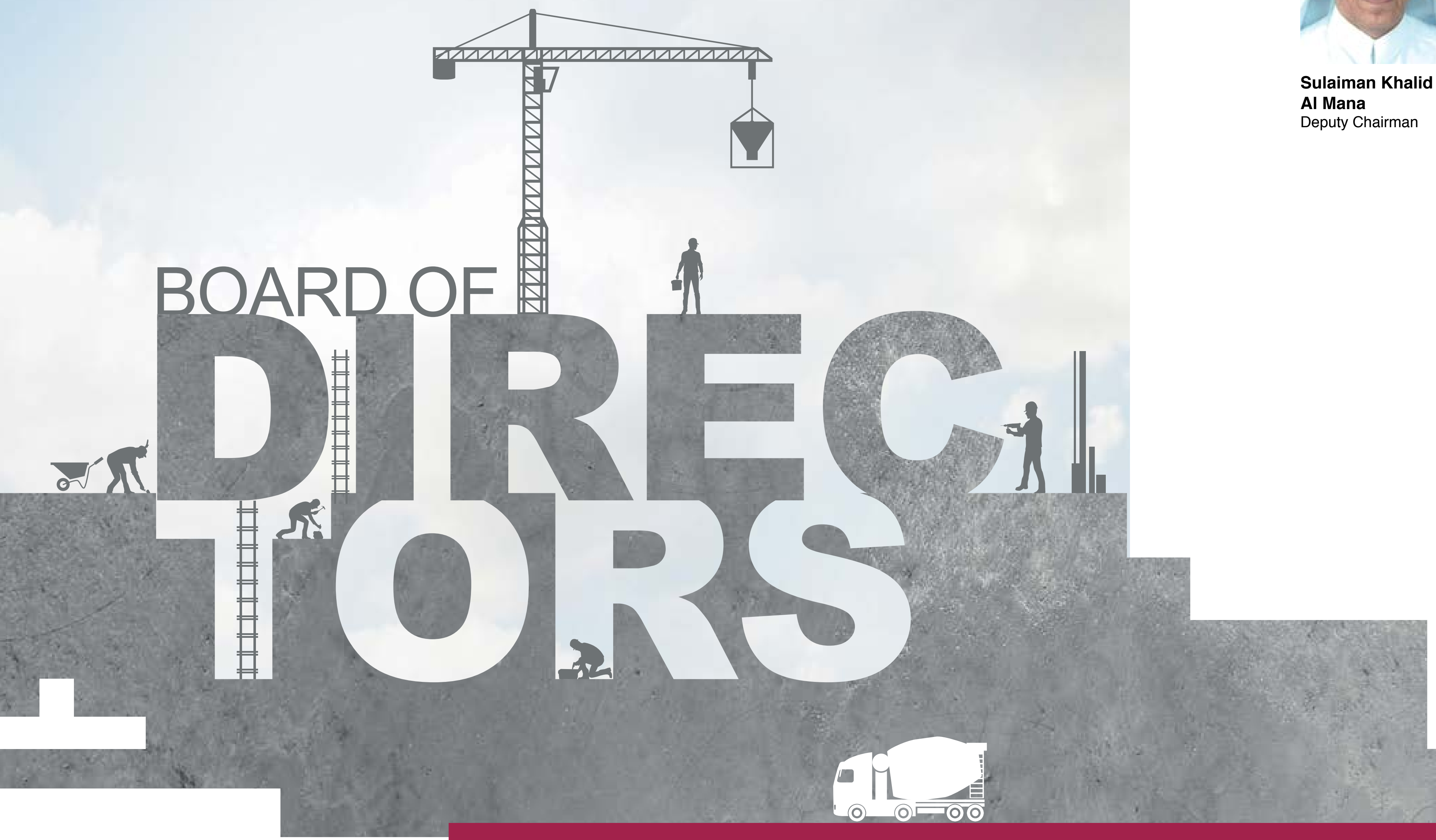
In the Name of Allah,
the Most Gracious, the Most Merciful

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

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Father Emir

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.



BOARD OF DIRECTORS

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

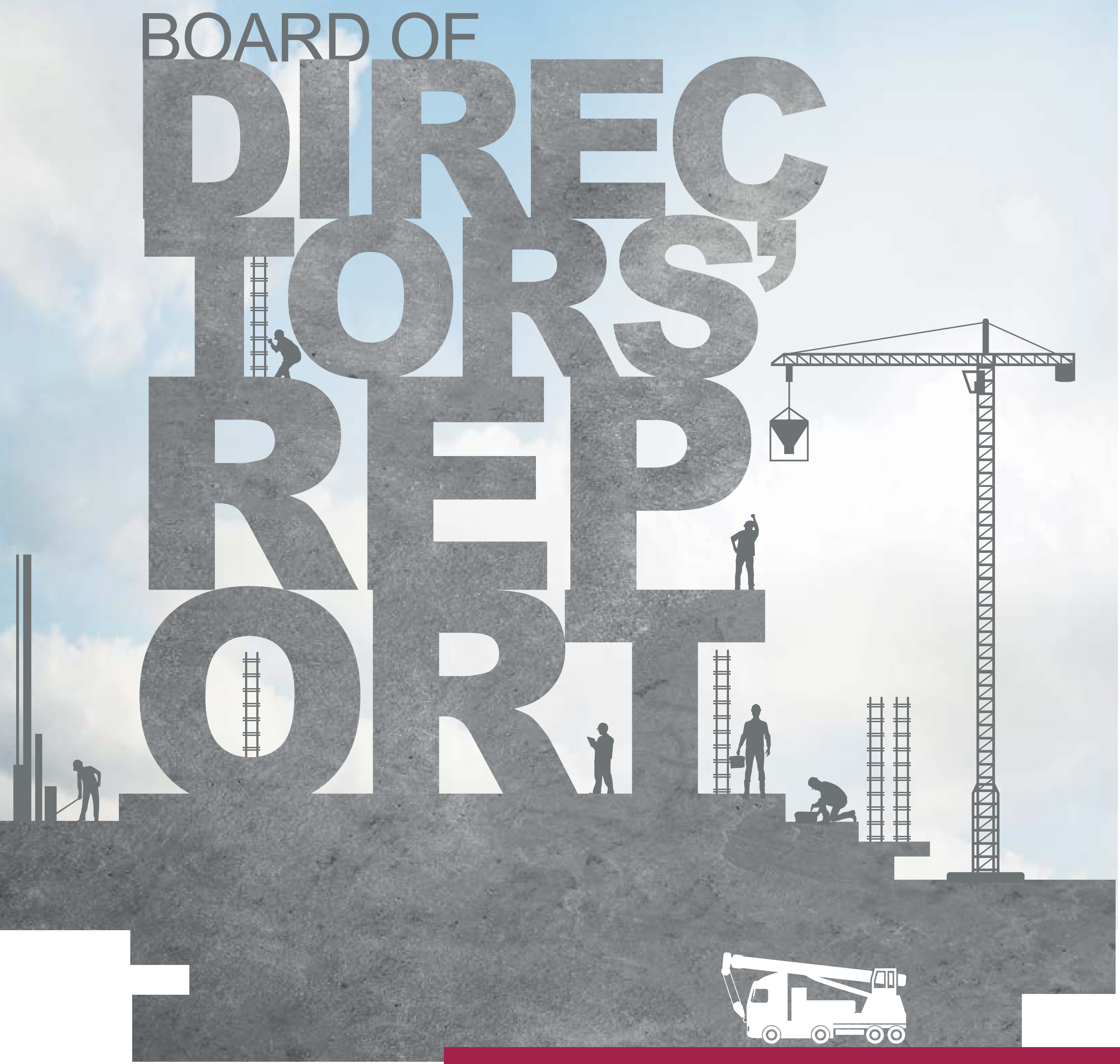
Saad Mohammed Saad Al-Romaihi
Member

Abdulaziz Ibrahim Redwani
Member

Mohammad Ali Al Sulaity
General Manager

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.

