

SALAM INTERNATIONAL INVESTMENT LIMITED Q.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED**

30 September 2009

Salam International Investment Limited Q.S.C.

Interim Condensed Consolidated Financial Information For the nine month period ended 30 September 2009

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Review Report

To
The Board of Directors
Salam International Investment Limited Q.S.C.
Doha
State of Qatar

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Salam International Investment Limited Q.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 September 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended (the "financial information"). Management is responsible for the preparation and presentation of the financial information in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this financial information based on our review.

The comparative interim condensed consolidated financial information as at and for the period ended 30 September 2008 and the consolidated financial statements of the Group as at and for the year ended 31 December 2008 respectively were reviewed/ audited by another auditor, whose review / audit reports dated 21 October 2008 and 4 February 2009 thereon respectively, expressed an unqualified conclusion/ opinion on those interim condensed consolidated financial information/ consolidated financial statements respectively.

The interim condensed consolidated financial information of the subsidiaries, whose financial information reflect total assets of QR 575,852,356 as at 30 September 2009, and net profit of QR 7,474,042 for the nine months then ended, were reviewed by other auditors and their unqualified conclusion 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.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Company."* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, and the reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information as at 30 September 2009 is not prepared, in all material respects, in accordance with IAS 34 “*Interim Financial Reporting*”.

20 October 2009
Doha
State of Qatar

Ahmed Hussain
KPMG
Qatar Auditors Registry Number 197

Salam International Investment Limited Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

In Qatari Riyals

	Note	30 September 2009 Reviewed	31 December 2008 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	6	439,410,783	433,872,514
Investment properties	7	654,565,684	657,741,096
Intangible assets		114,128,598	112,823,366
Investments in associates		251,164,100	209,215,864
Available-for-sale investments	8	128,095,688	130,042,032
Retention receivables		33,365,253	39,519,882
Loan to an associate company		2,852,476	2,852,476
Other non-current assets		10,927,850	12,988,079
Total non-current assets		1,634,510,432	1,599,055,309
Current assets			
Inventories		292,364,693	333,069,275
Excess of revenue over billings		171,156,546	129,338,934
Other current assets		132,732,452	89,421,739
Retention receivables		63,834,634	39,216,200
Due from related parties		21,122,453	22,056,297
Trade and other receivables		285,209,799	381,928,309
Investments at fair value through profit or loss	8	6,461,783	6,138,753
Cash and bank balances	9	158,225,295	163,883,100
Total current assets		1,131,107,655	1,165,052,607
TOTAL ASSETS		2,765,618,087	2,764,107,916

(Continued)

This interim condensed consolidated financial information was approved by the Board of Directors and was signed on their behalf by the following on 20 October 2009:

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 to 16 form an integral part of this interim condensed consolidated financial information.

Salam International Investment Limited Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

In Qatari Riyals

(Continued)	Note	30 September 2009 Reviewed	31 December 2008 Audited
EQUITY AND LIABILITIES			
Equity			
Share capital		989,736,680	931,516,880
Legal reserve		337,650,076	337,650,076
Investments fair value reserve		10,947,026	6,013,119
Property revaluation surplus		3,784,258	4,262,839
Proposed cash dividends		-	58,219,805
Proposed issue of bonus shares		-	58,219,800
Retained earnings		175,621,344	83,261,533
Total equity attributable to equity holders of the Parent		1,517,739,384	1,479,144,052
Non-controlling interests		2,690,026	7,272,284
Total equity		1,520,429,410	1,486,416,336
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		27,548,985	22,778,636
Retention payables		12,170,282	14,750,393
Borrowings		226,577,474	232,606,546
Notes payable		46,213,111	2,689,991
Other liabilities		6,197,415	4,921,665
Total non-current liabilities		318,707,267	277,747,231
Current liabilities			
Due to related parties		9,695,608	7,439,409
Excess of billings over revenues		45,103,768	48,190,182
Advances from customers		9,333,077	15,574,842
Retention payables		24,638,336	12,980,303
Other liabilities		372,912,118	389,004,781
Trade and other payables		173,352,687	198,913,657
Notes payable		40,581,053	50,011,539
Bank overdrafts	9	140,023,145	200,349,214
Borrowings		110,841,618	77,480,422
Total current liabilities		926,481,410	999,944,349
TOTAL LIABILITIES		1,245,188,677	1,277,691,580
TOTAL EQUITY AND LIABILITIES		2,765,618,087	2,764,107,916

This interim condensed consolidated financial information was approved by the Board of Directors and was signed on their behalf by the following on 20 October 2009:

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 to 16 form an integral part of this interim condensed consolidated financial information.

