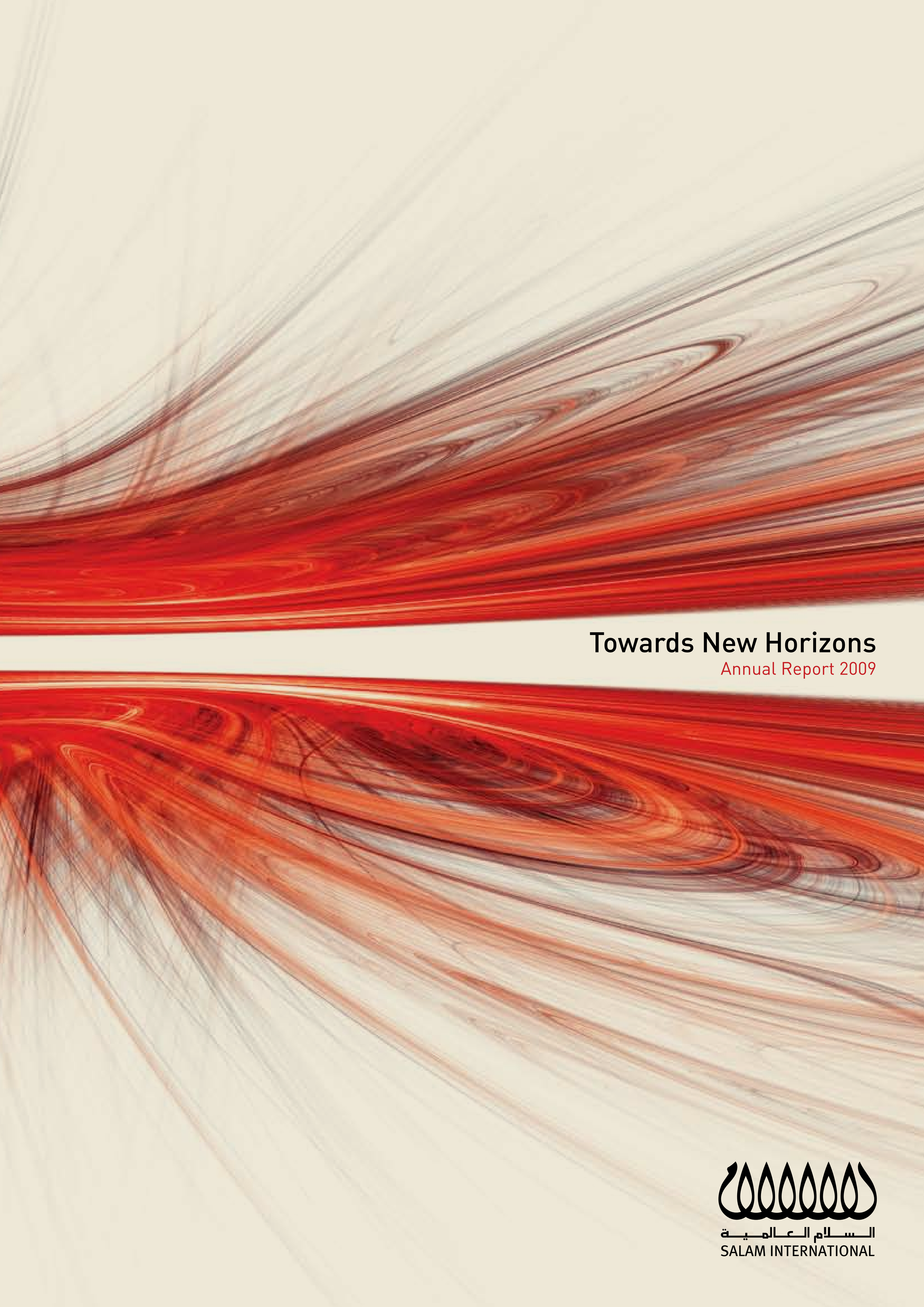

Towards New Horizons

Annual Report 2009

السلام العالمية

SALAM INTERNATIONAL

Annual Report 2009

Salam International have gained a formidable reputation for shining through adversity. Over the years, we have invested in the finest talent and continued to foster the spirit of creativity and innovation that is at the heart of the Salam way.

Despite the considerable challenges put before us, we have risen above to deliver beyond expectation, and have prudently looked to consolidate that we may take full advantage of the opportunities that lie ahead.

H. H. Sheikh Hamad Bin Khalifa Al-Thani
EMIR OF THE STATE OF QATAR

H. H. Sheikh Tamim Bin Hamad Al-Thani
HEIR APPARENT

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Chairman's Introduction

We at Salam international didn't let the challenges slow us down; on the contrary we used 2009 to accelerate our growth and transformation and improve the efficiency and capability of our organization. We opted to balance renewal with continuity as an indicator of our continued success and a sustainable profitable growth in the future.

From the outset, we, at Salam, knew that the changes in the global economy would need to be met with a change in our focus for 2009, so we channeled our energies in part, towards identifying and strengthening our internal organisational structures, emphasizing our belief in the basics of good business and preparing for a return to progress and normalcy. However since it is anticipated that economic challenges would continue in 2010 Salam will proceed with all adequate measures to maintain our performance.

Over the past 57 years, Salam has weathered many storms, and we have always relied on the culture of creativity and entrepreneurial spirit that has set us apart. While most companies are content to react to change, SIIL thrives on managing change. We prefer to take on each challenge with confidence and resolve, focusing on the possibilities instead of being intimidated by the threat. As Chairman, I am very pleased to have witnessed the excellent headway we made in 2009 towards the vast opportunities that lie ahead.

We are also very fortunate to operate out of a country that has demonstrated tenacity and endurance, guided by the visionary leadership of His Highness Sheikh Hamad Bin Khalifa Al-Thani, Emir of the State of Qatar, and the heir apparent, His Highness Sheikh Tamim Bin Hamad Al Thani. The ambitious and consistent sustainable economic growth strategy employed by the Qatar Govt. has ensured that the state has fared better than every other in the GCC, positioning Qatar as a model that others will surely follow going forward.

With over half a century behind us, Salam International is a company that has a loyal base of customers, who look to us to set an example in being a responsible corporate citizen. We have shared some of these initiatives in this annual report.

I do hope all of you would find some time to browse through the report to know about our achievements during 2009 and our plans for the coming years .

Yours truly,

Issa Abdul Salam Abu Issa
Chairman & CEO

Board of Directors Background

Mr. Issa Abdul Salam Abu Issa, Chairman

Chairman of the Board of Directors of Salam International Qatar, Chairman of the Board of Directors of Salam Bounian, Vice Chairman of the Board of Directors of Serene Real Estate Development Company in Lebanon, Secretary General of the Qatari Businessman Association, member of the Board of Trustees at Al Shaqab Equestrian Academy, member of the World Economic Forum (Davos), member of the Arab Business Council and other prestigious organisations in the region. He is a Degree holder in Business Administration from San Diego International University in the US with nearly thirty years of professional experience.

Mr. Hussam Abdul Salam Abu Issa, Vice Chairman

Vice Chairman of the Board of Directors of Salam International Qatar, member of the Board of Directors of Salam Bounian, member of the Board of Directors of Doha Insurance Company, Advisory Council member of the College of Economy & Business at Qatar University, member of the Joint Qatari Syrian Business Council, previous Board Member of Balagh Cultural Society, member of the Dean's International Council – Harris College at the University of Chicago, member of the GCC Chamber of Commerce Manufacturing Committee of the Qatar Chamber of Commerce and Industry, member of the Islamic Commerce Chamber, and member of the German Business Council of Qatar. He has a Bachelor's of Science Degree in Marketing from the United States with twenty-seven years of professional experience.

Sheikh Hassan Bin Sultan Al-Thani

Member of the Board of Directors of Salam International representing Abraj Real Estate and Chairman of the Board of Directors of Abraj Real Estate Company. He is the Managing Director and owner of Equinox in Qatar, Chairman of Inchcape Shipping Services Qatar, Chairman of the Board of Directors of DHL Global Forwarding Qatar, and previously held senior management positions in the Ministry of Finance and Petroleum, Qatar General Petroleum Corporation (QGPC), Qatar Petrochemical Company (QAPCO), and represented Qatar in OAPEC (Organisation of Arab Petroleum Exporting Countries). He is also a member of the US & Qatari Energy Committee, Canadian & Qatari Energy Committee, and Qatari & French Economic Trade Committee. He has represented the Qatari interests in bi-lateral meetings and cooperation and has participated in the World Bank annual meetings and International Monetary Fund. He has a Bachelor's Degree in Economics and Social Science from Portland State University in the US.

Sheikh Nawaf Bin Nasser Al-Thani

Member of the Board of Directors of Salam International representing Doha Insurance Company as a member of its Board of Directors, the founder and Chairman of Doha Insurance Company, member of the Board of Directors of Qatar Navigation, member of the Board of Directors of Abraj Capital in the UAE, and others in the Middle East. He is also a member of the Qatari Businessman Association and Chairman of the Qatari-French Businessman Association. He has been decorated with the French Legion of Honour for his support and commitment to Qatari-French economic ties.

Mr. Nasser Suleiman Haidar

Member of the Board of Directors of Salam International, Chairman of the Board of Directors of Al Sulaiman Holding, member of Al Shura Council in Qatar and member of the Qatari Businessman Association. He is also a founding member of the Travel and Tourism Association in Qatar and member of the Memberships and Registration Department at the Qatar Chamber of Commerce & Industry. He holds a Bachelor's Degree in Political Science and International Relations from the Aquinas University in Michigan, US.

Mr. Mohammed Khaled Al Mana

Member of the Board of Directors of Salam International, Vice Chairman of the Board of Directors of Salam Bounian Development in Qatar, member of the Board of Directors of Al Khaleej Commercial Bank (Al Khaleeji), former Chairman of the Qatar Chamber of Commerce & Industry, former member of the Board of Directors of the Supreme Council for Education and member of the Advisory Board for the Gulf Excellence Forum. He has a Bachelor's Degree in Finance from the Indiana State University in the US.

Mr. Hani Abdul Qader Al Qady

Member of the Board of Directors of Salam International representing Arab-Jordan Investment Bank Qatar, and the General Manager/CEO of the Arab-Jordan Investment Bank, Board Member of Mediterranean Tourism Investment Company (Four Seasons) in Jordan, and member of the Board of Visa International in San Francisco, USA, in addition to other positions held in prestigious companies in Jordan and the Middle East. He has a Master's of Business Administration Degree from Harvard Business School in the US and a Bachelor's of Science Degree in Engineering from the Imperial University in London.

Mr. Masoud Ibrahim Mohammed Nabina

Member of the Board of Directors of Salam International, and the Executive Director of Nabco Group for Trading & Real Estate. He holds a BA degree in Business Administration from the United States, and has a working experience of over ten years.

Mr. Sharida Saad Jubran Al-Kaabi

Member of the Board of Directors of Salam International, held several governmental posts as Qatar's ambassador to each of India, Egypt and the United Kingdom, in addition to being Qatar's ambassador to the Arab league in Tunisia. He is a former Under Secretary of the Ministry of Labor and Social Affairs, and a member of the Consultative Commission of the Gulf Cooperation Council. He is the Board Director for Al-Balagh Trading & Contracting Company, a former Vice-Chairman of the Board for Mannai Corporation, and a former board member of Ahli Bank Qatar. Al-Kaabi took part in numerous conferences in both the Arab region and abroad. He holds a law degree from Beirut Arab University and attended various training courses in senior and middle management. He brings with him a working experience of almost 50 years.

Sheikh Jassim Bin Mohammed Khaled Hamad Al-Thani

Member of the Board of Directors of Salam International and is the owner and General Manager of Jassim Bin Mohammed Trading Company, General Manager of Mohammed Bin Khalid Trading & Contracting Company, and member of the Board of Directors of Jassim Trading Company, in addition to being a member of the Board of Directors of Ishar Trading Company

Mr. Bassam Abdul Salam Abu Issa

Member of Salam International Board of Directors and Member of Salam Bounian Board of Directors representing Salam International. He previously held senior management positions in Salam Group in Oman, Qatar and the United Arab Emirates and currently holds the position of Executive Director – Corporate Business Development for Salam International. He graduated with a Bachelor of Arts Degree in Industrial Relations from the University of Kent at Canterbury, England and has more than sixteen years of professional experience.

Dr. Adnan Ali Steitieh

Executive Director, Investment and Real Estate of Salam International, Secretary to the Board of Directors– Salam International and advisor to the Board of Directors of Salam Bounian. He represents Salam International on various Boards of Directors of many companies in Qatar, Saudi Arabia, Jordan, Palestine and Lebanon, and has held several senior managerial posts in different companies and countries. He holds a Ph.D in Economics and Business Administration from Leipzig University in Germany and a Bachelor's Degree in Law from Beirut-Arab Universit in Lebanon, in addition to higher certificates in international relations, sustainable growth and public policy with over 25 years of professional experience. Dr Adnan is an authorised arbitrator at the Qatar Arbitration and Conciliation Centre.

Board of Directors' Report

The determination to endure and overcome

Board of Directors' Report
Annual General Meeting
February 24, 2010

Dear Shareholders,

On behalf of the Board of Directors of Salam International Investment Limited (SIIL), it gives me great pleasure to welcome you to this meeting; I also welcome the representatives of the Ministry of Business and Trade/ Department of Companies Control and KPMG, the company's financial auditors.

The Board of Directors is pleased to present, hereunder, its Eleventh Annual Report on the company's activities, performance, financial results for the financial year 2009 and future business plans. In addition to, its policy for tiding over what market analysts believes to be the tail end of the global economic crisis.