BOARD OF DIRECTORS' REPORT



Distinguished Shareholders,
Al-Salamu Alaikum

I have the pleasure to present to you on behalf of the Board of Directors, the annual report on the company's activities and its financial position for the financial year 2015, and also present our plan for the year 2016, as shown below.

Production & Sales

The company's production in both categories of cement, OPC & SRC, increased to 3.8 million tons during the year 2015 compared to 3.5 million tons during the previous year. The production of washed sand increased to 7.8 million tons during the year 2015 compared to 5.9 million tons during the previous year. Calcium carbonate production during the year 2015 increased to 37,000 tons compared to 28,000 tons during the previous year.

Sales of all types of cement (OPC, SRC, Slag Blended Cement & Fly Ash Blended Cement) increased to 3.8 million tons during the year 2015 against 3.5 million tons during the previous year. The sales of washed sand increased to 7.7 million tons during the year 2015 compared to 6.1 million tons during the previous year. Sales of calcium carbonate increased to 36,000 tons during the year 2015 against 27,300 tons during the previous year.

The total value of sales revenue was recorded at QR 1.2 billion during the year 2015 compared to QR 1.1 billion during the previous year. The reported increase in the sales revenue was due to the increased market demand for cement, washed sand and calcium carbonate.

Profit and Financial Position

The shareholders' equity increased, as at 31/12/2015, to QR 2.8 billion, compared to QR 2.6 billion at the end of the previous year, an increase of QR 248 million (+10%), and the company achieved a net profit amounting to QR 464 million for the year 2015 against QR 420 million for the previous year.

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 2015, 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 2015

The market demand of 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 supporting the massive construction boom in Qatar.

The increase in revenue generated from the sales of cement, washed sand and calcium carbonate was mainly due to the utmost utilization of the company's capacities to meet the local market demand.

The company also recorded a stronger financial position, with its equity rights increasing by QR 248 million during the year 2015, an increase of approx. 10% compared to last year.

The company has completed the implementation of the corporate governance regulations, in accordance with the corporate governance code for listed companies issued by Qatar Financial Markets Authority, 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's policy in this regard.

Board of Directors' Plan for 2016

- Commissioning the two cement mills of Plant 5 to increase the production capacity of cement by 5,500 tons per day.
- Explore the possibility of halting Plant 1 in the light of the commissioning of the new two cement mills of Plant 5. Plant 1 was installed in 1969 and its contribution currently falls below 4% of the total capacity.
- Increase the production capacity of washed sand in line with the expected increasing market demand.
- Explore all the opportunities to increase the sales volume of calcium carbonate by utilising the full capacity and thereby improve returns.
- Continue protecting the environment and ensure the safety of the natural reserves in all industrial areas of the company and continue coordinating with the authorities to apply 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.
- Continue with the full implementation of the corporate governance code, avoiding violations to the rules as much as possible, in order to achieve the corporate governance target.
- Continue supporting social & sports activities in line with its commitment to execute the State's policies that aim to enhance companies' roles in social development.

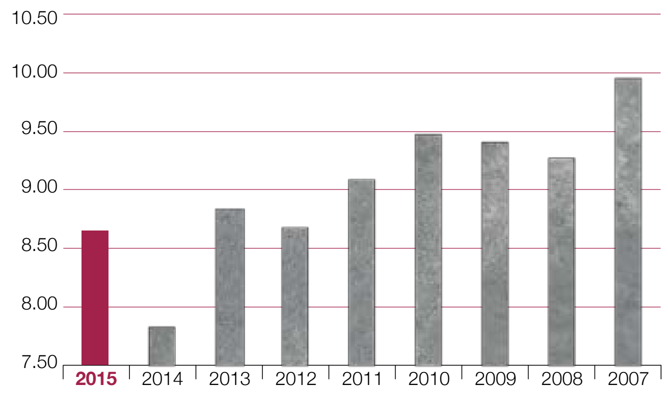
Finally, I take immense pleasure in extending our most profound gratitude to His Highness Sheikh Tamim Bin Hamad Al-Thani, the Emir of Qatar, for his continuous and generous support to the company, and for enabling the company to play a pioneering role in supplying strategic construction materials for the 2022 World Cup projects.

I would also 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 corporations, 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.

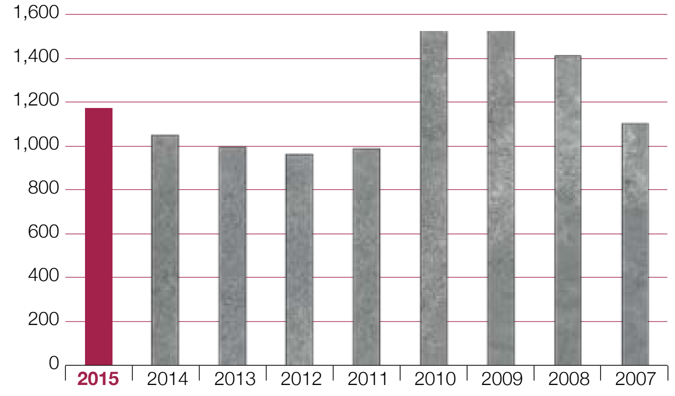
I would like to take this opportunity to express my sincere thanks to our employees for their hard work and diligence in executing their work for the benefit and development of the company in order to achieve the organization's goals. I would like to congratulate our respected shareholders for the company's achievements during the year 2015 and would like to reiterate our commitment to reward the trust they have bestowed upon us with further development and growth for our company and our country.

Salem Bin Butti Al-Naimi
Chairman & Managing Director

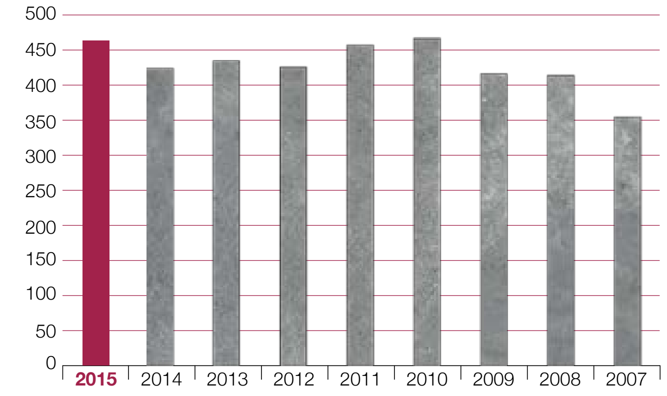
EARNINGS PER SHARE (in QR)



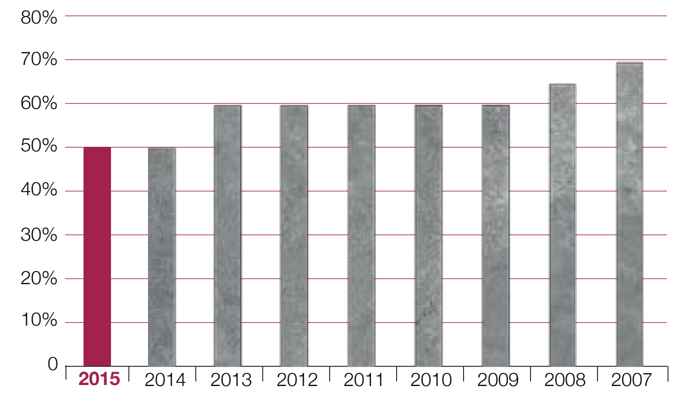
SALES (in QR Million)



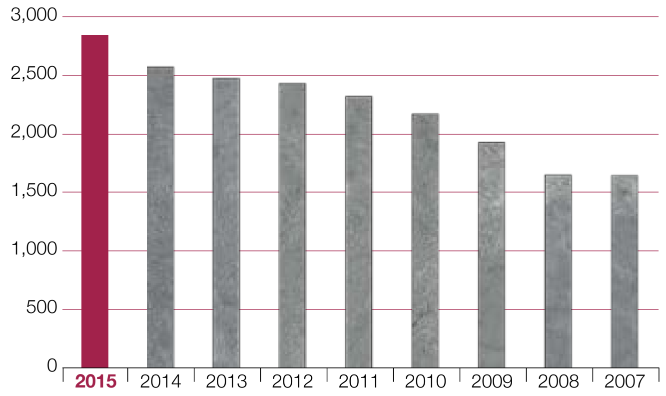
NET PROFIT (in QR Million)



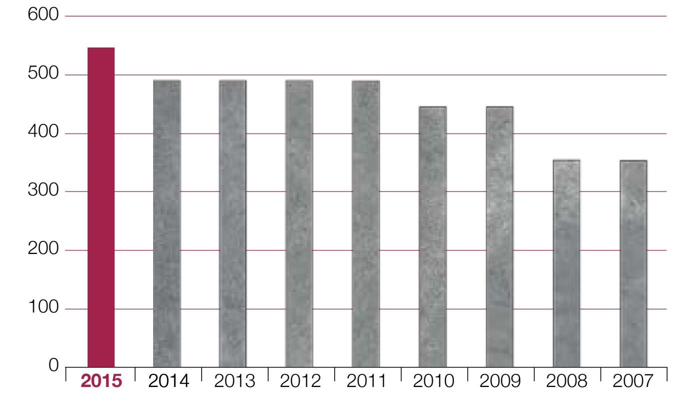
DISTRIBUTIONS (%)



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 - Qatar

Report on the Financial Statements
We have audited the accompanying financial statements of Qatar National Cement Company (Q.S.C.), (the "Company"), which comprise the statement of financial position as at December 31, 2015 and the statements of profit or loss and other comprehensive income, changes in equity and 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 the applicable provisions of Qatar Commercial Companies Laws, 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 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 accompanying financial statements present fairly, in all material respects, the financial position of Qatar National Cement Company Q.S.C. as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion and as further explained in note 5 (a) to the financial statements, the license to use the land on which quarries, plants and housing are situated has expired during the year. The Company is currently in the process of getting this license renewed.

Other Legal and Regulatory Requirements
We are also of the opinion that proper books of account were maintained by the Company, physical inventory verification has been duly carried out and the contents of the directors' report are in agreement with the Company's financial statements. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

Other Matters
The financial statements of the Company for the year ended December 31, 2014 were audited by another auditor whose report dated February 11, 2015 expressed an unqualified opinion on those financial statements.

Doha,Qatar
January 20, 2016

For Deloitte & Touche
Qatar Branch
Walid Slim
Partner, License No. 319

STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	Notes	**2015 QR**	2014 QR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and capital work in progress	5	1,993,366,842	1,580,496,166
Investment properties	6	6,514,337	7,682,010
Intangible assets	7	538,776	2,496,166
Advances for capital nature assets	8	81,484,190	150,621,067
Investments in associates	9	52,947,252	49,313,627
Available-for-sale financial assets	10	159,027,553	168,524,983
Total non-current assets		**2,293,878,950**	1,959,134,019
CURRENT ASSETS			
Inventories	11	387,691,830	268,724,612
Prepayments and other debit balances	12	15,889,623	10,919,367
Trade receivables	13	179,919,159	176,944,536
Cash and cash equivalents	14	438,395,829	568,186,804
Total current assets		**1,021,896,441**	1,024,775,319
Total assets		**3,315,775,391**	2,983,909,338
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	540,106,560	491,005,960
Legal reserve	16	270,053,280	245,502,980
Development reserves	17	406,588,511	406,588,511
Fair value reserve of available-for-sale financial assets	18	50,736,254	60,233,684
Share of fair value reserves of associates	19	10,980,527	8,782,311
Retained earnings	20	1,566,418,116	1,384,508,965
Total equity		**2,844,883,248**	2,596,622,411
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee's end of service benefits	21	15,795,337	14,411,362
Other liabilities	23	132,141,886	-
		147,937,223	14,411,362
CURRENT LIABILITIES			
Accounts payable and other credit balances	22	247,905,200	213,170,144
Other liabilities	23	75,049,720	159,705,421
		322,954,920	372,875,565
Total liabilities		**470,892,143**	387,286,927
Total equity and liabilities		**3,315,775,391**	2,983,909,338

These financial statements were approved by the Board of Directors on January 20, 2016 and were signed on its behalf by:

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

Mr. Abdul Aziz Ibrahim Radwani
Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF
PROFIT OR LOSS
For the year ended December 31, 2015

	Notes	2015 QR	2014 QR
Revenue		1,170,986,161	1,049,653,859
Cost of sales		(696,535,968)	(602,566,633)
Gross profit		**474,450,193**	447,087,226
Other income	25	32,296,444	31,901,788
General and administrative expenses	26	(38,325,478)	(50,677,868)
Selling and distribution expenses		(6,305,353)	(6,106,032)
Share of profit / (loss) from associates	9	1,435,409	(467,776)
Finance costs		-	(1,398,649)
Profit for the year		**463,551,215**	420,338,689
Basic and diluted earnings per share	27	**8.58**	7.78

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2015

	Notes	2015 QR	2014 QR
Profit for the year		**463,551,215**	420,338,689
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Net fair value (loss)/ gain on available-for-sale financial assets	18	(9,497,430)	4,545,751
Net changes in share of fair value reserves of associates	19	2,198,216	2,374,633
Other comprehensive (loss)/ income for the year		**(7,299,214)**	6,920,384
Total comprehensive income for the year		**456,252,001**	427,259,073

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF
CHANGES IN EQUITY
For the year ended December 31, 2015