1- Investment activities:

The company has continued its prudent risk management policy and investment strategy during 2009, which aims to identify potential investment opportunities that complement the activities of the company and its subsidiaries, and seize growth opportunities in new activities and fields which open new horizons for the company and enhance diversified operations, geographic distribution and balance the investment portfolio. Furthermore, the company has initiated a restructuring of its investments portfolio by exiting from those investments that attained their objectives and also from some investments that got weakened by the global economical crisis.

2- Company's policy toward Global Economic Crisis

The year 2009 was full of challenges, which witnessed the direct consequences of the global economic crisis. But due to the company's conservative financial policy and investment strategy and thanks to its risk management initiatives, the company was able to protect its operational activities and limited the effects of the crisis on some of the company's direct investments and financial investment, and some of the company's operations outside the State of Qatar.

The global turbulence resulted in a drop of revenue from investments and operations outside the State of Qatar, and the decline in market value of the portfolio of local shares, which have been taken into account by the appropriate provisions in the financial statements for the period ending 31/12/2009, in accordance with international accounting standards.

The general sentiments of businessmen, analysts and economists suggest that the global economy will continue to undergo a couple of difficult and challenging years, in particular 2010, but there are hopes of recovery and return to positive growth rather sooner than later. Cognizant of the possibility of some residual effects of the global economic crisis during the years 2010 and 2011, the company will be proactive in dealing with those effects, and avoid falling into the clutches of the crisis. And we will seek to develop solutions to tackle any adverse effects on our operational activities, by adopting a proactive and continuous system of evaluation and follow-up. The company will also continue pursuing its conservative financial and investment strategy: adopt sound cash management practices that ensure a healthy cashflow; keep exploiting available resources, enhancing performance & minimising expansion in the region. SIIL will continue to seize strategic investment opportunities resulting from the financial crisis and maintain expenditure rationalisation for the year 2010, to enable the company to face any future possible changes in the market. SIIL plans to retain technical & specialised workforce and will continue enhancing & empowering its human capital to ensure optimal performance standards.

3- Future plans

SIIL will continue during 2010, the implementation of its corporate strategy that aims to achieve optimal profits and avoid risks to reach highest shareholder value and maximise return from the company's activities.

As we implement the directives adopted by the Assembly in laying the foundations for cooperation and entering into joint ventures with sister company Salam Bounian, SIIL has shown preliminary interest to acquire Salam Bounian through the acquisition of its entire shares. A working group is currently studying the available alternatives for the acquisition and its various stages, and to develop an integrated plan and schedule to comply with the requirements of the relevant authorities in this process. Meanwhile, SIIL has supported Salam Bounian and made some financial agreements to enable the company to meet the needs of cash flow in preparation for the acquisitions. Upon completion and readiness of the ongoing studies, we will call for the Assembly to inform you of the potential effects of the takeover of Salam Bounian on the performance of Salam International, and its expected benefits, and to request the Assembly's approval on the acquisition.

In keeping with SIIL's legacy of institutional performance, the company will continue implementing its long term corporate governance and institutional discipline processess by voluntarily taking the initiative in the application of the corporate governance code issued by the Qatar Financial Markets Authority. The application of the governance code is being done voluntarily and gradually, according to what the company considers as appropriate and practical.

In accordance with the distinguished social & economic interaction of the company and its continued contribution to the social development, SIIL will continue the implementation of its corporate social responsibility programme, by spending on charitable activities and social services during the financial year 2010. These have been considered as part of the general and administrative expenses for 2010. Furthermore, 2.5 percent of 2009 net profits are being allocated to support social, educational and charitable activities, in accordance with the law enacted in 2008.

Financial Results 2009:

The consolidated financial statements for the year ended on 31/12/2009, showed a net profit around QR 131 million, of which QR 128.9 million are rights of SIIL shareholders. These profits are net, after taking approximately QR 15 million as provision to cover part of the decrease in value of some investments during 2009. Accordingly, earnings per share reached QR 1.3. Based on the conservative financial policy of the company, all the company's real estate investments are recorded at book value, and the company did not register the achieved growth in the market value of those assets on its books and accounts; however it is disclosed in the foot notes of the financial statements where some clarifications have been included. This would spare the company of registering capital losses that would reflect negatively on the profits, if the values of those assets fell.

Based on the achieved financial results, the Board of Directors recommends your esteemed Assembly to approve cash dividend for the year 2009, of 7% of paid up capital, to shareholders registered as of the date of the General Assembly and retain the rest of the profits for the next fiscal year, to be invested in the company's activities, and to the benefit of the company and its shareholders.

I would like to avail myself of this opportunity on behalf of the Board of Directors to express my deep gratitude to H.H. the Emir, Sheikh Hamad Bin Khalifa Al Thani, H.H. the Heir Apparent, Sheikh Tamim Bin Hamad Al Thani, and H.H. the Prime Minister, Sheikh Hamad bin Jassim Al Thani for their continuous support in the development of our beloved country, Qatar. Also I would like to take this opportunity to extend my thanks to H.E. Minister of Business and Trade, Assistant Undersecretary and all the staff in the Ministry of Business and Trade for their continuous efforts in supporting the private sector to improve its institutions and economic development of our beloved country, Qatar.

In conclusion, I would like to extend my thanks to the members of the Board of Directors and all the company's staff for their sincere efforts in exerting their utmost for the best interests of the company & its shareholders.

Issa Abdul Salam Abu Issa

Chairman

Note: This text has been translated from its original Arabic equivalent, which remains the official version.

Company Overview

The courage to
persevere through
adversity

Historical Background

Salam's roots were founded by Abdul Salam Mohammed Abu Issa, an aspiring businessman who at a very early age left his birthplace in Palestine to seek better opportunities in the Arabian Peninsula. When he arrived in Doha in 1950 he brought with him a camera. More importantly, he brought a talent for capturing on film the personality of the land and its people – a concept entirely new in Qatar which captured the imagination of Qataris.

The Late Abdul Salam Abu Issa

The history of the Salam organisation dates back to 1952 when Abdul Salam Abu Issa opened the first studio and film processing laboratory in Doha with the name "Salam Studio." In 1954 he converted the adjoining restaurant into a gift shop and jointly, the establishment was named "Salam Studio & Stores." The business flourished. By 1963 the original showroom became too small and a move was made to larger premises. The next ten years saw a consolidation of business, with much travel to distant countries in pursuit of manufacturers and new products for an increasingly discerning clientele. The rapid growth of Salam Studio & Stores accelerated in tandem with the economy. The pace continued through an ever increasing programme of diversification and international expansion into the United Arab Emirates and Oman.

Within a few years, Salam's operations would encompass studios, stores and companies for wholesale, retail merchandise and services serving the entire Gulf region under the umbrella of Salam Holdings. In June of 2002, Salam Holdings merged into Salam International Investment Limited and furthermore, in October 2005, Salam Group merged into Salam International, both landmark examples in transforming family-owned businesses into public shareholding companies.

Company Direction

Corporate Overview and Direction for 2010-2012

Overview

Salam continues its successful march in growth & expansion, thanks to its strong heritage of visionary entrepreneurial excellence in identifying business opportunities well ahead of others and empowerment of its people to make it happen. The company's direction is driven by its corporate strategy of sustained profitable growth which entails organic growth and growth by way of mergers and acquisitions, and complementary activities of the company and its subsidiaries.

Based on SIIL corporate strategy, the company's future directions will take the path of expansion in investment activities vertically and horizontally. The vertical expansion is expanding the activities of subsidiaries and existing investments; whereas, the horizontal expansion is represented in entering new investments and ventures, and seizing growth opportunities in new activities and fields which open newer horizons for the company.

Salam's long term growth strategy inherently balances between the seizing of attractive market opportunities, and mitigation of associated business risks in a way that maximises shareholder value and return on investment. Our diversification & investment strategy is designed to provide maximum protection against economic downturns in specific industries through a sagacious spread, and is guided by specific key performance indicators such as turnover, net profit, ROE and shareholder value.

Strategic Business Planning Process

The implementation of a structured and clearly orchestrated strategic planning process has helped us to translate the corporate vision into detailed strategies. All operating business units provide Salam Head Office with 3 years' strategic plans on standard templates, which link into the Corporate Strategic Plan. The successes in execution of the same are measured by a set of well defined corporate KPI's.

The basic guiding principles of our strategic planning process are as follows:

- Corporate Vision & Strategy
- Shareholder Value
- Accuracy and Relevance
- Sustainable Profitable Growth
- Maximising Market Opportunities
- Developing Human Capital
- Cost vs. Turnover & Profit
- Regional vs. Local Business Revenue

SIIL generates profits through three broad sources, namely:

- Operational profits: Generated from investments in SIIL business units that possess excellent competence and distinct competitive advantage
- Investment Portfolio profits: Generated from management of a balanced portfolio of investments in both local shares and direct investments and additional indirect investment in selected companies
- Real Estate profits: Generated from the value appreciation of existing assets and development of new assets

Corporate Restructuring Initiatives

The Salam management realises that in order to sustain and build on its profitable growth, there are certain pre-requisites:

- There should be adequate strategic focus in all the sectors & territories of operation
- We must derive synergistic advantage through collaboration and interaction among business units in related or complementary businesses
- Each of the business units must have sufficient autonomy to function as a stand-alone organisation, while maintaining the Salam identity and upholding the corporate values the group is renowned for

In order to achieve these, we are in the process of further restructuring our organisation. The key aspects of this restructuring are:

- Logical grouping of the operational business units into eight broad divisions, viz., Salam Energy, Salam Power, Salam Contracting, Salam Group, Salam Trading, Salam Interiors, Salam Real Estate & Investment, Salam Technologies and Salam Media
- Appointment of Managing Directors for each of the divisions of operation, who will provide strategic direction to the business units under their purview.
- Decentralisation of Accounting & Personnel activity at Business Unit/Divisions level, with the central Finance & HR departments continuing to provide strategic & policy directions
- The centre will directly look after acquisition and management of profit generating assets, investment portfolio management and management of mega projects and JVs, besides the corporate support functions like Corporate Finance, Corporate Business Development, Corporate Strategic Planning, Corporate HR, Corporate Legal & Corporate Marketing and Communication.

Salam One

The full potential of a diversified organisation such as Salam can only be achieved by creating a win-win synergy among the different business units, using their complementarities. To this end, we have recently launched the Salam One initiative whereby a number of SIIL companies can come together and work-offering a unified set of services. This is expected to help us bid, win and successfully execute large turnkey projects that draw upon the core competencies of two or more of SIIL companies.

We are now very close to going live with Oracle ERP suite for the first set of companies. As per our plan, most of the SIIL companies will be using Oracle by the end of 2010. The company-wide ERP implementation will:

- Enable top management to efficiently & effectively monitor the execution of strategies
- Achieve data integrity & consistency through seamless integration of all operations under one umbrella
- Automate & standardise business processes throughout the organisation

Our Diversified Investments Types

Investment in Operation

The main operational activity of SIIL is represented in eight sectors as outlined in the preceding paragraph.

SIIL has managed to be safe from the effects of the global economic crisis so far, thanks to the diversity of its operations both geographically and across several sectors, which helps Salam balance the investment risk and also increase return in areas of competence and clear value added services. The company aims to tide over any further effects of the crisis by exploiting available resources, enhancing performance, optimising expansion in the region and by carefully seizing strategic & investment opportunities resulting from this crisis. SIIL intends to keep its technical & specialised workforce intact, as they represent one of the most important intangible assets of the company. SIIL will continue enhancing & empowering its human capital to ensure optimal performance standards and enhanced competitive advantage.

The company has adopted a very sound cash management policy that ensures a healthy cash flow so that all its operations are safe from the financial crunch. The long experience of the company has endowed it with all the resilience needed to survive and grow in turbulent times.

Investment Portfolio

One of the key profit generating streams is the investment portfolio owned and managed by Salam – based on a corporate investment strategy - where again multi-level protection is generated by the diversification of the type and geographical spread of shares, locally, regionally and internationally.

Salam's Investment portfolio is of two kinds, direct and indirect. The direct portfolio represents the strategic investments that Salam regularly makes by way of equity stakes in some promising companies in the region, thereby enabling it to have an influential role in the management of such companies through participation of Salam's top executives in their boards.

The Indirect portfolio consists of the broad-based equity shares held by Salam in the local, regional, and international equity markets. As a result of the Global economic crisis the market value of local shares portfolio has decreased. In this regard, appropriate provisions have been taken into the financial statements for the period ending on 31/12/2009 based on IAS.

Real Estate Sector:

Investments in real estate provide a solid asset base where, SIIL has adopted a conservative financial & investment policy in stating the company's properties investment and fixed assets at cost value without revaluation, which strengthens the company in mitigating the negative effects of the real estate sector turmoil.

Corporate Social Responsibility 2009

SCHOOL VOLLEYBALL DEVELOPMENT PROGRAMME

The Qatar Volleyball Association (QVBA) in association with Salam International and LG conducted the highly successful "School Volleyball Development Programmeme" for the third consecutive year. The programmeme involved the participation of about 1293 students from 93 schools in Qatar, coincided with the schools' Olympic Day events. SIIL were the title sponsors along with LG as co-sponsors. The programme helped in sourcing talent from the schools for the Qatar National team as well as identifying talent at the primary level. SIIL was delighted that as a result of the support it helped shape the future of the youngsters under the competent trainers, prior to their graduation to higher ranks.

REACH OUT TO ASIA (ROTA)

Reach Out To Asia (ROTA) is a Qatari non-governmental organisation founded in November 2005 under the auspices of the heir apparent, His Highness Sheikh Tamim bin Hamad Al Thani. Guided by its Chairperson, Her Excellency Sheikha Mayassa bint Hamad Al Thani, ROTA operates within the framework of Qatar Foundation.