	Share capital QR	Legal reserve QR	Development reserve QR	Fair value reserve for available-for-sale financial assets QR	Share of fair value reserves of associates QR	Retained earnings QR	Total QR
Balance at January1, 2014	491,005,960	245,502,980	406,588,511	55,687,933	6,407,678	1,269,282,319	2,474,475,381
Profit for the year	-	-	-	-	-	420,338,689	420,338,689
Other comprehensive income for the year:							
Net changes in the fair value of the available-for-sale financial assets (Note 18)	-	-	-	4,545,751	-	-	4,545,751
Net changes in the fair value reserves of the associates (Note 19)	-	-	-	-	2,374,633	-	2,374,633
Total comprehensive income for the year	-	-	-	4,545,751	2,374,633	420,338,689	427,259,073
Social and sports fund contribution (Note 28)	-	-	-	-	-	(10,508,467)	(10,508,467)
Dividends distribution (Note 20)	-	-	-	-	-	(294,603,576)	(294,603,576)
Balance at December 31, 2014	491,005,960	245,502,980	406,588,511	60,233,684	8,782,311	1,384,508,965	2,596,622,411
Profit for the year	-	-	-	-	-	463,551,215	463,551,215
Other comprehensive income for the year:							
Net changes in the fair value of the available-for-sale financial assets (Note 18)	-	-	-	(9,497,430)	-	-	(9,497,430)
Net changes in the fair value reserves of the associates (Note 19)	-	-	-	-	2,198,216	-	2,198,216
Total comprehensive income for the year	-	-	-	(9,497,430)	2,198,216	463,551,215	456,252,001
Bonus shares	49,100,600	-	-	-	-	(49,100,600)	-
Transfer to legal reserves	-	24,550,300	-	-	-	(24,550,300)	-
Social and sports fund contribution (Note 28)	-	-	-	-	-	(11,588,780)	(11,588,780)
Dividend distribution (Note 20)	-	-	-	-	-	(196,402,384)	(196,402,384)
Balance at December 31, 2015	**540,106,560**	**270,053,280**	**406,588,511**	**50,736,254**	**10,980,527**	**1,566,418,116**	**2,844,883,248**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF
CASH FLOWS
For the year ended December 31, 2015

	Notes	2015 QR	2014 QR
OPERATING ACTIVITIES			
Profit for the year		463,551,215	420,338,689
Adjustments for:			
Depreciation property, plant and equipment and investment properties	5, 6	147,895,544	145,225,734
Amortization of intangibles	7	1,957,390	1,824,048
Finance costs		--	1,398,649
Rental income from investment properties	25	(7,102,991)	(8,504,000)
Interest income	25	(7,689,490)	(4,519,784)
Dividend income from available-for-sale assets	25	(8,633,647)	(9,024,480)
Provision for obsolete and slow moving inventories	11	58,164	--
Share of (profit)/loss from associates	9	(1,435,409)	467,776
Provision for employees' end of service benefits	21	2,196,035	2,250,042
Operating profit before working capital changes		**590,796,811**	549,456,674
Movements in working capital			
Inventories		(119,025,382)	(1,528,745)
Trade receivables		(2,974,623)	(4,764,352)
Prepayments and other debit balances		(4,970,256)	2,432,062
Other liabilities	23	47,486,185	16,943,142
Accounts payable and other credit balances		33,654,743	22,135,505
Cash generated by operations		**544,967,478**	584,674,286
Social and sports fund contribution paid		(10,508,467)	(10,901,474)
Payment for employees' end of service benefits	21	(812,060)	(549,738)
Net cash generated by operating activities		**533,646,951**	573,223,074
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	5	(490,461,670)	(94,163,918)
Addition of intangible assets		--	(68,381)
Advances paid for capital nature assets		--	(150,621,067)
Rental income received from investment properties	25	7,102,991	8,504,000
Interest income received	25	7,689,490	4,519,784
Dividend income from available-for-sale assets	25	8,633,647	9,024,480
Net cash used in investing activities		**(467,035,542)**	(222,805,102)
FINANCING ACTIVITY			
Dividend distribution	20	(196,402,384)	(294,603,576)
Net cash used in financing activity		**(196,402,384)**	(294,603,576)
Net (decrease)/increase in cash and cash equivalents		**(129,790,975)**	55,814,396
Cash and cash equivalents at the beginning of the year		568,186,804	512,372,408
Cash and cash equivalents at the end of the year	**14**	**438,395,829**	568,186,804

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. INCORPORATION AND ACTIVITIES

Qatar National Cement Company (Q.S.C.) (the "Company") was incorporated in the State of Qatar as a Qatari Shareholding Company, under the Emiri Decree No. 7 of 1965 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 Umm Bab 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. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs affecting amounts reported in the financial statements

The following are the revised IFRSs that were effective in the current year and have been applied in the preparation of these financial statements:

(i) Revised Standards:

Effective for annual periods beginning on or after July 1, 2014

- IAS 19 (Revised)
  Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.
- Annual improvements to IFRSs 2010-2012 cycle
  Amendments to issue clarifications on IFRSs- IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements 2011-2013 Cycle
  Amendments to issue clarifications on IFRSs- IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The adoption of these new and revised standards had no significant effect on the financial statements of the Company for the year ended December 31, 2015, other than certain presentation and disclosure changes.

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed)

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

(i) New Standards:

Effective for annual periods beginning on or after January 1, 2016

- IFRS 14
  Regulatory Deferral Accounts.

Effective for annual periods beginning on or after January 1, 2018

- IFRS 15
  Revenue from Contracts with Customers.
- IFRS 9
  Financial Instruments.

(ii) Revised Standards:

Effective for annual periods beginning on or after January 1, 2016

- IFRS 10 & IAS 28 (Revised)
  Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture
- IFRS 11 (Revised)
  Amendments regarding the accounting for acquisitions of an interest in a joint operation.
- IFRS 12 (Revised)
  Amendments regarding the application of the consolidation exception.

Effective for annual periods beginning on or after January 1, 2016

- IAS 1 (Revised)
  Amendments resulting from the disclosure initiative.
- IAS 16 (Revised)
  Amendments regarding the clarification of acceptable methods of depreciation and amortization and amendments bringing bearer plants into the scope of IAS 16.
- IAS 27 (Revised)
  Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity›s separate financial statements.
- IAS 38 (Revised)
  Amendments regarding the clarification of acceptable methods of depreciation and amortization.

NOTES TO THE FINANCIAL
STATEMENTS
For the year ended December 31, 2015

- IAS 41 (Revised)
  Amendments bringing bearer plants into the scope of IAS 16.
- Annual Improvements 2012-2014 Cycle
  Amendments to issue clarifications and add additional/specific guidance to IFRS 5, IFRS 7, IAS 19 and IAS 34.

Effective for annual periods beginning on or after January 1, 2018 (or on early application of IFRS 9)

- IFRS 7 (Revised)
  Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9
- IAS 39 (Revised)
  Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the ‹own use› scope exception.

Management anticipate that the adoption of the above Standards and Interpretations (except as described in next paragraph) in future years will have no material impact on the financial statements of the Company in the period of initial application.

The directors / management anticipate that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning January 1, 2018. The application of these standards may have significant impact on amounts reported in the financial statements and result in more extensive disclosures in the financial statements. However, the management have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of Qatar Commercial Company Law.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period.

These financial statements are presented in Qatari Riyal (QR), which is the Company's functional and presentation currency. The principal accounting policies are set out below.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company›s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company›s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful life of assets are as follows:

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Capital work in progress
Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured at cost, including transaction costs.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. Investment properties, other than land are depreciated on a straight line basis over the estimated useful lives of 20 – 30 years. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognised.