SIIL was pleasured to partner a ROTA fundraising event in support of Gaza. SIIL handed over a donation which was raised via the voluntary contributions made by SIIL members of staff who chose to be part of a "Donate a day's pay campaign". Salam International greatly values the efforts of ROTA and considers it a privilege to partner ROTA in some of its outreach initiative.

AL NOOR INSTITUTE

The Al Noor Institute for the Blind caters to more than 300 visually impaired students, the institute is not just for Qatari nationals, Muslims or Arabs; it is meant to provide services to all humans suffering from this disability.

Salam International was pleased to support an event held at Al Noor Institute. SIIL is proud to see the children perform on stage, celebrate their talent and deeply touched by them.

AL AMAL HOSPITAL BREAST CANCER WORKSHOP

Al Amal Hospital (AAH) under the Hamad Medical Corporation (HMC) had its first cancer conference. The event held on February and took place at the Sheraton Doha with the attendance of 300 participants. Al Amal, one of the five hospitals under HMC, is the only cancer centre in Qatar and offers all necessary medical services, including radiotherapy. A special workshop on breast cancer was held which was sponsored by Salam International. Brochures were printed and door hangers with illustrated instructions on how to check for breast cancer were distributed to the participants. SIIL was delighted to support health initiatives in Qatar.

GALA CONCERT AT THEATRE DES CHAMPS – ELYSEES

Salam International was the diamond sponsor for a Gala Concert held in Paris on March 25th at the Theatre des Champs Elysees. The gala concert aimed to feature the intercultural dialogue between nations. A magazine entitled "Qatar" was issued at the occasion and published by the French Embassy in Qatar. It demonstrates the development of Qatar in different domains and reflects the excellent bilateral relationship between Qatar and France. The magazine carried an advertorial on Salam International. SIIL was pleased to celebrate its ties with France.

QATAR OLYMPIC COMMITTEE'S SCHOOL'S OLYMPIC PROGRAMME

Salam International was honoured to sponsor the opening ceremony of Qatar Olympic Committee's School's Olympic Programme. The School's Olympic programme took place in September 2009. The successful ceremonial opening was held at the Aspire Academy. The much loved Lebanese band Toyour Al Jannah added glitter to the occasion. Qatar Olympic Committee graciously thanked SIIL for sponsoring the ceremony.

The ceremony was attended by top level officials from the Qatar Olympic Committee and SIIL was represented by our Chief Operating Officer, Mr. Hussam Abu Issa.

CARNEGIE MELLON QATAR'S BUSINESS FASHION SHOW

Salam International extended its sponsorship to a youth driven project at the Carnegie Mellon University of Qatar. The project is built on an innovative concept of a fashion show that trains young people to dress smartly and appropriate for job interviews. The aptly titled "Business Fashion Show" is a celebrated, annual feature at CMU's Pittsburgh Campus. With SIIL's support the students of Carnegie Mellon University held Qatar's version of the show on March 11, 2009 at CMQ Green Spine East. SIIL was happy to support young people's initiatives.

QATAR RED CRESCENT

Qatar Red Crescent Society along with Salam International was able to raise funds for medical relief to Gaza. The Qatar Crescent medical team supervised the treatment of 70 injured people along with their families and companions. The Qatar Red Crescent with the Palestinian Red Crescent participated in Blood donation campaign in the West Bank to support Gaza's hospitals. The Qatar Red Crescent brought 5 ambulances to Gaza and its envoys are involved on the ground in logistics efforts.
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QATAR SOCIETY FOR REHABILITATION OF PEOPLE WITH SPECIAL NEEDS

The Qatar Society for Rehabilitation and Special Needs is a non-government funded organisation that primarily provides integrated care for children and young adults with special needs and disabilities. Its objectives are numerous and diverse, depending on the requirements of the individual, and the centre welcomes all abilities.

Salam International donated funds for Qatar Society for Rehabilitation of People with Special Needs. The funds will purchase the items that will provide medical assistance for the visually and physically impaired.

QATAR CHARITY

Qatar Charity (QC) is a non-government organisation which was established in 1992 in order to support the Qatari society and other needy communities abroad. Its mission is to support the abilities of the most needy groups to fulfil human dignity and social justice in cooperation with partners. Its vision is to be an example, a pioneering, distinguished Islamic institution which combines originality, creativity and professionalism in the field of humanitarian aid and development.

Salam International donated funds to Qatar Charity in aid to the basic necessities of the homeless and displaced victims of Gaza. Foods and medicines were provided as an urgent action to alleviate the worsening situation so as not to leave the Gaza Strip along in the face of humanitarian crisis. Qatar Charity launched its "Fazaa (help) of Qatar's people for the relief of Gaza" to show our society's characteristics of generosity, and willingness to help those in need.

Subsidiaries & Head Office

Corporate Central Functions

Office of the Chairman & CEO

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Activity: Information Technology Solutions
Email: info@omnix.com

SALAM MEDIA CAST - UAE

TEL: +9714 3374774 FAX: +97143378989
P.O.BOX 91908, DUBAI-UAE
Activity: Broadcast Telecommunication Systems
Email: mail@salammediacast.com

SALAM TECHNICAL SERVICES

TEL: +974 4860230 FAX: +974 4860172
P.O. BOX 24728, DOHA-QATAR
Activity: Office Systems
Email: sales_bs@salam-tech.com

SALAM MEDIA CAST - QATAR

TEL: +974 4836915 FAX: +974 4837178
P.O.BOX 22119, DOHA-QATAR
Activity: Broadcast Telecommunication Systems
Email: info@salammediacast.com

SALAM MEDIA CAST - OMAN

TEL: +968 24783387 FAX: +968 24708671
P.O.BOX 438, MUSCAT-OMAN
Activity: Broadcast Telecommunication Systems
Email: info@salammediacast.com

Construction & Development Sector

ALU NASA - QATAR

TEL: +974 4602791 FAX: +974 4601905
P.O. BOX 22120, DOHA-QATAR
Activity: Aluminum Fabrication
Email: info@alu-nasa.com

ATELIER 21

TEL: +9714 3474752 FAX: +9714 3479559
P.O. BOX 50797, DUBAI-UAE
Activity: Interior Designers
Email: mail@atelier-salam.com

GULF INDUSTRIES

TEL: +974 4600955 FAX: +974 4600855
P.O. BOX: 22028, DOHA-QATAR
Activity: Refrigeration & Catering Equipment
Email: girc@qatar.net.qa

INTERNATIONAL TRADING & CONTRACTING COMPANY

TEL: +974 4581842 FAX: +974 4693833
P.O. BOX: 23924, DOHA-QATAR
Activity: General Contracting
Email: info@itcqatar.com

MODERN DECORATION COMPANY

TEL: +9714 3470060 FAX: +9714 3470026
P.O. BOX 10497, DUBAI-UAE
Activity: Specialised Joinery Manufacturers
Email: mail@mdc-salam.com

ALU NASA - DUBAI

TEL: +9714 8804500 FAX: +9714 8804501
P.O. BOX 5560, DUBAI-UAE
Activity: Aluminum Fabrication
Email: mail@alu-nasa.com

SALAM ENTERPRISES - QATAR

TEL: +974 4878921 FAX: +974 4878924
P.O. BOX 15224, DOHA-QATAR
Activity: General Trading
Email: info@salamenterprises.com

SALAM ENTERPRISES - UAE

TEL: +9714 2896289 FAX: +9714 2896089
P.O. BOX 28326, DUBAI-UAE
Activity: Construction & Environment Specialists
Email: mail@salamenterprisesllc.com

SALAM ENTERPRISES - BAHRAIN

TEL: +973 17230950 FAX: +973 17231776
P.O. BOX 3143, MANAMA-BAHRAIN
Activity: General Trading
E-mail: t.sayeh@salamenterprises.com

SALAM INDUSTRIES

TEL: +974 4600692 FAX: +974 4602073
P.O. BOX 22120, DOHA- QATAR
Activity: Interior Decorators
Email: info@salamindustries.com

Construction & Development Sector Continued

QATAR GARDENS

TEL: +974 4581842 FAX: +974 4693833
P.O. BOX: 23924, DOHA-QATAR
Activity: General Contracting
Email: info@qatargardens.com

SALAM INTERIORS - DUBAI

TEL: +9714 3235508 FAX: +9714 3235509
P.O. BOX 283023, DUBAI-UAE
Activity: Interior Decorators
Email: t.sayeh@salaminteriors.com

Power, Energy & Industry Sector

QATARI-GERMAN SWITCHGEAR

TEL: +974 4601992 Fax: +974 4601676
P.O. Box 23661, DOHA - QATAR
Activity: Switchgear Manufacturing
Email: info@qqc-qatar.com

STREAM INDUSTRIAL & ENGINEERING

TEL: +974 4365458; +974 436515 FAX: +4322193
P.O. BOX 22647, DOHA-QATAR
Activity: Electro Mechanical Contracting
Email: info@stream-qatar.com

SALAM PETROLEUM SERVICES

TEL: +974 4864941 FAX: +974 4862721
P.O. BOX 22084, DOHA-QATAR
Activity: Oilfield Equipment Products & Services
Email: sales@salam-petrol.com

Luxury & Consumer Products

MIDDLE EAST MARKETING

TEL: +9714 7048484 FAX: +9714 3279595
P.O. BOX 6970, DUBAI-UAE
Activity; Wholesale Marketing & Distribution
Email:info@mem-cp.com

SALAM STUDIO & STORES - DUBAI

TEL: +9714 7048484 FAX: +9714 3279595
P.O. BOX 4199, DUBAI-UAE
Activity: Luxury Retail
Email: sss@salam.ae

SALAM STUDIO & STORES - QATAR

TEL: +974 4485555 FAX: 4832103
P.O. BOX 121, DOHA-QATAR
Activity: Luxury Retail
Email: info@salams.com

SALAM STUDIO & STORES - ABU DHABI

TEL: +9712 6456999 FAX: +9712 6459994
P.O. BOX 417, ABU DHABI-UAE
Activity: Luxury Retail
Email: sss@salam.ae

SALAM STUDIO & STORES - AL AIN

TEL: +9713 7515000 FAX: +9713 7511190
P.O. BOX 1342, AL AIN-UAE
Activity: Luxury Retail
Email: sss@salam.ae

SALAM STUDIO & STORES - OMAN

TEL: +968 24564071 FAX: +968 24564075
P.O. BOX 438, MUSCAT-OMAN
Activity: Luxury Retail
Email: salam-oman@salams.com

Investment & Real Estate Sector

INVESTMENT & REAL ESTATE DIVISION

TEL: +974 4830439 FAX: +974 4833576
PO. BOX 12026, DOHA-QATAR
Activity: Investments & Real Estate
Email: a.stetieh@salaminternational.com

DE BEERS - DUBAI STORES

TEL: +9714 3404577 Fax: +9714 3404775
P.O. Box: 10497, DUBAI - UAE
Activity: Luxury Retail
Email: deborah@caratme.com

ADABISC

TEL: +974 4320053 FAX: +974 4353429
P.O. BOX 3003, DOHA-QATAR
Activity: Marketing & Advertising Agency
Email: info@adabisc.com

SALAM BOUNIAN

TEL: +974 4932524 FAX: +974 4932526
P.O. BOX 10805, DOHA-QATAR
Activity: Investments & Real Estate
Email: info@salam-bounian.com

GULF FACILITY MANAGEMENT

TEL: +974 4435686 FAX: 4431961
P.O. BOX 10805, DOHA-QATAR
Activity: Facility Management
Email: f.wagner@gfm-co.com

GULF STEEL & ENGINEERING

TEL: +974 4503832 FAX: +974 4602497
P.O. BOX 22028, DOHA-QATAR
Activity: Structural Steel Fabrication
Email: v.johns@salam-petrol.com

SALAM RBG (SRQ)

TEL: +974 4182572 Fax: +974 4869931
P.O. BOX 22084, DOHA-QATAR
Activity: Instrumentation & Engineering Services for Oil & Gas Industry
Email: graeme.shirrefs@salam-rbg.com

SALAM LEISURE & HOSPITALITY

TEL: +9714 3404577 Fax: +9714 3404775
P.O. BOX 10497, DOHA-QATAR
Activity: Leisure & Hospitality Services
Email: a.massouh@salamhospitality.com

VOLTAMP MANUFACTURING COMPANY - QATAR

TEL: +974 4114340 FAX: +974 4114345
P.O. BOX 30987, DOHA-QATAR
Activity: Electrical Transformers Manufacturer
Email:contact@voltampqatar.com

HOLMESGLEN

TEL: +974 4872308 FAX: +974 4182594
P.O. BOX 22084, DOHA-QATAR
Activity: Technical Education Services
Email: o.zeidieh@holmesglenqatar.com

Financial Results

The passion to
continually
succeed

Independent Auditor's Report

Salam International Investment Limited Q.S.C.
Doha
State of Qatar

Introduction

We have audited the accompanying consolidated financial statements of Salam International Investment Limited Q.S.C. and its subsidiaries (together referred to as 'the Group'), which comprise the consolidated statement of financial position as at 31 December 2009 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The consolidated financial statements of the subsidiaries, whose financial statements reflect total assets of QR 607,813,669 as at 31 December 2009, and net profit of QR 8,678,819 for the year then ended, were audited by other auditors and their unqualified reports have been furnished to us. Our conclusion, in so far as it relates to the amounts included for those subsidiaries, is based solely on the reports of the other auditors.

The comparative consolidated financial statements of the Group as at and for the year ended 31 December 2008 respectively were audited by another auditor, whose audit report dated 4 February 2009 thereon, expressed an unqualified opinion on consolidated financial statements.

Responsibility of the Directors for the consolidated financial statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2009 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In addition, in our opinion, the Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith, and we confirm that a physical count for the inventory at year-end was carried out as per the established principles. We are not aware of any violations of the provision of Qatar Commercial Companies Law No 5 of 2002 to the extent applicable, or the terms of Articles of Association having occurred during the year which might have had a material effect on the business of the Group or its financial position as of 31 December 2009. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

7 February 2010
Doha
State of Qatar

Ahmed Hussain
KPMG
Qatar Auditors Registry Number 197

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

In Qatari Riyals

	Note	**31 December 2009**	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	5	450,714,916	433,872,514
Investment properties	6	655,099,677	657,741,096
Intangible assets	7	113,580,472	112,823,366
Investments in associates	8	249,389,499	209,215,864
Available-for-sale investments	9	104,523,657	130,042,032
Retention receivables	10	32,425,935	39,519,882
Loan to an associate company		2,852,476	2,852,476
Other non-current assets	11	8,900,855	12,988,079
Total non-current assets		**1,617,487,487**	1,599,055,309
Current assets			
Inventories	12	263,576,208	333,069,275
Excess of revenue over billings		116,319,636	129,338,934
Other current assets	11	83,252,180	89,421,739
Retention receivables	10	57,869,652	39,216,200
Due from related parties	13	28,855,678	22,056,297
Trade and other receivables	14	346,087,097	381,928,309
Investments at fair value through profit or loss	15	5,982,036	6,138,753
Cash and bank balances	16	172,883,389	163,883,100
Total current assets		**1,074,825,876**	1,165,052,607
TOTAL ASSETS		**2,692,313,363**	2,764,107,916

These consolidated financial statements were approved by the Board of directors and was signed on their behalf by the following on 07 February 2010.

Mr. Issa Abdul Salam Abu Issa
Chairman and Chief Executive Officer

Mr. Hussam Abdul Salam Abu Issa
Vice Chairman and Chief Operating Officer

The attached notes 1-39 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

In Qatari Riyals

	Note	31 December 2009	31 December 2008
EQUITY AND LIABILITIES			
Equity			
Share capital	17	989,736,680	931,516,880
Legal reserve	18	350,753,099	337,650,076
Investments fair value reserve		6,854,164	6,013,119
Property revaluation surplus	19	747,310	4,262,839
Proposed cash dividend	32	69,281,568	58,219,805
Proposed issue of bonus shares	32	-	58,219,800
Retained earnings		133,268,287	83,261,533
Total equity attributable to equity holders of the Parent		**1,550,641,108**	1,479,144,052
Non-controlling interests	20	3,473,840	7,272,284
Total equity		**1,554,114,948**	1,486,416,336
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	21	28,829,384	22,778,636
Retention payables	10	10,900,743	14,750,393
Borrowings	22	227,569,441	232,606,546
Notes payable		37,661,090	2,689,991
Other liabilities		3,720,052	4,921,665
Total non-current liabilities		**308,680,710**	277,747,231
Current liabilities			
Due to related parties	13	10,094,920	7,439,409
Excess of billings over revenues		36,279,805	48,190,182
Advances from customers		9,319,802	15,574,842
Retention payables	10	27,474,516	12,980,303
Other liabilities	23	297,573,352	389,004,781
Trade and other payables		179,827,932	198,913,657
Notes payable		37,224,650	50,011,539
Bank overdrafts	22	131,305,261	200,349,214
Borrowings	22	100,417,467	77,480,422
Total current liabilities		**829,517,705**	999,944,349
TOTAL LIABILITIES		1,138,198,415	1,277,691,580
TOTAL EQUITY AND LIABILITIES		**2,692,313,363**	2,764,107,916

These consolidated financial statements were approved by the board of directors and was signed on their behalf by the following on 07 February 2010:

Mr. Issa Abdul Salam Abu Issa
Chairman and Chief Executive Officer

Mr. Hussam Abdul Salam Abu Issa
Vice Chairman and Chief Operating Officer

The attached notes 1-39 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

In Qatari Riyals

	Note	**31 December 2009**	31 December 2008
Operating income	26	1,750,678,217	1,751,884,266
Operating cost		(1,238,502,263)	(1,251,734,971)
Gross profit		**512,175,954**	500,149,295
Investment income	27	67,133,314	112,791,614
Other operating income		6,308,057	6,109,737
Service and consultancy income		10,168,441	10,572,606
Other income	28	23,771,390	15,164,695
		619,557,156	644,787,947
Salaries and staff benefits		(204,465,035)	(199,558,785)
General and administrative expenses	29	(172,731,118)	(187,733,746)
Amortisation of intangible assets	7	(2,316,354)	(3,172,805)
Depreciation of investment properties	6	(2,215,037)	(2,551,409)
Depreciation of property, plant and equipment	5(a)	(47,967,541)	(42,757,166)
Impairment on available-for-sale investments	9	(10,425,764)	(10,823,545)
Impairment on investment in associates		(4,394,936)	(1,914,627)
Finance costs		(26,462,398)	(21,892,558)
Profit before general managers' profit share		148,578,973	174,383,306
Executive & general managers' bonus	13(C)	(11,494,234)	(9,878,380)
Proposed directors' remuneration	13(C)	(2,750,000)	(2,750,000)
Profit for the year before social contribution		**134,334,739**	161,754,926
Provision for the social contribution	30	(3,304,508)	(3,945,533)
Profit for the year		**131,030,231**	157,809,393
Attributable to:			
Equity holders of the parent		128,875,816	153,875,770
Non-controlling interests	20	2,154,415	3,933,623
Profit for the year		**131,030,231**	157,809,393
Basic and diluted earnings per share (QR)	31	**1.30**	1.55

The attached notes 1-39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

In Qatari Riyals

	31 December 2009	31 December 2008
Profit for the year	**131,030,231**	157,809,393
Other comprehensive income:		
Net change in fair value of available for sale financial investments transferred to profit or loss	(599,102)	(5,394,703)
Net change in fair value of available-for-sale financial assets	(8,985,617)	(19,873,213)
Impairment loss on available-for-sale investments transferred to profit	10,425,764	10,823,545
Revaluation reserve realised	3,515,529	756,241
Other comprehensive income / (loss) for the year	4,356,574	(13,688,130)
Comprehensive income for the year	**135,386,805**	144,121,263

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

In Qatari Riyals

	Equity Attributable to equity holders of the parent									
Year ended 31 December 2009	**Share capital**	**Legal reserve**	**Investments fair value reserve**	**Property revaluation reserve**	**Proposed cash dividend**	**Proposed issue of bonus shares**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2009	931,516,880	337,650,076	6,013,119	4,262,839	58,219,805	58,219,800	83,261,533	1,479,144,052	7,272,284	1,486,416,336
Profit for the year	-	-					128,875,816	128,875,816	2,154,415	131,030,231
Other comprehensive income for the year										
Transfer to profit on disposal of available-for-sale investments	-	-	(599,102)	-	-	-	-	(599,102)	-	(599,102)
Revaluation surplus realised	-	-	-	-	-	-	3,515,529	3,515,529	-	3,515,529
Net movement in cumulative changes in fair value of available-for-sale investments	-	-	(8,985,617)	-	-	-	-	(8,985,617)	-	(8,985,617)
Impairment loss on available-for-sale investments transferred to profit	-	-	10,425,764	-	-	-	-	10,425,764	-	10,425,764
Other comprehensive income for the year	-	-	841,045	-	-		3,515,529	4,356,574	-	4,356,574
Bonus shares issued	58,219,800	-	-	-	-	(58,219,800)	-	-	-	-
Cash dividend paid					(58,219,805)	-	-	(58,219,805)	-	(58,219,805)
Proposed dividend	-	-	-	-	69,281,568	-	(69,281,568)	-	-	-
Transfer to legal reserve		13,103,023	-	-	-	-	(13,103,023)	-	-	-
Transferred from revaluation surplus to retained earnings	-	-	-	(3,515,529)	-	-	-	(3,515,529)	-	(3,515,529)
Acquisition non-controlling interest	-	-	-	-	-	-	-	-	(2,624,618)	(2,624,618)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	(3,328,241)	(3,328,241)
Balance at 31 December 2009	**989,736,680**	**350,753,099**	**6,854,164**	**747,310**	**69,281,568**	-	**133,268,287**	**1,550,641,108**	**3,473,840**	**1,554,114,948**

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

In Qatari Riyals

	Equity Attributable to equity holders of the parent									
Year ended 31 December 2008	**Share capital**	**Legal reserve***	**Investments fair value reserve**	**Property revaluation reserve**	**Proposed cash dividend**	**Proposed Issue of bonus shares**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2008	828,015,000	321,869,137	20,457,490	5,019,080	-	103,501,880	60,850,066	1,339,712,653	4,054,914	1,343,767,567
Profit for the year	-	-	-	-	-		153,875,770	153,875,770	3,933,623	157,809,393
Other comprehensive loss for the year						-				
Transfer to profit on disposal of available-for-sale investments	-	-	(5,394,703)	-		-	-	(5,394,703)	-	(5,394,703)
Revaluation surplus realised					-	-	756,241	756,241		756,241
Net movement in cumulative changes in fair value of available-for-sale investments	-	-	(19,873,213)	-		-	-	(19,873,213)	-	(19,873,213)
Impairment loss on available-for-sale investments transferred to profit	-	-	10,823,545	-		-	-	10,823,545	-	10,823,545
Other comprehensive income for the year	-	-	(14,444,371)	-		-	756,241	(13,688,130)	-	(13,688,130)
Bonus shares issued	103,501,880	-		-		(103,501,880)		-	-	-
Transfer to legal reserve		15,780,939	-				(15,780,939)	-		-
Proposed cash dividend	-	-	-	-	58,219,805	-	(58,219,805)	-	-	-
Proposed issue of bonus shares						58,219,800	(58,219,800)	-	-	-
Transferred from revaluation surplus to retained earnings	-	-	-	(756,241)		-		(756,241)	-	(756,241)
Net movement in non-controlling interests	-	-	-	-				-	(716,253)	(716,253)
Balance at 31 December 2008	931,516,880	337,650,076	6,013,119	4,262,839	58,219,805	58,219,800	83,261,533	1,479,144,052	7,272,284	1,486,416,336

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

		In Qatari Riyals
	31 December 2009	31 December 2008
OPERATING ACTIVITIES		
Profit for the year	131,030,231	157,809,393
Adjustments for :		
Provision for doubtful receivables	5,461,845	13,190,090
Provision for slow moving inventory	6,708,990	19,002,374
Provision for social contribution	3,304,508	3,945,533
Impairment on investments	10,425,764	10,823,545
Impairment on other assets	-	476,800
Gain on sale of available-for-sale investments	(1,958,519)	(6,491,917)
Unrealised loss on trading securities	156,717	4,189,823
Gain on sale of trading securities	-	(1,552,107)
Gain on sale of investment properties	-	(49,277,662)
Amortisation of intangible assets	2,316,354	3,172,805
Depreciation on investment properties	2,215,037	2,551,409
Depreciation of property, plant and equipment	51,743,525	44,796,440
Loss on sale of property, plant and equipment	4,187,083	245,635
Provided employees' end of service benefits	9,985,648	9,073,033
Finance costs	26,462,398	21,892,558
Interest income	(8,387,456)	(4,869,043)
Dividend income	(3,689,865)	(3,935,738)
Share of results from investments in associates	3,740,791	(5,375,805)
Operating profit before working capital changes	**243,703,051**	219,667,166
Decrease / (increase) in excess of revenue over billings	13,019,298	(12,903,406)
Decrease / (increase) in other assets	10,256,783	(21,452,352)
Decrease in due from associate	-	425,743
Decrease / (increase) in inventories	62,784,077	(61,020,354)
Increase in retentions receivables	(11,559,505)	(29,222,717)
Increase in due from related parties	(6,799,381)	(13,082,604)
Decrease / (increase) in trade and other receivables	30,379,367	(115,458,130)
(Decrease) / increase in trade payables and other liabilities	(112,692,956)	125,619,415
Increase / (decrease) in due to related parties	2,655,511	(929,259)
(Decrease) / increase in excess of billings over revenue	(11,910,377)	23,502,528
Increase in retention payables	10,644,563	5,878,091
Decrease in advances from customers	(6,255,040)	(989,342)
Cash generated from operations	224,225,391	120,034,779
Employees' end of service benefits paid	(3,934,900)	(2,107,120)
Net cash from operating activities	**220,290,491**	117,927,659

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

In Qatari Riyals

	31 December 2009	31 December 2008
INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	(80,514,775)	(137,899,881)
Proceeds from sale of property, plant and equipment	7,741,765	2,410,235
Payments for purchase of investment properties	(918,590)	(90,731,103)
Proceeds from sale investment properties	-	158,619,851
Payments for available-for-sale investments	(3,720,278)	(25,918,845)
Proceeds from available for sale investments	20,627,107	31,789,293
Net movement in intangible assets	(3,073,461)	(691,151)
Purchase of trading securities	-	(22,487,991)
Proceeds from sale of trading securities	-	13,805,409
Purchase of investment in associates	(45,583,405)	(16,152,305)
Dividends received from an associate	1,668,979	4,517,592
Dividends received from investments	3,689,865	3,935,738
Interest received	8,387,456	4,869,043
Net cash flows used in investing activities	**(91,695,337)**	(73,934,115)
FINANCING ACTIVITIES		
Net movement in borrowings	17,899,940	42,347,283
Net movement in notes payable	22,184,210	(2,601,307)
Net movement in non-controlling interests	(5,952,859)	(716,253)
Finance costs paid	(26,462,398)	(21,892,558)
Dividends paid	(58,219,805)	-
Cash flows used in financing activities	**(50,550,912)**	17,137,165
Increase in cash and cash equivalents	**78,044,242**	61,130,709
Cash and cash equivalents at the beginning of the year	(36,466,114)	(97,596,823)
Cash and cash equivalents at the end of the year (Note 16)	**41,578,128**	(36,466,114)

The attached notes 1 to39 form an integral part of these consolidated financial statements.