Intangible assets
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less impairment losses, if any.

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 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 derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

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Impairment of tangible and intangible assets
At each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories
Inventories are stated at the lower of cost and net realisable value after taking an allowance for any slow moving or obsolete items. Cost comprises the purchase price, import duties, transportation handling and other direct costs incurred in bringing the inventories to their present location and condition. Cost is calculated as follows:

- Raw materials, minor spare parts and consumables: purchases cost 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 realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employees' benefits

Employees' end of service benefits
A provision is made for expatriate employees' end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Employees' benefits (cont.)

End of service benefit for Qatari employees
With respect to its Qatari employees, the Company makes contributions to the General Pension Fund Authority calculated as 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
Provisions for leave salary are determined as per the Management's policy applicable for each level of employees

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

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 recognised immediately in profit or loss.

Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. 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 recognised and derecognised 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.

Effective interest rate method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

(i) it has been acquired principally for the purpose of selling in the near future;

(ii) on initial recognition it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

(ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company›s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale (AFS) investments
AFS investments are non-derivative financial assets that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Fair value is determined in the manner described in Note 30. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of net changes in fair value of available-for-sale assets. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial measurement, loans and receivables (including trade and other receivables, bank balances and cash and others) are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, bank balances and short term deposits with an original maturity of three months or less.

Trade receivables
Trade receivables are stated at original invoice amount, less any impairment for doubtful debts. An estimate of provision accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment of financial assets
Financial assets, other than those at FVTL, are assessed for indicators of impairment at each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or

(ii) default or delinquency in interest or principal payments; or

(iii) it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

(iv) the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Impairment of financial assets (cont.)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset›s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to statement of profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised through the statement of profit or loss are not reversed through the statement of profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of net changes in fair value of available-for-sale assets. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through statement of profit or loss (to the extent of impairment losses previously recognised profit or loss) if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset›s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

(i) it has been incurred principally for the purpose of repurchasing it in the near term; or

(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company›s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the sum of the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Revenue recognition (cont.)

Dividend and interest revenue

Dividend revenue from investments is recognised when the Company's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Profit on sale of available-for-sale financial assets

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

Rental income

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

Other income

Other income is recognized on an accrual basis.

Foreign exchange difference

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

Dividend distribution

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

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.

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 influence, or joint control over the financial and operating decisions of those parties.

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

Events after the reporting period

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

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, management is 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Classification of investments

Management decides on the acquisition of an investment whether to classify it as available for sale, held-to-maturity or financial assets at fair value through profit or loss. The Company classifies investments as held-to-maturity if it has both the positive intention and ability to hold the investment till maturity. The Company classifies investments as financial assets at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the Company as at fair value through profit or loss. All other investments are classified as available for sale.

The Company invest substantially on quoted securities. The 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.

Accounting policy for measurement of investment properties

Management of the Company is required to choose as its accounting policy either the fair value model or the cost model and shall apply this policy to all of its investment properties, except if it holds an investment property as a lessee under an operating lease, under which it is required to hold these investment properties only at fair value.

The Company has chosen to adopt the cost model for the purposes of measuring its investment properties in the statement of financial position.

Key management performance bonus

Key management receive a discretionary bonus each year which is decided upon by the Board of Directors, taking into account the Company's overall financial performance, percentage of profit on revenue and recovery of receivables.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of tangible and intangible assets

The Company's management evaluate whether there are indicators that suggest tangible and intangible assets have suffered impairment in accordance with accounting policies stated in Note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

Estimated useful lives of investment properties, intangibles and property, plant and equipment

The costs of items of investment properties, intangibles and property, plant and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of the assets,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has not made estimates of residual values for any items of investment properties, intangibles and property, plant and equipment at the end of their useful lives as these have been deemed to be insignificant.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT.)

Key sources of estimation uncertainty (cont.)

Provision for slow moving inventories

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

Impairment of receivables

The Company's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

Allowances for estimated irrecoverable receivables are determined using a combination of factors to ensure that trade receivables are not overstated due to uncollectability. The allowance for estimated irrecoverable receivables for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer›s financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Company becomes aware of the customer›s inability to meet its financial obligations.

Impairment of available for sale investments

The Company follows the guidance of IAS 39 "Financial Instruments: Recognition and measurement" to determine when an available for sale investment is impaired. This determination requires significant judgment. In making this judgement, the Company assesses, among other factors, whether objective evidence of impairment exists.

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 the business for foreseeable future. Futhermore, 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 is continued to be prepared on the going concern basis.

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5. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

	Building QR	Plant equipment and tools QR	Motor vehicles QR	Furnitures and fixtures QR	Capital work in progress QR	Total QR
Cost:						
At January 1, 2014	521,701,125	2,347,613,030	114,909,366	22,658,365	23,996,344	3,030,878,230
Additions	42,750	50,727,697	4,036,622	262,409	39,094,440	94,163,918
Transferred from advances for capital nature assets	--	9,542,635	--	--	606,341	10,148,976
Transferred from capital work in progress	24,757,914	29,216,895	--	--	(53,974,809)	--
Reclassified from intangible assets	--	--	--	1,650,000	--	1,650,000
Reclassification	(72,450)	48,890	--	23,560	--	--
At December 31, 2014	546,429,339	2,437,149,147	118,945,988	24,594,334	9,722,316	3,136,841,124
Additions	9,696	31,587,170	--	382,454	458,482,350	490,461,670
Transferred from advances for capital nature assets	--	--	--	--	69,136,877	69,136,877
At December 31, 2015	**546,439,035**	**2,468,736,317**	**118,945,988**	**24,976,788**	**537,341,543**	**3,696,439,671**
Accumulated depreciation:						
At January 1, 2014	271,611,001	1,037,679,712	87,450,311	15,638,831	--	1,412,379,855
Charge for the year	25,454,415	109,403,241	7,186,210	1,648,620	--	143,692,486
Reclassified from intangible assets	--	--	--	272,617	--	272,617
Reclassification	(11,860)	11,815	--	45	--	--
At December 31, 2014	297,053,556	1,147,094,768	94,636,521	17,560,113	--	1,556,344,958
Charge for the year	26,421,344	112,357,489	6,571,622	1,377,416	--	146,727,871
At December 31, 2015	**323,474,900**	**1,259,452,257**	**101,208,143**	**18,937,529**	**--**	**1,703,072,829**
Net book value:						
December 31, 2015	**222,964,135**	**1,209,284,060**	**17,737,845**	**6,039,259**	**537,341,543**	**1,993,366,842**
December 31, 2014	249,375,783	1,290,054,379	24,309,467	7,034,221	9,772,316	1,580,496,166

5. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS (CONT.)

a) The Company's cement plants, sand plants and buildings are constructed on land licensed from the State of Qatar via an Emiree decree. The license term for the land has expired as of the reporting date. The Company is currently in the process of renewing the license term.

b) Plant, equipment and machinery includes capital spares of QR. 201,110,436 (2014: QR. 194,382,263)

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

	2015 QR	2014 QR
Construction of Cement Plant 5 at Umm Bab*	529,599,368	3,062,743
Water tank plant	1,548,850	1,548,850
Consultancy service for new store at Umm Bab	773,785	520,200
Others**	5,419,540	4,590,523
	537,341,543	9,722,316

* The amount is composed of the following transactions:

	2015 QR	2014 QR
Mechanical, electrical, engineering and civil works (1)	477,068,684	--
Electric service station (2)	40,259,132	--
Consultancy and other miscellaneous expenses	12,271,552	3,062,743
	529,599,368	3,062,743

1) The Company has signed a contract on April 13, 2014 with a foreign contractor for the construction of Cement Plant 5 with a capacity of 5,000 MT per day. The construction has 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 within 27 month time period. The total value of the contract is Euro 99,300,000 plus USD 125,950,000 (Note 8 (a)).