1 STATUS AND OPERATIONS

Salam International Investment Limited Q.S.C. (the "Company") is a public shareholding company incorporated in the State of Qatar under Amiri Decree No. (1) on 14 January 1998.

The main activities of the Company are to establish, incorporate, acquire, and own enterprises in the commercial, industrial, educational, real estate, financial and services sectors.

During the year ended 31 December 2009, the Company's shares were delisted from Dubai Financial Markets due to very low volumes of trading and excessive administrative costs.

2 BASIS OF PREPARATION

(a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) and the applicable provisions of the Qatar Commercial Companies Law no 5 of 2002.

These consolidated financial statements as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as "the Group")

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments, held for trading investments and certain property plant and equipment, which are carried at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 37 to these consolidated financial statements.

(e) Changes in accounting policies

(i) Overview

Starting as of 1 January 2009, the Group has adopted the following new financial reporting standards:

- Presentation of financial statements
- Determination and presentation of operating segments.

IAS 1 (revised), "Presentation of financial statements"
During the year, the Group adopted Revised IAS 1 as issued by International Accounting Standards Board ("IASB") revised in May 2008, as the same has become mandatory for the Group's financial reporting periods beginning 1 January 2009. Revised IAS 1 introduced the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The Group has adopted a two statement approach for presenting total comprehensive income.

IFRS 8, "Operating Segments"
During the year, the Group adopted IFRS 8 as issued by International Accounting Standards Board ("IASB") in November 2006, as the same has become mandatory for the Group's financial reporting periods beginning 1 January 2009. IFRS 8 introduces 'the "management approach" to segment reporting i.e. based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Under the management approach, the Group's segment information has not changed as the Group's Chief Operating Decision Maker reviews the information in same manner as was reported in the year ended 31 December 2008.

Improvements to IFRS (issued in May 2008)

Improvements to IFRS issued in May 2008 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments effective for annual periods beginning on or after 1 January 2009 have been adopted by the Group and no material changes to accounting policies arose as a result of these amendments.

The following new standards, amendments to standards or interpretations which are applicable to the Group have been issued but are not effective and have not been early adopted:

Standards and interpretations	Effective for annual periods starting on or after:
IFRS 3, «Business Combinations» - Comprehensive revision on applying the acquisition method and Consequential amendments to IAS 27, IAS 28 and IAS 31	1 July 2009
IFRS 5, «Non-current assets Held for Sale and Discontinued Operations» - Amendments resulting from May 2008 Annual Improvements to IFRS	1 July 2009
IAS 39, «Financial Instruments: Recognition and Measurement» - Amendments for eligible hedged items	1 July 2009
IAS 39, «Financial Instruments: Recognition and Measurement» - Amendments for embedded derivatives when reclassifying financial instruments	30 June 2009
IFRS 9, " Financial Instruments" This is the first standard issued as a part of wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement catagories for financial assets: amortised cost and fair value	1 January 2012

Improvements to IFRS (issued in April 2009)

Improvements to IFRS issued in April 2009 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments effective for annual periods beginning on or after 1 January 2010 with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

These consolidated financial statements incorporate the financial information of the Group. All significant inter-company transactions and balances are eliminated on consolidation.

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

i) Subsidiaries

Subsidiaries are those entities including specific purpose entities controlled by the Group. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity and has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement as negative goodwill. The accounting policies of subsidiaries have been changed where necessary to align them with the Group.

ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. It is neither a subsidiary nor an interest in joint venture.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

iii) Transactions eliminated on consolidation

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

iv) *Non Controlling interests*

Non Controlling represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated financial position, separately from parent shareholders' equity. Losses applicable to the minority in excess of the minority's interests are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover losses.

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

v) Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups), if any, that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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

Where goodwill forms part of a cash-generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

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

(b) Foreign currency

i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on the Group's net investment in foreign subsidiaries and jointly controlled entities are included in the foreign currency translation reserve.

ii) Translation of balances and transactions

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of net investments in foreign operations, are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill or negative goodwill arising on the acquisition of a foreign entity is translated at the closing rate.

(c) Revenue recognition

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

i) Sale of goods

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

ii) Dividend and interest revenue

Dividends from investments are recognised when the shareholder's right to receive payment has been established.

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

iii) Construction contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in income statement.

iv) Rental income

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

(d) Property plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including the capitalised borrowing costs (see note 3m). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Estimated useful lives of property, plant and equipment are as follows:

Building	10-20 years
Property, plant and equipment	5-7 years
Furniture and fixture	4-7 years
Motor vehicles	5 years
Computer software and hardware	3-4 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the year the asset is derecognised.

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

(e) Intangible assets

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

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

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

(f) Investment properties

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

Building	10-20 years
Salam Tower	50 years
Salam Plaza	10-20 years

(g) Financial Instruments

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

Financial assets include trade receivables, held for trading investments, available-for-sale and cash and bank balances. Financial liabilities include trade and certain other liabilities.

i) Trade Receivables

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

ii) Financial assets at fair value through profit or loss

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

iii) Available for sale financial assets

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

(h) Fair values

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

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

(i) Cash and cash equivalents

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

(j) Trade and other payables

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

(k) Impairment

Financial assets

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

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

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

(k) Impairment

Non-financial assets

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

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

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

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

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition on specific identification basis for items easily identifiable and on a weighted average basis for other items.

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

(m) Borrowing Cost

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

The Group begins capitalising borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalisation is the date when the Group first meets all of the following conditions:

(a) incurs expenditures for the asset;
(b) incurs borrowing costs; and
(c) undertakes activities that are necessary to prepare the asset for its intended use or sale.

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

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

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

Contracts in progress

Contracts in progress are stated at cost, plus attributable profit, less progress payments received and receivable. Cost includes material, labour and other direct costs plus an appropriate allocation of overheads. Attributable profit is not recognised until the contract has progressed to the point where the ultimate realisable profit can be reasonably determined. Provision is made for contingencies and any anticipated future losses.

Employees' end of service benefits

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

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

Provision

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

4 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

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

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

i) Credit risk

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

(a) Trade and other receivables

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

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

ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

iii) Market risk

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

(a) Currency risk

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

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

(b) Interest rate risk

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

(c) Equity price risk

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

iv) Operational risk

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

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plan
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The details of the financial instruments risk management tools are described in Note 36.

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

5 PROPERTY, PLANT AND EQUIPMENT

In Qatari Riyals

	Buildings	Land and building	Leasehold improvement	Furniture and fixtures	Motor Vehicles	Equipment and tools	Capital work in progress	Total 2009	Total 2008
Cost:									
Balance – 1 January	48,345,765	91,730,011	54,902,532	182,111,295	30,103,147	78,889,769	109,621,395	595,703,914	466,149,562
Additions	775,000	200,456	720,468	3,314,682	4,330,966	13,573,339	57,599,864	80,514,775	137,899,882
Transfers	14,252,797	-	721,783	23,981,785	86,062	4,275,850	(43,318,277)	-	-
Disposals	(4,734,720)	-	(2,247,651)	(6,160,458)	(1,233,274)	(4,066,430)	(3,085,779)	(21,528,312)	(8,345,530)
At 31 December	58,638,842	91,930,467	54,097,132	203,247,304	33,286,901	92,672,528	120,817,203	654,690,377	595,703,914
Depreciation:									
At 1 January	10,232,435	4,907,055	25,150,427	66,143,588	14,368,827	41,029,068	-	161,831,400	122,724,620
Charges for the year	3,571,367	1,481,528	6,153,642	20,713,902	5,378,137	14,444,949	-	51,743,525	44,796,440
For disposals	(1,830,899)	-	(732,304)	(2,779,119)	(971,500)	(3,285,642)	-	(9,599,464)	(5,689,660)
At 31 December	11,972,903	6,388,583	30,571,765	84,078,371	18,775,464	52,188,375	-	203,975,461	161,831,400
Net book values:									
At 31 December 2009	**46,665,939**	**85,541,884**	**23,525,367**	**119,168,933**	**14,511,437**	**40,484,153**	**120,817,203**	**450,714,916**	-
At 31 December 2008	38,113,330	86,822,956	29,752,105	115,967,707	15,734,320	37,860,701	109,621,395	-	433,872,514
(iii)		(i)					(ii)		

In Qatari Riyals

5 PROPERTY PLANT AND EQUIPMENT (continued)

(i) Salam Plaza Building and Land is mortgaged in the favour of the financing banks according to the Musharika agreement. Refer to Note 6 (iv)

(ii) Included in capital work in progress is interest capitalised amounting to QR. 1,620,544 (2008: QR 2,563,790)

(iii) Buildings costing QR. 58,638,842 have been constructed on land leased from the State of Qatar Government and Dubai Government.

(iv) Management is of the opinion that the recoverable amounts of the properties, plant and equipment are higher than their carrying amounts

(a) Depreciation charge has been allocated as follows:

	2009	2008
Cost of revenue	3,775,984	2,039,274
Depreciation	47,967,541	42,757,166
Total	**51,743,525**	44,796,440

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

6 INVESTMENT PROPERTIES

In Qatari Riyals

	Land in Ramallah	Land in Dubai	Land and buildings in Doha			Total 2009	Total 2008
			Salam Tower	Salam Plaza	Others		
Cost:							
Balance – 1 January	4,795,529	89,008,229	86,135,514	286,049,113	203,146,233	669,134,618	688,805,717
Additions	-	-	918,590	-	-	918,590	90,731,103
Disposals/Other adjustment	-	-	-	-	(1,344,972)	(1,344,972)	(110,402,202)
At 31 December	4,795,529	89,008,229	87,054,104	286,049,113	201,801,261	668,708,236	669,134,618
Depreciation:							
At 1 January	-	-	9,607,211	1,786,311	-	11,393,522	9,902,126
Charges for the year	-	-	1,661,122	553,915	-	2,215,037	2,551,409
For disposals	-	-	-	-	-		(1,060,013)
At 31 December	-	-	11,268,333	2,340,226	-	13,608,559	11,393,522
Net book values:							
At 31 December 2009	**4,795,529**	**89,008,229**	**75,785,771**	**283,708,887**	**201,801,261**	**655,099,677**	-
	(i)	(ii)	(iii)	(iv)	(v)		
At 31 December 2008	4,795,529	89,008,229	76,528,303	284,262,802	203,146,233	-	657,741,096

(i)

(i) This land was acquired in Ramallah City for the purpose of constructing an international trade centre. Until the date of these consolidated financial statements, this project has not commenced. The fair value of the land based on a valuation carried out by M/s. Omary Real Estate, an external valuer based in Ramallah, Palestine on January 10, 2010 was QR.12,173,205 (2008: QR. 9,129,904).

(ii) The fair value of the piece of land in Dubai, UAE based on valuation carried out by M/s. Al Izdhar Real Estate, an external valuer based in Dubai, UAE on January 17, 2010 was QR.5,419,016 (2008: QR. 6,502,812). The original cost of investment was QR. 3,760,793.

During the year 2008, the Company entered into three "sale and development" agreements with Salam Bounian Development Company (an associate) for QR. 85,247,436. According to these agreements, the Company purchased three plots of land in Jumeirah Village-Dubai from Salam Bounian Development Company which were originally purchased by Salam Bounian Development Company from a developer in Dubai. The Company reimbursed Salam Bounian Development Company for the installments already made by them in addition to interest. The Company will pay the remaining installments directly to the developer in Dubai.

According to the agreements, if the company decides to develop and sell the three plots, Salam Bounian Development Company will share 30% of the resulting net profit with Salam International Investment Limited. If the Company decides to sell the three plots of land without development, Salam Bounian will share 60% of the resulting net profit.

The original sale agreement with the developer is still in the name of Salam Bounian Development Company. Title is still with the developer and will be transferred upon final payment.

The fair value of the three pieces of land in Dubai, UAE based on the valuation carried out by M/s. Consult Evaluators, an external valuer based in Dubai, UAE on January 14, 2010 was QR.86,331,921 (2008: QR.104,644,752).

(iii) The fair value of Salam Tower based on the valuation carried out by M/s. Aqar Real Estate Development and Investment, an external valuer based in Doha - Qatar on January 7, 2010 was QR.335,505,000 (2008: QR. 341,585,000).

(iv) The fair value of Salam Group W.L.L. properties was ascertained by a valuation carried out by M/s. Aqar Real Estate Development and Investment, an independent external valuer based in Doha - Qatar on January 7, 2010 to be QR.625,025,000 (2008: QR.626,589,000). The carrying amount of the properties as at December 31, 2009 was QR.369,050,317 (2008: QR.371,085,760), out of which QR.85,341,430 (2008: QR.86,822,958) are owner occupied and classified under property, plant and equipments. The title deeds of the lands are registered in the name of the parent company (Salam International Investment Limited).

The Company entered into a lease agreement with Salam Bounian Development Company (an associate). According to this agreement, a plot of land is leased to Salam Bounian Development Company, who in turn will develop the land and construct "The Gate" project on it. The lease is for 25 years renewable subject to new conditions to be agreed later.

The Board of Directors agreed on 17 June 2007 to mortgage the land and the properties to secure in part the obligation of Salam Bounian Development Company under the Musharaka agreement between Salam Bounian Development Company and Salam Bounian Sukuk Limited (the issuer of Sukuk). The land and properties is mortgaged in favour of the financing banks according to the Musharaka agreement. The Company holds a second degree mortgage in its favour on the project.

(v) The fair value of the four pieces of land in Doha, Qatar based on valuation carried out by M/s Aqar Real Estate Development and Investment, an independent external valuer based in Doha Qatar on January 7, 2010 with an original cost of QR.201,801,261 was QR.349,078,000 (2008: QR.380,812,000). For present value calculation, refer to note 33.

The Company earned rental income of QR.52.6 million from investment properties during the year ended 31 December 2009 (QR. 45.479 million for the year ended December 31, 2008). These rentals are included in the consolidated income statement. Direct operating expenses arising from these investment properties were insignificant.

7 INTANGIBLE ASSETS

	2009	2008
Goodwill (i)	110,670,382	107,965,129
Development cost (ii)	2,910,090	4,858,237
Total	**113,580,472**	112,823,366

(i) GOODWILL

	2009	2008
Cost:		
At 01 January	107,965,129	107,965,129
Additions during the year	2,705,253	-
At 31 December	**110,670,382**	107,965,129
Carrying amount		
At 01 January	107,965,129	107,965,129
At 31 December	**110,670,382**	107,965,129

(i) GOODWILL (continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The allocations of the carrying amounts of goodwill to the Company's CGU's (the subsidiary companies) are as follows:

	2009	2008
Alu Nasa Company W.L.L., Qatar	4,229,639	4,229,639
Gulf Industries for Refrigration and Catering Company W.L.L., Qatar	1,270,814	1,270,814
International Trading & Contracting Company W.L.L., Qatar (I.T.C.)	4,845,446	4,845,446
Qatar Gardens Company (a branch of I.T.C.) Qatar	4,646,571	4,646,571
Omnix Qatar Company W.L.L., Qatar	4,741,192	4,741,192
Salam Industries W.L.L., Qatar	7,531,543	7,531,543
Salam Media Cast W.L.L., Qatar	14,564,903	14,564,903
Salam Petroleum Services W.L.L., Qatar	12,937,048	12,937,048
Salam technical Services W.L.L., Qatar	4,854,968	4,854,968
Stream Industries and Engineering Company W.L.L., Qatar	15,178,083	15,178,083
Salam enterprises (a branch of I.T.C.), Qatar	1,615,149	1,615,149
Atelier 21 L.L.C., UAE	10,711	10,711
Modern Decoration Company L.L.C., UAE	6,193,199	6,193,199
Middle East Marketing Company L.L.C., UAE	1,295,393	1,295,393
Salam Enterprise Company L.L.C., UAE	11,062,279	11,062,279
Salam Media Cast L.L.C., UAE	12,988,191	12,988,191
Qatar German Switchgear (note 25)	2,705,253	-
	110,670,382	107,965,129

(ii) DEVELOPMENT COST

These represent costs incurred for branding and developing of policies and procedures manuals. The costs are amortised over five years, being their expected useful lives.

In Qatari Riyals

	2009	2008
Cost:		
At 1 January	16,229,784	15,538,633
Additions during the year	454,872	691,151
Deletion	(298,456)	-
At 31 December	**16,386,200**	16,229,784
Amortisation		
At 1 January	11,371,547	8,198,742
Amortisation during the year	2,316,354	3,172,805
Deletion	(211,791)	-
At December 31	**13,476,110**	11,371,547
Carrying amount	**2,910,090**	4,858,237

8 INVESTMENT IN ASSOCIATES

(a) The outstanding balances of the investments in associates are represented as follows:

	Ownership		**2009**	2008
	2009	2008		
SAJ Emirates Trading L.L.C (UAE)	43%	43%	5,889,683	3,080,382
Salam Bounian Development Company (Qatar) (b)	39.79%	35.15%	241,039,629	201,333,309
Voltamp Manufacturing (Qatar) (b)	34%	34%	2,204,739	3,740,000
Salam Hospitality (previously known as Salam Tourism)	50%	50%	-	1,062,173
Salam Media Cast - Kingdom of Saudi Arabia	40%	-	255,448	-
			249,389,499	209,215,864

The carrying values of the investment in associates have been adjusted for the results of associates for the year ended 31 December 2009 which are based on the audited financial statements and management accounts.

The investment in Salam Hospitality was impaired during the year and it is stated at nil value for the year ended 31 December 2009.

(b) Details of changes in Group's investments associates during the year ended 31 December 2009 are as follows:

Voltamp Manufacturing Qatar

During the year ended 31 December 2009, the Group has made an additional investment of QR 1,360,000 in Voltamp Manufacturing Qatar towards additional share capital. The investment has not changed the Group's ownership percentage in this associate.

Salam Bounian

In the ordinary general meeting of the shareholders of the Company held on 12 May 2009, it was decided to increase the Group's share in Salam Bounian capital to reach 50% or more of the paid up capital, and also authorised the Board to subscribe to any capital increase whether by precedence or allocation, and/or purchase of shares from shareholders offering their shares for sale. Consequent to the resolution, the Group has contributed QR 43.53M (4.31mn shares) towards the call for additional share capital made by Salam Bounian (total 5mn shares) resulting in total shareholding in Salam Bounian reaching to 39.79%.

At the request of the board of directors of Salam Bounian Development Company, the board of directors of the Company in its meeting held on 20th December 2009 have expressed preliminary interest in acquiring all the shares of Salam Bounian Development Company and have requested the appointment of expert house, financial consultants and legal consultants to study the possibility, feasibility and the requirements for the acquisition and also to prepare the terms and conditions of the acquisition offer.

(c) The movement on the investments in associates during the year are represented as follows:

	2009	2008
Balance at 1 January	209,215,864	192,682,147
Acquisition	45,583,405	17,164,388
Share of net results of operations	654,145	5,375,805
Dividends received	(1,668,979)	(4,517,592)
Reclassification as loan to associate company	-	425,743
Provision for impairment of associate	(4,394,936)	(1,914,627)
Balance at end of the year	**249,389,499**	209,215,864

9 AVAILABLE FOR SALE INVESTMENTS

			2009	2008
Quoted equity instruments				
	i.	Equity Securities - Qatar.	35,371,502	34,634,540
	ii.	Equity Securities - UAE	483,047	320,597
	iii.	Equity Securities – Jordan	5,024,600	9,700,162
	iv.	Equity Securities - Palestine (i)	12,980,880	20,985,756
	v.	Equity Securities – Bahrain	3,896,350	3,763,520
			57,756,379	69,404,575
Unquoted equity instruments (ii)			46,767,278	60,637,457
			104,523,657	130,042,032

(i) Quoted shares of Palestine Investment Bank include 10,000 shares pledged against its membership of the Board of Directors.

(ii) Impairment loss amounting to QR. 10,425,764 was charged to income statement during the year ended 31 December 2009 due to a significant decline in the fair value of the related investments from their cost.

Available for sale investments (Quoted Equity) are denominated in the following currencies:

		2009	2008
Currencies			
vi.	Qatari Riyals.	45,371,502	48,795,562
vii.	US Dollars	53,224,108	71,187,690
viii.	Jordanian Dinars	5,445,000	9,738,184
ix.	Emirati Dirham	483,047	320,596
		104,523,657	130,042,032

10 RETENTIONS

Retention receivables

Retention receivable represents amounts withheld from the Group's issued invoices as maintenance guarantees by the clients. A portion of the retention is released at the completion date of the contract and the remaining portion is released 365 to 490 days afterwards unless otherwise stated in the respective contract. The amounts held are usually 5 to 10% of each invoice.

Retention payables

Retention payable represents amounts withheld from subcontractors' invoices as maintenance guarantees. A portion of the retention is paid at the completion date of the contract and the remaining portion is paid after 365 to 490 days unless otherwise stated in the respective contract. The amounts held are usually 5 to 10% of each invoice.

11 OTHER NON-CURRENT ASSETS

	Current		Non Current	
	2009	2008	**2009**	2008
Prepayments	16,607,870	24,656,155	4,256,400	6,595,354
Notes receivables	-	-	274,000	2,022,270
Advance payments	35,805,367	36,080,353	-	-
Other receivables and debit balances	28,021,595	26,998,556	-	-
Accrued income	2,817,348	1,686,675	-	-
Other assets	-	-	4,370,455	4,370,455
Total	**83,252,180**	89,421,739	**8,900,855**	12,988,079

12 INVENTORIES

	2009	2008
Finished goods and goods for resale	319,225,623	383,178,144
Goods in transit	2,554,841	5,098,903
	321,780,464	388,277,047
Less: provision for obsolescence of inventory	(58,204,256)	(55,207,772)
Total	**263,576,208**	333,069,275

Provision for slow moving items is determined based on the age, move ability and management's historical experience with respect to various items of inventories.

13 RELATED PARTY DISCLOSURES

Transactions with related parties

These represent transactions with related parties, such as the major shareholders, senior management of the Company and the companies of which they are the principal owners. The transactions with related parties consist principally of rents, purchase of computer software and accounting services. Pricing policies and terms of these transactions are conducted at prevailing market prices.

During the year, the Group entered into the following trading transactions with related parties:

	2009	2008
Revenue	**18,158,521**	3,752,982
Cost of Sales	**20,475,066**	4,389,085
Rent income from investment properties	**15,244,160**	13,319,860
Other Income	**2,558,733**	410,363
Other Expenses	**2,309,472**	1,300,452
Purchase of land	**-**	85,247,436
Loan to related party	**12,750,000**	14,600,000

(a) Due from related parties

	2009	2008
Bin Omran Trading & Contracting	1,173,515	1,411,837
Salam Holdings	3,086,998	2,411,273
Salam Bounian Development Company	24,407,947	17,399,031
Electro Kavier Company-Iran	-	646,938
Salam Interconsult	187,218	187,218
Total	**28,855,678**	22,056,297

(b) Due to related parties

	2009	2008
Omnix International	1,002,619	1,892,080
Homelesgen Australia	726,328	2,308,904
RBG UK	8,039,138	2,911,590
Al Nooh Wood Industries	326,835	326,835
Total	**10,094,920**	7,439,409

(c) Compensation of key management personnel

	2009	2008
Short-term benefits		
General manager's profit share	11,494,234	9,878,380
Proposed director's remuneration	2,750,000	2,750,000
Salaries and other short-term benefits	21,474,717	23,251,331
Long-term benefits	806,295	946,997
Total	**36,525,246**	36,826,708

14 TRADE AND OTHER RECEIVABLES

	2009	2008
Trade receivables	388,073,536	411,756,523
Provision for doubtful debts	(48,049,278)	(46,625,991)
	340,024,258	365,130,532
Post dated cheques receivable	6,062,839	16,797,777
Total	**346,087,097**	381,928,309

Ageing of trade receivables

	2009	2008
Trade receivables not past due	238,419,276	294,472,132
Trade receivables past due date not impaired		
Up to 30 days	29,348,640	23,201,364
31 to 60 days	18,025,877	13,255,022
61 to 90 days	15,747,367	15,848,294
91 to 120 days	8,139,948	11,629,644
Beyond 121 days	78,392,428	53,350,067
Total	**388,073,536**	411,756,523

Trade receivables past due date and impaired		
Beyond 121 days	(48,049,278)	(46,625,991)
Total	**340,024,258**	365,130,532

Movement of provision for doubtful debts

	2009	2008
Opening balance	46,625,991	38,753,736
Additions	5,461,845	13,190,090
Write offs	(4,038,558)	(5,317,835)
Total	**48,049,278**	46,625,991

The average credit period for sale of goods and rendering services is 60 days for private sectors and 90 days for governmental sectors. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

15 INVESTMENT AT FAIR VALUE THROUGH PROFIT & LOSS

	2009	2008
Listed Securities		
Equity securities – Qatar	**5,982,036**	6,138,753

16 CASH AND BANK BALANCES

For the purpose of the consolidated cash flow statement, cash and bank balances include bank balances and cash, net of bank overdrafts. 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 balance sheet as follows:

	2009	2008
Bank balances and cash	172,883,389	163,883,100
Less: bank overdraft (note 22)	(131,305,261)	(200,349,214)
Net	**41,578,128**	(36,466,114)

17 ISSUED SHARE CAPITAL

	2009	2008
Authorised, issued and fully paid up capital @ QR 10 each	931,516,880	828,015,000
Bonus share issued	58,219,800	103,501,880
Total	**989,736,680**	931,516,880

18 LEGAL RESERVES

In accordance with Qatar Commercial Companies Law No.5 of 2002 and the Company's Articles of Association, 10% of the net income for the year and premium on share issuance by the Company is to be transferred to legal reserve. This reserve is to be maintained until the reserve equals 50% of the paid capital and is not available for distribution except in circumstances specified in the above Law.

19 PROPERTY REVALUATION RESERVE

	2009	2008
Balance at the beginning of the year	4,262,839	5,019,080
Transferred to retained earnings	(3,515,529)	(756,241)
Total	**747,310**	4,262,839

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold/ impaired, the portion of the properties revaluation reserve that relates to that asset, and is effectively realised/ impaired, is transferred directly to retained earnings.

20 NON CONTROLING INTERESTS

	2009	2008
Balance at the beginning of the year	7,272,284	4,054,914
Capital contribution	320,000	61,900
Share of profit for the year	2,154,415	3,933,623
Net (gains) from previous years distributed	(6,272,859)	(778,153)
Total	**3,473,840**	7,272,284

21 EMPLOYEES END OF SERVICE BENEFITS

This represents provision for end of service benefits for the employees of the Company. Movement in the provision is as follows:

	2009	2008
Opening balance	22,778,636	15,812,723
Net additions during the year	9,985,648	9,073,033
Paid during the year	(3,934,900)	(2,107,120)
Net	**28,829,384**	22,778,636

22 BORROWINGS

	Current		Non Current	
	2009	2008	2009	2008
Bank overdraft (i)	131,305,261	200,349,214	-	-
Bank loans (ii)	100,417,467	77,480,422	227,569,441	232,606,546
	231,722,728	277,829,636	227,569,441	232,606,546

(i) Bank overdrafts carried an average interest rate of 7.5% in 2009 (2008: 7%).