2) The Company entered into contract with a local contractor on November 26, 2014 to provide design, engineering, supply, installation, testing and commission of sub-station for Cement Plant 5. Total contract value is QR. 49,531,950. The project period is 400 days from November 2014 (Note 8 (b)).

** Other capital work in progress includes purchase of capital nature spare parts amounting to QR. 4,304,068 in 2015 (2014: QR. 4,231,163) which are under inspection and consultancy charges for miscellaneous projects under progress amounting to QR. 1,115,472 (2014: QR. 359,360).

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

	2015 QR	2014 QR
Cost of sales	142,204,289	139,567,221
Selling and distribution expenses	95,244	95,796
General and administrative expenses	4,428,338	4,029,469
	146,727,871	143,692,486

6. INVESTMENT PROPERTIES

	2015 QR	2014 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	34,874,989	33,341,741
Charge for the year	1,167,673	1,533,248
Balance at end of the year	36,042,662	34,874,989
Net book value at end of the year	**6,514,337**	7,682,010

Investment properties with a carrying value of QR. 6.5 million were appraised by an accredited independent appraiser at a fair value of QR. 336 million as of December 31, 2015. The appraiser is an industry specialist in valuing these types of investment properties. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. In 2014, management estimated the fair value of investment properties at QR. 535 million.

Rental income for investment properties included in the statement of profit or loss for the year ended December 31, 2015 is QR. 7.1 million (2014: QR. 8.5 million) (Note 25).

7. INTANGIBLE ASSETS

	2015 QR	2014 QR
Cost		
Balance at beginning of the year	5,872,169	7,453,788
Additions during the year	--	68,381
Reclassified to property, plant and equipment	--	(1,650,000)
Balance at end of the year	**5,872,169**	5,872,169
Accumulated amortization		
Balance at beginning of the year	3,376,003	1,824,572
Charge for the year	1,957,390	1,824,048
Reclassified to property, plant and equipment	--	(272,617)
Balance at end of the year	5,333,393	3,376,003
Net book value at end of the year	**538,776**	2,496,166

Intangible assets represent the cost of software development – SAP ERP, which was completed and implemented in 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.

8. ADVANCES FOR CAPITAL NATURE ASSETS

The advances for capital nature assets are as follows:

	2015 QR	2014 QR
Construction of Plant 5 (a)	77,876,061	143,474,909
Construction of New Sub-Station for Plant 5 (b)	1,493,206	4,953,195
Supply of slip ring / induction motors (c)	2,055,723	2,055,723
Other advances (d)	59,200	137,240
	81,484,190	150,621,067

a.) The Company has paid 15% advance payment amounting to QR. 143,474,909 to a foreign contractor for the construction of new Cement Plant 5 at Umm Bab – State of Qatar, parallel to the existing Cement Plants 2, 3 and 4 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. Capital work in progress as of December 31, 2015 is QR. 477,068,684 (2014: nil) (Note 5 (c)).

b.) The Company has paid 10% advance payment to a local contractor for the construction of a new sub-station for the Plant 5 at Umm Bab. The total contract value of the project is QR. 49,531,950. Capital work in progress as of December 31, 2015 is QR. 40,259,132 (2014: nil) (Note 5 (c)).

c.) 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 2, 3 and 4 at Umm Bab. The total contract value of the project is Euro 2,180,907.

d.) Other advances represent payments made for the purchase of capital spare parts which have not been received until December 31, 2015.

9. INVESTMENTS IN ASSOCIATES

Details of the Company's associates at December 31, are as follows:

Name of associate	Pricipal activity	Place of incorporation and operation	Proportion of ownership interest	
			2015 %	2014 %
Qatar Saudi Gypsum Industries Co. (W.L.L.)	Production of gypsum	Qatar	**33.325**	33.325
Qatar Quarries & Building Materials Co. (P.Q.S.C)	Production of gabbro aggregate	Qatar	**20.000**	20.000

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9. INVESTMENTS IN ASSOCIATES (CONT.)

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

	2015 QR	2014 QR
Balance at beginning of the year	49,313,627	47,406,770
Share of profit (loss)	1,435,409	(467,776)
Net changes in the fair value reserves	2,198,216	2,374,633
Balance at end of the year	**52,947,252**	49,313,627

All the above associates are accounted for using the equity method in these financial statements. Summarized financial information in respect of the Company's associates is set out below. The summarized financial information represents the amounts in the associate's financial statements prepared in accordance with IFRS.

The share from associates based on the latest available financial statements as of December 31, 2014 of the associates are as follows:

	Net assets QR	Revenue during the year QR	Comprehensive income during the year QR	Share of net assets QR	Share of revenue QR	Share of comprehensive income QR
Qatar Saudi Gypsum Industries Co. (W.L.L.)	89,534,207	2,726,615	8,742,145	29,837,274	908,644	2,913,320
Qatar Quarries & Building Materials Co. (P.Q.S.C)	115,549,888	131,898,510	3, 601,526	23,109,978	26,379,702	720,305

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

	2015 QR	2014 QR
Balance at beginning of the year	168,524,983	163,979,232
Additions during the year	--	--
Net changes in the fair value	(9,497,430)	4,545,751
Balance at end of the year	**159,027,553**	168,524,983

11. INVENTORIES

	2015 QR	2014 QR
Raw materials	84,128,147	71,633,266
Work in progress	172,131,033	82,968,407
Finished goods	10,786,385	9,877,633
Spare parts	110,793,265	113,969,456
Fuel, oil and lubricants	1,405,855	1,685,155
Other miscellaneous stocks	3,265,436	1,481,668
	382,510,121	281,615,585
Provision for obsolete and slow moving inventories	(15,001,211)	(14,943,047)
	367,508,910	266,672,538
Goods in transit	20,182,920	2,052,074
	387,691,830	268,724,612

Movement for provision for obsolete and slow moving inventories as at December 31:

	2015 QR	2014 QR
Balance at beginning of the year	14,943,047	14,943,047
Provisions for the year	58,164	--
Balance at end of the year	**15,001,211**	14,943,047

12. PREPAYMENTS AND DEBIT BALANCES

	2015 QR	2014 QR
Advances to suppliers	9,846,519	4,618,381
Prepayments and other assets	6,043,104	6,300,986
	15,889,623	10,919,367

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13. TRADE RECEIVABLES

	2015 QR	2014 QR
Accounts receivable	181,905,441	178,930,818
Provision for doubtful debts	(1,986,282)	(1,986,282)
	179,919,159	176,944,536

The average credit period on sales of goods is 30 days. The Company does not charge interest for overdue receivables.

Included in the Company's trade receivables balance are debtors with a carrying amount of QR. 27,604,175 (2014: QR. 32,741,637) which are past due at the reporting date for which the Company has not provided provisions as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company obtain bank guarantees from its customers.