22 BORROWINGS Continued

(ii) Bank loans are detailed as follows:

	Effective Interest Rate	Maturity	2009	2008
Loan 1 (i)	LIBOR +2.00 %	31 December 2012	24,847,141	36,401,106
Loan 2 (ii)	LIBOR + 2.75 %	30 September 2012	28,971,774	38,629,032
Loan 3 (iii)	LIBOR + 1.25 %	30 November 2011	23,669,750	35,504,625
Loan 4 (iv)	QCBRR+ 1.50 %	30 September 2013	7,650,000	9,690,000
Loan 5 (v)	EIBOR + 3.00 %	30 April 2012	28,877,888	41,254,125
Loan 6 (vi)	Bank base rate +1.5%	30 June 2013	34,985,683	44,735,470
Loan 7 (vii)	Libor 3M + 2.00 %	30 August 2013	54,167,313	61,905,500
Loan 8 (viii)	Flat 4.9 %	31 October 2010	219,618	512,442
Loan 9	Flat 4.9 %	01 May 2011	912,630	1,661,406
Loan 10	Flat 3.9905 %	12 November 2009	-	188,917
Loan 11	11.15 % p.a.	31 August 2010	297,639	616,161
Loan 12	Bank base rate – 1.5% (min. 8%)	31 December 2013	2,256,546	1,519,357
Loan 13	LIBOR +2.00 %	31 May 2009	-	240,258
Loan 14	Bank base rate – 1.5 % (min. 8%)	31 August 2012	2,834,004	3,709,809
Loan 15	Bank base rate + 2.00 %	16 January 2009	-	607,887
Loan 16 (ix)	Libor 3M + 2.75 %	15 September 2014	26,218,800	29,132,000
Loan 17	Bank base rate + 1.00 %	4 March 2010	-	496,667
Loan 18	Bank base rate + 0.50 %	23 May 2009	-	1,717,306
Loan 19	8.10 % p.a.	31 March 2009	-	1,564,900
Loan 20 (x)	8.00 % p.a.	30 June 2014	19,128,765	-
Loan 21 (xi)	Bank base rate + 1.5%	27 December 2011	20,000,000	-
Loan 22 (xii)	9.25 % p.a.	19 April 2013	52,949,357	-
			327,986,908	310,086,968

Presented in the statement of financial position as follow:	**2009**	2008
Current Portion	100,417,467	77,480,422
Non- current portion	227,569,441	232,606,546
Total	**327,986,908**	310,086,968

22 BORROWINGS (continued)

Borrowings include the following:

(i) A loan of USD 17.850 million (equivalent to QR. 65 million) was granted by end of 2006 for financing a construction project in Dubai, UAE. The tenor of the loan is 6 years including a one year grace period. Quarterly installments of USD 892,500 (equivalent to QR. 3.250 million) and a final installment will be paid by December 2012. As of yearend interest of QR. 1.621 million is capitalised. Interest capitalisation will continue until the project is ready for use.

(ii) A loan of USD 13.260 million (equivalent to QR. 48 million) was granted in January 2007 for financing working capital of some subsidiaries. The tenor of the loan is 6 years including a one year grace period. Semi-annual installments of USD 1.326 million (equivalent to QR. 4.828 million) and a final installment will be paid by September 2012.

(iii) A loan of USD 13 million (equivalent to QR. 47 million) was granted in May 2007 for financing new business developments. Quarterly installments of USD 812,500 (equivalent to QR. 2.958 million) and a final installment will be paid by November 2011.

(iv) An initial loan of QR. 11 million was granted in October 2007 for financing construction of a building for one of the subsidiaries. The final amount that is utilised is QR. 9,690,000. Monthly installments of QR. 170,000 and a final installment will be paid by September 2013.

(v) A loan of AED 50 million (equivalent to QR 49.5 million) was granted in March 2007 for financing the expansion of one of the subsidiary's premises in UAE. Monthly installments of AED 1.042 million (equivalent to QR. 1.031 million) and a final installment will be paid by April 2012.

(vi) A loan of AED 50 million (equivalent to QR. 49.5 million) was granted in September 2008 to settle an outstanding loan of QR. 20 million and for financing the working capital of Salam Group Companies (in Qatar, UAE, and Oman). Semi-annual installments of AED 5 million (equivalent to QR. 4,950,500) and a final installment will be paid by June 2013.

(vii) A loan of USD 17 million (equivalent to QR 61,905,500) was granted for financing the opening of four new DeBeers outlets in the GCC region and Turkey. Quarterly installments of USD 1,062,500 (equivalent to QR 3,869,094) and a final installment will be paid by August 2013.

(viii) A loan of QR 1,171,296 million was granted for financing six vehicles. Tenor of the loan is four years. Monthly installment of QR. 24,402 and final settlement will be paid on 31 October 2010.

(ix) A loan of USD 8 million (equivalent to QR. 29,132,000) was granted in August 2008 for financing the working capital and routine CAPEX requirement of SIIL subsidiaries. The loan is repayable in semi- annual installments of USD 800,000 (equivalent to QR. 2,913,200) and a final installment will be paid by September 2014.

(x) A term loan of QR. 20 million was granted on 10 June 2009 for general corporate purposes. Loan period is sixty months to be repaid over 19 quarterly installments of QR 1,275,635. Final settlement date is on June 2014.

(xi) A term loan of QR. 50 million was granted on 27 September 2009 for general corporate purposes. Initial draw down of QR. 20 million was made on 20 December 2009. Loan period is 30 months and are repayable in quarterly installments until final settlement date of December 2011.

(xii) A term loan of QR. 50 million (interest accumulative during the grace period) was granted for financing the expansion of one of the subsidiaries. To be repaid with monthly installments of QR 1,585,678 and final repayment scheduled on April 2013.

Facilities obtained from financial institutions are secured by:

- Corporate guarantee of the company
- Corporate guarantee of some of the subsidiaries
- Mortgage over stock and receivables of certain Salam Group W.L.L. companies

23 TRADE AND OTHER CURRENT LIABILITIES

	2009	2008
Customer advances	86,837,796	104,370,981
Provision for supplier dues	51,013,406	97,469,426
Provision for completed jobs	42,244,219	40,813,208
Dividend payable	4,551,281	3,992,843
Accrued expenses	18,907,992	7,872,741
Staff dues and incentives	49,714,696	42,275,061
Other payables	44,303,962	92,210,521
Total	**297,573,352**	389,004,781

24 SUBSIDIARIES

(a) Details of changes in Group's subsidiaries during the year ended 31 December 2009 are as follows:

Qatari German Switchgear Company ("QGSC")

During the year, the Group acquired the remaining 49% of the voting shares of QGSC. The Group owned 51% of the voting shares before the acquisition date. QGSC is an unlisted company based in Qatar specialising in the manufacture of switchgears. The acquisition has been accounted for using the purchase method of accounting. The consolidated financial statements includes the results of QGSC for the additional 49% share for the twelve months from the acquisition date. (Refer Note 25 below).

Middle East Marketing

Effective 1 January 2009, 100% shareholding of one of the subsidiaries of the Group, Middle East Marketing was transferred to another subsidiary, Salam Studios and Stores, Dubai pursuant to resolution passed on 29 September 2008 by the Board of Directors. The legal formalities in respect of the transfer are in progress as at 31 December 2009. This transfer has not impacted the Group's net assets position or equity as at and for the year ended 31 December 2009.

24 SUBSIDIARIES (continued)

(b) Details of the Group's subsidiaries at December 31, 2009 are as follow:

Name of the Company	Proportion of ownership interest %	Proportion of voting power held %	Principal Activity
Qatari Companies:			
Salam Media Cast	100	100	Broad Cast/ Media Service
Salam Technical Services	100	100	Office Equipment Trading
Stream Industrial & Engineering	100	100	Mechanical Services
Qatari German Switchgear	100	100	Switchgear Manufacturing
Ominx, Qatar	100	100	Information Technology
Salam Petroleum Services	100	100	Oil/Gas Trading
Salam RBG	51	51	Oil/Gas Services
Gulf Steel & Engineering	100	100	Steel Works
International Trading & Contracting Company	100	100	Civil Contracting
Salam Enterprise Qatar	100	100	Furniture Trading
Qatar Gardens	100	100	Landscapes
Salam Tower	100	100	Property Rental
Salam Industries	100	100	Furniture/ Decoration
Alu Nasa, Qatar	100	100	Aluminium Works
Gulf Industries	100	100	Kitchen Equipment
Holmsglen, Qatar	98	98	Training Services
UAE Companies:			
Salam Enterprises **(i)**	100	100	Trading in construction/ water equipment
Atelier 21 **(i& ii)**	100	100	Interior Design
Modern Decoration Company**(i)**	100	100	Furniture Manufacturing
Salam Media Cast **(i & iii)**	100	100	Broad Cast/ Media Services
Debeers (Branch of Salam Studio & Stores – UAE)	100	100	Diamond Jewellery
Alu Nasa **(i)**	100	100	Aluminium Works
Salam Interior ((Branch of Salam Studio & Stores – UAE)	100	100	Interior Decoration

24 SUBSIDARIES (continued)

Name of the Company	Proportion of ownership interest %	Proportion of voting power held %	Principal Activity
Salam Group Companies			
Salam Studio & Stores – Doha	100	100	Retail and Wholesale Trade
Salam Studio & Stores – Dubai **(i)**	100	100	Retail and Wholesale Trade
Salam Studio & Stores – Muscat **(v)**	100	100	Retail Trade
Salam Arabia Trading Establishment – Kuwait **(iv)**	100	100	General Trading
Adabisc – Qatar	60	60	Advertising Services
Salam Trading Enterprises – Jordan (vi)	100	100	Office Equipment Trading
Other Companies			
Salam Enterprise Company – Bahrain	80	80	Furniture Trading W.L.L
DeBeers Pirlant a – Turkey	100	100	Diamond Jewellery

(i) 51 % of the capital of these companies is commercially registered under the name of UAE Nationals

(ii) Atelier 21 L.L.C was previously registered in the name of one of the directors, the company applied previously for the transfer of ownership of the shares from the name of the director. During the year 2009 the company obtained the approval of the authorities in the UAE to transfer the ownership of Atelier 21 L.L.C from the name of one of the directors to Salam International Investment Limited (49%) and a UAE national (51%).

(iii) Salam Media Cast L.L.C. was previously registered in the name of one of the directors, the company applied previously to transfer ownership of the shares from the name of the director. During the year 2009 the company obtained the approval of the authorities in the UAE to transfer the ownership of Salam Media Cast L.L.C. from the name of one of the directors to Salam International Investment Limited (49%) and a UAE national (51%).

(iv) Salam Arabia Trading Establishment Kuwait is in the process of liquidation.

(v) 30% of the capital of this company is commercially registered under the name of an Omani national.

(vi) 50% of the capital of Salam trading enterprises Jordan is commercially registered in the name of the Jordanian national.

The Company has taken all legal procedures necessary to secure its right in all of these companies as the partners and shareholders to those companies have signed irrevocable affidavits that Salam International Investment Limited (Q.S.C.) fully owns those companies.

25 BUSINESS COMBINATION

As disclosed in Note 24 above, the fair values of identifiable assets and liabilities of QGSC as at the date of the acquisition which equalled their carrying amounts as of the same date were as follows:

	Fair values on acquisition
Assets:	
Property, plant and equipment	684,746
Intangible asset	79,653
Retention receivables	7,720,095
Inventories	5,170,676
Receivables and prepayments	28,191,834
Other current assets	1,096,153
Cash and bank balances	2,162,446
Total assets	**45,105,603**
Liabilities:	
Other liabilities	(11,730,022)
Trade payables	(28,019,218)
Total fair value of net assets at the date of acquisition	5,356,363
Fair value of additional acquired net assets by the Group	2,624,618
Goodwill arising on acquisition	2,705,253
Total acquisition cost	**5,329,871**

The total acquisition cost of QR 5,329,871 was settled in cash. The details of net cash outflows arising due to the acquisition are as follows:

Total acquisition cost	5,329,871
Less: net cash acquired with the subsidiary	(2,162,446)
Net cash outflow	**3,167,425**

From the date of acquisition, QGSC's 49% share contributed a loss of QR. 215,552 for year ended 31 December 2009 to the net profit of the Group for the period.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of QGSC with those of the Group.

26 OPERATING INCOME

	2009	2008
Contract income	907,752,148	890,971,691
Sale of goods	714,261,148	782,925,765
Service and other income	128,664,921	77,986,810
Total	**1,750,678,217**	1,751,884,266

27 INVESTMENT INCOME

	2009	2008
Rental income from investment properties	52,600,046	45,479,165
Profit on sale of available for sale investments	1,958,519	6,491,917
Profit on sale of trading securities	-	1,552,107
Unrealised gain (loss) on investments at fair value through profit or loss	(156,717)	(4,189,823)
Gain on sale of investment properties	-	49,277,662
Interest income	8,387,456	4,869,043
Income from investment in an associate	654,145	5,375,805
Dividend income	3,689,865	3,935,738
Total	**67,133,314**	112,791,614

Investment income earned on financial assets, analysed by category of asset, is as follows:

	2009	2008
Available for sale financial assets	5,648,384	10,427,655
Trading securities	(156,717)	(2,637,716)
Loans and receivables (including cash and bank balances)	8,387,456	4,869,043
	13,879,123	12,658,982
Investment Income earned on non financial assets	53,254,191	100,132,632
Total	**67,133,314**	112,791,614

28 OTHER INCOME

	2009	2008
Profit on sale of property, plant and equipment	41,544	59,749
Profit on foreign currency exchange	4,247,022	2,187,748
Rent income from sub-lease arrangements	3,154,436	3,882,388
Miscellaneous	16,328,388	9,034,810
Total	**23,771,390**	15,164,695

29 GENERAL AND ADMINISTRATIVE EXPENSES

	2009	2008
Provision for bad and doubtful debts	5,461,845	13,190,090
Provision for slow moving inventories	6,708,990	19,002,374
Office, showroom and warehouse rent	74,334,569	63,313,108
Advertising	2,872,235	5,778,611
Marketing	24,422,659	24,267,159
Repairs and maintenance	9,793,815	9,013,830
Travelling	3,892,112	7,332,317
Communication	6,013,502	5,871,864
Electricity and water	6,587,542	6,480,249
Business development	1,284,365	3,465,408
Entertainment	1,689,680	1,643,998
Tender fee	1,230,008	770,895
Insurance expenses	3,531,478	3,313,901
Legal and registration charges	4,337,470	4,689,210
Printing and stationery	2,491,206	2,804,767
Professional fees	2,702,282	4,734,918
Meeting and conference	288,880	404,160
Fuel	2,158,153	1,971,546
Subscription and catalogues	507,657	551,714
Transportation	1,359,422	1,787,186
Software and license and IT	1,103,975	429,600
Donations	2,038,914	841,659
Employees sales commission	911,430	1,602,906
Health and safety expenses	396,131	366,374
Store consumables	526,607	607,212
Loss on disposal of property, plant, and equipment	4,187,083	245,635
Others	1,899,108	3,253,055
Total	**172,731,118**	**187,733,746**

30 PROVISION FOR SOCIAL CONTRIBUTION

In accordance with law number 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 of the Company.

31 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding at the statement of financial position date.

The basic and diluted earnings per share are the same as there were no dilutive effects on earnings.

	2009	2008
Net profit for the year attributable to equity holders of parent	**128,875,816**	153,875,770
Adjusted weighted average number of outstanding shares*	98,973,668	98,973,668
Basic and diluted earnings per share	**1.30**	1.55

* Weighted average number of outstanding shares for the comparative year was adjusted by the bonus issue occurred during the current year.

32 PROPOSED DIVIDEND

In their meeting held on 7 February 2010, the Board of Directors proposed a cash dividend of 7% of share capital for the current financial year amounting to QR 69,281,568 (2008: Cash dividend of QR 58,219,805 and Bonus share dividend of QR 58,219,800), which are subject to the approval of the shareholders at the General Assembly. The dividends for 2008 were approved by the shareholders at the General Assembly held on 3 March 2009.

33 NOTES PAYABLE AND OTHER LIABILITIES

	Minimum Payments 2009	**Present Value of Minimum Payments 2009**	Minimum Payments 2008	Present Value of Minimum Payments 2008
No later than 1 year	30,941,040	29,665,229	92,823,120	89,675,753
Later than 1 year not later than 3 years	38,676,300	35,459,772	-	-
	69,617,340	65,125,001	92,823,120	89,675,753
Less: future finance charges	(4,492,339)	-	(3,147,367)	-
Present value of minimum payments	65,125,001	65,125,001	89,675,753	89,675,753
		(i)		

(i) These amounts are included under other liabilities.

The Company used a discount rate of 8 % (2008: 6.5%) to calculate the present value of these future payments, which represents the average borrowing rate of the Company.

The four pieces of land having an area of 317,344 sq. ft. are located in Lusail District Qatar. The total purchase price of the four pieces of land is QR. 201,801,261 (refer to Note 6.v).

34 CONTIGENT LIABILITIES

	2009	2008
Letter of credit	**62,145,372**	82,996,333
Letter of guarantee	**368,735,717**	350,098,032

Salam International Investment Limited has given corporate guarantees on behalf of certain subsidiaries to avail banking facilities.

Litigation

On September 27, 2007, Electro Kavier Company, Iran, who owns 49% of Qatar German Switchgear Company's (QGC) capital, filed a court case against Salam International Investment Limited which owns the remaining 51 % of the company's capital. Electro Kavier Company stated in their case that QGC, a subsidiary of Salam International Investment Limited, incurred losses during 2005 and 2006 in excess of 50% of its capital. Electro Kavier Company claimed that these losses rendered that QGC is unable to continue its activities due to the debts caused by Salam International Investment Limited and requested the court to dissolve, liquidate the company, and to appoint a liquidator for QGC.

On January 20, 2009 Electro Kavir Company agreed to sell its full share in Qatar German Switchgear Company to Salam International Investment Limited and one of its subsidiaries. Electro Kavir Company agreed to waive, strike, and cease the procedures taking place in the court. Subsequently SIIL acquired the remaining 49 percent shareholding of QGSC (refer note 24).

35 SEGMENT INFORMATION

The Group operates in the areas of contracting, interiors, energy and power, consumer and luxury products, technology and communication and real estate and investments.

Transactions between segments are conducted at estimated market rates, as approved by management, and are eliminated on consolidation. The following table shows the distribution of the Group's revenue, expenditure and summary of assets and liabilities:

35 SEGMENT INFORMATION (CONTINUED)

	Contracting	Interiors	Energy & Power	Consumer and luxury products	Technology and telecommunication	Real estate and investments	Total
Operating income							
From external customers	391,568,971	197,184,474	298,602,455	615,590,830	245,462,437	2,269,050	1,750,678,217
Inter-segment	28,809,436	5,900,613	24,334	5,536,940	2,683,544	13,299,344	56,254,211
Total operating income	420,378,407	203,085,087	298,626,789	621,127,770	248,145,981	15,568,394	1,806,932,428
Segment results	21,098,535	38,181,169	38,779,521	(17,867,316)	25,293,674	25,544,648	131,030,231
Assets and liabilities							
Segment assets	330,838,397	140,903,937	160,539,617	908,954,113	157,072,259	994,005,040	2,692,313,363
Segment liabilities	234,726,206	85,762,518	106,498,138	283,382,283	77,198,802	350,630,468	1,138,198,415
Other segment information							
Capital expenditures:							
Tangible assets	6,315,184	6,235,667	19,799,822	35,113,220	1,697,953	12,271,517	81,433,363
Intangible assets	-	-	-	454,872	-	2,705,253	3,160,125
	6,315,184	6,235,667	19,799,822	35,568,092	1,697,953	14,976,770	84,593,488
Depreciation	9,672,698	3,936,937	1,774,139	29,740,274	594,702	4,463,828	50,182,578
Amortisation	113,664	57,229	152,059	694,083	116,469	1,182,850	2,316,354

35 SEGMENT INFORMATION (CONTINUED)

31 December 2008	Contracting	Interiors	Energy & Power	Consumer and luxury products	Technology and telecommunication	Real estate and investments	Total
Operating income							
From external customers	433,317,116	222,627,463	262,316,670	650,402,065	178,867,816	4,353,136	1,751,884,266
Inter-segment	16,309,499	13,497,078	424,824	6,224,799	5,270,875	11,532,510	53,259,585
Total operating income	449,626,615	236,124,541	262,741,494	656,626,864	184,138,691	15,885,646	1,805,143,851
Segment results	5,404,850	34,864,946	20,761,370	11,394,088	17,932,175	67,451,964	157,809,393
Assets and liabilities							
Segment assets	312,815,946	163,563,338	169,599,619	965,197,968	176,916,762	976,014,283	2,764,107,916
Segment liabilities	224,394,555	119,802,924	115,854,262	276,341,770	109,596,045	431,702,024	1,277,691,580
Other segment information							
Capital expenditures:							
Tangible assets	15,696,415	15,793,752	5,466,420	79,556,302	2,112,228	110,005,868	228,630,985
Intangible assets	-	-	-	691,151	-	-	691,151
	15,696,415	15,793,752	5,466,420	80,247,453	2,112,228	110,005,868	229,322,136
Depreciation	8,398,151	3,406, 732	1,305,982	26,664,488	856,575	4,676,647	45,308,575
Amortisation	319,389	186,970	379,536	566,624	380,398	1,339,888	3,172,805

36 FINANCIAL RISK MANAGEMENT

(i) Credit risk

The Company's principal financial assets subject to credit risk are bank balances and cash, trade and other receivables, and investments.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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

The Company maintains a provision for doubtful accounts receivable; the estimation of such provision is reviewed periodically and established on a case by case basis. Please refer note 14 for trade receivables ageing.

Bank balances are held with reputed banks in and outside Qatar. Given these reputation management do not expect these banks to fail on their obligations.

Other receivables majorly consists of post dated cheques receivables, which management believes recoverable given tough regulation in Qatar for dishonouring cheques.

(ii) Liquidity risk

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

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

2009	Carrying Amounts	Contractual cash out flows	Less than 1 year	1 – 5 Years
Due to related parties	(10,094,920)	(10,094,920)	(10,094,920)	-
Retention payables	(38,375,259)	(38,375,259)	(27,474,516)	(10,900,743)
Trade and other payables	(179,827,932)	(179,827,932)	(179,827,932)	-
Notes payables	(74,885,740)	(74,885,740)	(37,224,650)	(37,661,090)
Other liabilities	(66,932,006)	(66,932,006)	(63,211,954)	(3,720,052)
Bank overdrafts	(131,305,261)	(131,305,261)	(131,305,261)	-
Borrowings	(327,986,908)	(327,986,908)	(100,417,467)	(227,569,441)
	(829,408,026)	**(829,408,026)**	**(549,556,700)**	**(279,851,326)**

36 FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity risk (continued)

2008	Carrying Amounts	Contractual cash in / (out) flows	Less than 1 year	1 – 5 Years
Due to related parties	(7,439,409)	(7,439,409)	(7,439,409)	
Retention payables	(27,730,696)	(27,730,696)	(12,980,303)	(14,750,393)
Trade and other payables	(198,913,657)	(198,913,657)	(198,913,657)	-
Notes payables	(52,701,530)	(52,701,530)	(50,011,539)	(2,689,991)
Other liabilities	(105,004,927)	(105,004,927)	(100,083,262)	(4,921,665)
Bank overdrafts	(200,349,214)	(200,349,214)	(200,349,214)	-
Borrowings	(310,086,968)	(310,086,968)	(77,480,422)	(232,606,546)
	(902,226,401)	(902,226,401)	(647,257,806)	(254,968,595)

(iii) Market risk

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

A 10% increase in market values of the Group's quoted portfolio of available for sale investment is expected to result in an increase in the asset by QR 5,683,948 an equal change in the opposite direction would have decreased the equity by QR 5,683,948.

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A 10% increase in market values of the Company's portfolio of trading investment is expected to result in an increase of QR. 598,204 in the assets and profit of the Company and an equal change in the opposite direction would have decreased the assets and profit by QR 598,204.

(i) Interest rate sensitivity

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Management does not hedge its interest rate risk.

Profile

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

	Carrying amounts	
	2009	2008
Fixed rate instruments		
Bank loans	**73,508,011**	4,543,826

36 FINANCIAL RISK MANAGEMENT (continued)
(iii) Market risk (continued)
(i) Interest rate risk (continued)

	Carrying amounts	
	2009	2008
Variable rate instruments	**385,784,158**	505,892,356
Bank overdrafts	131,305,261	200,349,214
Bank loans	254,478,897	305,543,142

The following table demonstrates the sensitivity of the Company's profit to reasonably possible changes in interest rates, 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 December 31, 2009.

Profit or (loss)		Profit or (loss)	
2009		2008	
100 bp	100 bp	100 bp	100 bp
Increase	Decrease	increase	Decrease
(3,857,842)	3,857,842	(3,366,950)	3,366,950

(ii) Currency risk

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

Fair values versus carrying amounts

The fair values of financial instruments, with the exceptions of available-for-sale investments carried at cost, are not materially different from their carrying values.

(iii) Capital risk management

The Company manages its capital to ensure that it will be able to continue on a going concern basis while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2008.

The capital structure of the Company consists of debt, which includes the borrowing disclosed in note (22), net of cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

Gearing Ratio

The Company's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.The gearing ratios at the yearend are as follow:

	2009	2008
Debt (a)	327,986,908	310,086,968
Cash and cash equivalents (Note 16)	(41,578,128)	36,466,114
Net debt	286,408,780	346,553,082
Equity (b)	1,554,114,948	1,486,416,336
Net debt to equity	**18.43%**	23.31%

(a) Debt is defined as long and short term borrowing, as detailed in note (22).

(b) Equity includes all capital and reserves of the Company.

37 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(i) Contracts in progress

In accordance with accounting for contracts, in case the Company expects a loss at the end of the contract, the expected loss should be recorded at the time it becomes known to management. In this respect, management has estimated the cost-to-complete on contracts in progress as of December 31 2009. Based on the expected cost to complete management is confident that the contracts will result in a profit at completion and accordingly no provision for expected losses is required.

(ii) Impairment of receivables

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

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

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

(iii) Provision for slow moving stock

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

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

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

(v) Fair value of unquoted equity investments

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

(vi) Classification of investment securities

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

38 OTHER MATTERS

The board of directors approved the purchase of a plot of land from the government of the State of Qatar for a total amount of about QR. 102.5 million. The board authorised the Chairman to negotiate the terms and conditions of the purchase and payment terms.

39 COMPARATIVE FIGURES

The corresponding figures presented for 2008 have been reclassified where necessary to preserve consistency with the 2009 figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative year.