Ageing of neither past due nor impaired

	2015 QR	2014 QR
Up to 30 days	**152,314,984**	144,202,899

Ageing of neither past due but not impaired

	2015 QR	2014 QR
31 – 120 days	27,604,175	31,692,863
More than 120 days	--	1,048,774
	27,604,175	32,741,637

Ageing of impaired receivables

	2015 QR	2014 QR
More than 120 days	1,986,282	1,986,282
	181,905,441	178,930,818

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that no further provision is required in excess of the allowance for doubtful debts.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2015 QR	2014 QR
Cash on hand	--	--
Balances in call and current accounts	2,238,252	3,338,946
Short term fixed deposits	436,157,577	564,847,858
	438,395,829	568,186,804

The short term fixed and call deposits have a profit rate of 1.4% to 2.5% per annum during the year (2014: 1.1% to 1.5%). All short-term deposits have original maturity of three months or less

15. SHARE CAPITAL

	2015 QR	2014 QR
Balance at beginning of the year	491,005,960	491,005,960
Bonus share	49,100,600	--
	540,106,560	491,005,960

The authorized, issued and fully paid up capital of the Company at December 31, 2015 amounted to QR. 540,106,560 (54,010,656 of shares at QR. 10 each). On March 17, 2015, the Company declared 10% bonus share amounting to QR. 49,100,600 (4,910,060 shares at QR. 10 each) to its outstanding shareholders.

16. LEGAL RESERVE

The statutory reserve of the Company amounted to QR. 270,053,280 as at December 31, 2015 (2014: QR. 245,502,980) was created pursuant to Qatar Commercial Companies' Law, 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.

17. DEVELOPMENT RESERVE

Development reserve amounting to QR. 406,588,511 as at December 31, 2015 (2014: QR. 406,588,511) represents reserve created in the past to finance the construction of Cement Plant 2.

18. FAIR VALUE RESERVE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 QR	2014 QR
Balance at beginning of the year	60,233,684	55,687,933
Net fair value (loss)/gain on available-for-sale assets	(9,497,430)	4,545,751
	50,736,254	60,233,684

19. SHARE OF FAIR VALUE RESERVES OF ASSOCIATES

	2015 QR	2014 QR
Balance at beginning of the year	8,782,311	6,407,678
Net changes in fair value reserves	2,198,216	2,374,633
	10,980,527	8,782,311

20. RETAINED EARNINGS

	2015 QR	2014 QR
Balance at beginning of the year	1,384,508,965	1,269,282,319
Profit for the year	463,551,215	420,338,689
Social and sports fund contribution	(11,588,780)	(10,508,467)
Dividend distribution	(196,402,384)	(294,603,576)
Legal reserves	(24,550,300)	--
Bonus shares	(49,100,600)	--
	1,566,418,116	1,384,508,965

The Board of Directors of the Company proposed a cash dividend of 40% and bonus shares of 10% on the paid up capital which amounted to QR. 216,042,624 and QR. 54,010,656, respectively, for the year 2015.

During the annual General Assembly held on March 17, 2015, it was decided to declare a cash dividend of 40% of the paid up capital amounting to QR.196,402,384 and bonus shares of 10% on the paid up capital which amounted to QR. 49,100,600, relating to the year 2014.

21. EMPLOYEES' END OF SERVICE BENEFITS

	2015 QR	2014 QR
Balance at beginning of the year	14,411,362	12,711,058
Provisions during the year	2,196,035	2,250,042
Paid during the year	(812,060)	(549,738)
	15,795,337	14,411,362

22. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	2015 QR	2014 QR
Accounts payable	31,058,301	25,392,565
Retention payable	6,450,813	3,157,711
Advances from customers	6,228,438	5,788,522
Directors' remuneration payable	9,650,000	8,750,000
Accruals and provisions	82,689,215	73,035,428
Provisions for social and sports fund contribution	11,588,780	10,508,467
Dividends payable	86,991,996	84,937,447
Other payables	13,247,657	1,600,004
	247,905,200	213,170,144

23. OTHER LIABILITIES

	2015 QR	2014 QR
Claims payable to Qatar Petroleum *	118,954,859	159,705,421
Payable to contractors **	88,236,747	--
	207,191,606	159,705,421
Less: long term payable		
Claims payable to Qatar Petroleum	92,521,555	--
Payable to contractors	39,620,331	--
Net short term payable	**75,049,720**	159,705,421

* Claims from Qatar Petroleum include the following:

	2015 QR	2014 QR
Claims against capital assets (a)	50,023,975	55,582,195
Claims against quantities supplies (b)	68,930,884	92,128,817
Interest charges (c)	--	11,994,409
	118,954,859	159,705,421

a) Qatar Petroleum and the Company entered into an agreement with effect from July 2015 to pay the outstanding cost recovery amount of QR. 55,582,195 for Cement Plant 4 in 60 equal monthly instalments.

The cost recovery 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 4 located at Umm Bab.

b) Qatar Petroleum and the Company also entered into an agreement for the QR. 92,128,817 outstanding take or pay claims against quantity supplies for Cement Plant 1 to 4. During July 2015, the Company paid QR. 4,056,553 and an amount of QR. 11,482,392 was waived by Qatar Petroleum. The remaining balance of QR. 76,589,872 shall be paid in 60 equal monthly instalment with effect from July 2015.

23. OTHER LIABILITIES (CONT.)

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. These obligations relates to the years 2007 to 2013 for which the Company has waived its rights over "Make over Gas".

c) The 2014 interest related to cost recovery for Cement Plant 4 in the amount of QR. 1,398,649 has been waived by Qatar Petroleum on July 2015. The Company paid QR. 10,595,760 interest relating to take or pay claims against quantity supplies for Cement Plant 1 to 4 on July 2015.

** Contractor payables relate to construction of Plant 5 at Umm Bab.

24. RELATED PARTY DISCLOSURES

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures, include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

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.

The rental income includes a sum of QR. 5 million for the year ended December 31, 2015 (2014: 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 26).

During the year ended December 31, 2015, the Company has paid a sum of QR. 1.91 million (2014: QR. 1.55 million) to members of the Committees of the Board of Directors and salaries and benefits paid to key members of management amounted to QR. 4.62 million (2014: QR. 4.42 million).

25. OTHER INCOME

	2015 QR	2014 QR
Rental income from investment properties	7,102,991	8,504,000
Transportation income	6,357,363	4,472,160
Interest income	7,689,490	4,519,784
Dividend income from available-for-sale assets	8,633,647	9,024,480
Other miscellaneous income	2,512,953	5,381,364
	32,296,444	31,901,788

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2015 QR	2014 QR
Salaries and benefits	16,003,489	22,207,145
Depreciation of property, plant and equipment and investment properties (Note 5d, 6)	5,596,011	5,562,717
Amortization of intangible assets (Note 7)	1,957,390	1,824,048
Loss on foreign currency exchange	3,230,356	7,119,796
Directors' remuneration (Note 24)	8,750,000	8,750,000
Other miscellaneous expenses	2,788,232	5,214,162
	38,325,478	50,677,868

Salaries and benefits for the year is included in the statement of profit or loss as follows:

	2015 QR	2014 QR
Cost of sales	64,686,222	64,051,542
Selling and distribution expenses	2,544,965	3,361,162
General and administrative expenses	16,003,489	22,207,145
	83,234,676	89,619,849

27. 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:

	2015 QR	2014 QR
Profit attributable to ordinary shareholders	**463,551,215**	420,338,689
Weighted average number of ordinary shares outstanding	**54,010,656**	54,010,656
Basic earning per share (2014: Restated as a result of bonus shares –Note 15& 20)	**8.58**	7.78

b) **Diluted earnings per share**
No separate diluted earnings per share were calculated since the diluted earnings per share were equal to the basic earnings per share.

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28. 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. 11,588,780 for the year ended December 31, 2015 (2014: QR. 10,508,467) for contribution to the Social and Sports Development Fund of Qatar

29. SEGMENT REPORTING

The Company is organized into two major business segments, which comprises the manufacture and sale of cement and 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 operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

December 31, 2015:

	Cement QR	Sand QR	Others QR	Total QR
Sales	965,067,772	172,557,876	33,360,513	1,170,986,161
Cost of sales	(528,991,008)	(143,326,388)	(24,218,572)	(696,535,968)
Gross profit	436,076,764	29,231,488	9,141,941	474,450,193
Other income	--	--	32,296,444	32,296,444
General and administrative expenses	(28,923,534)	(5,171,662)	(4,230,282)	(38,325,478)
Selling and distribution expenses	(5,196,263)	(929,165)	(179,925)	(6,305,353)
Share of profit from associates	--	--	1,435,409	1,435,409
Profit for the year	**401,956,967**	**23,130,661**	**38,463,587**	**463,551,215**

December 31, 2014:

	Cement QR	Sand QR	Others QR	Total QR
Sales	883,579,819	133,421,622	32,652,418	1,049,653,859
Cost of sales	(487,103,592)	(93,240,196)	(22,222,845)	(602,566,633)
Gross profit	396,476,227	40,181,426	10,429,573	447,087,226
Other income	--	--	31,901,788	31,901,788
General and administrative expenses	(36,666,389)	(5,536,703)	(8,474,776)	(50,677,868)
Selling and distribution expenses	(5,139,922)	(776,110)	(190,000)	(6,106,032)
Share of loss from associates	--	--	(467,776)	(467,776)
Finance costs	(1,398,649)	--	--	(1,398,649)
Profit for the year	353,271,267	33,868,613	33,198,809	420,338,689

30. FINANCIAL INSTRUMENTS

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. Financial assets comprise cash and bank balances, trade receivables and available-for-sale (AFS) investments. Financial liabilities comprise accounts and other payables.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value of the Company›s financial assets and financial liabilities that are measured at fair value on a recurring basis.

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value observable, either directly or indirectly.

Level 3: techniques which uses input which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, the Company held the following financial instruments measured at fair value:

	December 31, 2015 QR	**Level 1** QR	**Level 2** QR	**Level 3** QR
Available-for-sale financial asset	**159,027,553**	**159,027,553**	**--**	**--**

	December 31, 2014 QR	Level 1 QR	Level 2 QR	Level 3 QR
Available-for-sale financial asset	168,524,983	168,524,983	--	--

31. CAPITAL MANAGEMENT

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.

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32. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise accounts and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as accounts and other receivables, available-for-sale financial assets and cash and cash equivalents, which arise directly from operations.

The main risk arising from Company's financial assets are liquidity risk, credit risk and market risk (including currency risk, interest rate risk and other price risk). The Company seeks to minimize the effect if these risks by diversifying the sources of its capital. The Management reviews and agrees policies for managing each of these risks, which are summarized below:

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:

	Carrying amount QR	**Contractual cash outflow** QR	**Less than 1 year** QR	**More than 1 years less than 5 years** QR
December 31, 2015 **Accounts payable and other credit balances**	**455,096,806**	**(455,096,806)**	**322,954,920**	**132,141,886**
December 31, 2014 Accounts payable and other credit balances	372,875,565	(372,875,565)	372,875,565	--

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 receivables.

Accounts receivable
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.

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 13.

Ageing analysis of accounts receivable is disclosed at Note 13.

32. FINANCIAL RISK MANAGEMENT (CONT.)

Credit risk (cont.)

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 in 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.

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 reprising of such financial instruments.

The Company is exposed to interest rate risk on its interest bearing financial assets. 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.

Profile

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

	Carrying Amounts	
	2015 QR	**2014** QR
Short term fixed deposits	**436,157,577**	564,847,858

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. QR	**- 100 b.p.** QR	**+ 100 b.p.** QR	**- 100 b.p.** QR
December 31, 2015				
Short term fixed deposits	**4,361,576**	**(4,361,576)**	**4,361,576**	**(4,361,576)**
December 31, 2014				
Short term fixed deposits	5,648,478	(5,648,478)	5,648,478	(5,648,478)

32. FINANCIAL RISK MANAGEMENT (CONT.)

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 Riyal 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 QR	**Euro** QR	**GBP** QR	**Total** QR
December 31, 2015				
Financial assets				
Accounts receivable	469,759	6,746,447	--	7,216,206
Call and fixed deposits	220,140	353,343	--	573,483
Total financial assets	**689,899**	**7,099,790**	**--**	**7,789,689**
Financial liabilities				
Accounts payable and other liabilities	62,220,572	64,079,753	--	126,300,325
Total financial liabilities	**62,220,572**	**64,079,753**	**--**	**126,300,325**
December 31, 2014				
Financial assets				
Accounts receivables	1,005,920	941,243	316,007	2,263,170
Call and fixed deposits	743,356	61,455,888	--	62,199,244
Total financial assets	1,749,276	62,397,131	316,007	64,462,414
Financial liabilities				
Accounts payable and other liabilities	105,314,307	1,181,112	--	106,495,419
Total financial liabilities	105,314,307	1,181,112	--	106,495,419

Foreign currency sensitivity analysis

The Company is mainly exposed to Euro and GBP as the US Dollar is pegged to Qatari Riyal (QR).

The following paragraph details the Company's sensitivity to a 10% increase and decrease in the QR against Euro and GBP. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

At December 31, 2015, if the QR had weakened/strengthened by 10% against the Euro and GBP with all other variables held constant, profit for the year would have been QR 5,697,996 (2014: 6,153,202) lower/higher, mainly as a result of foreign exchange gains/losses on translation of Euro and GBP denominated accounts receivable, call and fixed deposits and foreign exchange losses/gains on translation of Euro denominated accounts and other liabilities.

32. FINANCIAL RISK MANAGEMENT (CONT.)

Market risk (cont.)

(iii) Equity price risk

Equity price risk is the risk that the fair values of equity instruments change 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 change in equity prices is expected to be equal and opposite to the effect of the increase shown.

	Changes in equity prices	Effect on equity	
	QR	**2015** QR	2014 QR
Available-for-sale financial assets	+ / - 10%	**+/-15,902,755**	+/-16,852,498

33. COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and contingent liabilities outstanding at December 31:

	2015 QR	2014 QR
Capital commitments	**22,670,373**	829,667,477
Letters of credit	**409,095,104**	95,442,640

Letters of credit include a sum of QR. 407,625,573 as at December 31, 2015 (2014: QR. 771,595,056) related to the construction of new Cement Plant 5 at Umm Bab – State of Qatar (Notes 5 and 8).