Salam International Investment Limited Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the nine month period ended 30 September 2009

In Qatari Riyals

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2009 Reviewed	2008 Reviewed	2009 Reviewed	2008 Reviewed
Operating income		435,035,776	452,760,107	1,312,986,821	1,237,496,991
Operating cost		<u>(314,938,858)</u>	<u>(329,233,177)</u>	<u>(939,764,617)</u>	<u>(894,969,686)</u>
Gross profit		120,096,918	123,526,930	373,222,204	342,527,305
Investment income	12	17,138,526	22,489,739	47,851,551	101,398,833
Other operating income		1,767,857	2,005,727	4,707,331	4,627,351
Service and consultancy income		1,377,402	2,571,990	5,933,491	8,825,029
Other income		<u>1,845,609</u>	<u>5,113,488</u>	<u>13,337,115</u>	<u>12,889,572</u>
		142,226,312	155,707,874	445,051,692	470,268,090
Salaries and staff benefits		(48,573,716)	(49,085,661)	(154,165,406)	(142,033,093)
General and administrative expenses		(40,803,754)	(50,433,336)	(122,376,378)	(137,866,678)
Amortisation of intangible assets		(564,779)	(794,967)	(1,761,413)	(2,332,595)
Depreciation of investment properties	7	(558,311)	(566,657)	(1,656,727)	(2,008,534)
Depreciation of property, plant and equipment	6	(12,161,280)	(10,483,055)	(35,352,865)	(30,947,585)
Impairment on available-for- sale investments		-	(3,000,000)	(8,969,730)	(3,000,000)
Finance costs		<u>(7,312,752)</u>	<u>(5,570,407)</u>	<u>(19,743,303)</u>	<u>(14,729,542)</u>
Profit before general managers' profit share		32,251,720	35,773,791	101,025,870	137,350,063
Executives and general managers' bonus		<u>(3,356,437)</u>	<u>(3,149,405)</u>	<u>(7,774,039)</u>	<u>(6,857,247)</u>
Profit for the period		28,895,283	32,624,386	93,251,831	130,492,816
Attributable to:					
Equity holders of the Parent		28,586,112	32,008,685	91,881,230	128,413,265
Non-controlling interests		<u>309,171</u>	<u>615,701</u>	<u>1,370,601</u>	<u>2,079,551</u>
Profit for the period		28,895,283	32,624,386	93,251,831	130,492,816
Basic and diluted earnings per share (QR)	14	0.29	0.32	0.93	1.30

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

Salam International Investment Limited Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine month period ended 30 September 2009

In Qatari Riyals

	For the three months ended 30 September		For the nine months ended 30 September	
	2009 Reviewed	2008 Reviewed	2009 Reviewed	2008 Reviewed
Profit for the period	<u>28,895,283</u>	<u>32,624,386</u>	<u>93,251,831</u>	<u>130,492,816</u>
Other comprehensive income:				
Transfer to profit on disposal of available-for-sale investments	(189,413)	81,342	(189,413)	(6,434,057)
Net movement in cumulative changes in fair value of available-for-sale investments	6,094,217	(18,159,024)	(3,846,410)	1,586,630
Impairment loss on available-for-sale investments transferred to profit	-	3,000,000	8,969,730	3,000,000
Revaluation reserve realised	<u>154,250</u>	<u>158,634</u>	<u>478,581</u>	<u>595,816</u>
Other comprehensive income / (loss) for the period	<u>6,059,054</u>	<u>(14,919,048)</u>	<u>5,412,488</u>	<u>(1,251,611)</u>
Comprehensive income for the period	<u>34,954,337</u>	<u>17,705,338</u>	<u>98,664,319</u>	<u>129,241,205</u>

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

Salam International Investment Limited Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2009

In Qatari Riyals

	<i>Equity Attributable to equity holders of the parent</i>							Non-controlling interests	Total equity	
	Share capital	Legal reserve	Investments fair value reserve	Property revaluation reserve	Proposed cash dividends	Proposed issue of bonus shares	Retained earnings			Total
Nine months ended 30 September 2008 (reviewed)										
Balance as at 1 January 2008 (audited)	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 period	-	-	-	-	-	-	128,413,265	128,413,265	2,079,551	130,492,816
Other comprehensive income for the period										
Transfer to profit on disposal of available-for-sale investments	-	-	(6,434,057)	-	-	-	-	(6,434,057)	-	(6,434,057)
Transferred from revaluation surplus to retained earnings	-	-	-	-	-	-	595,816	595,816	-	595,816
Net movement in cumulative changes in fair value of available-for-sale investments	-	-	1,586,630	-	-	-	-	1,586,630	-	1,586,630
Impairment loss on available-for-sale investments transferred to profit	-	-	3,000,000	-	-	-	-	3,000,000	-	3,000,000
Other comprehensive income for the period	-	-	(1,847,427)	-	-	-	595,816	(1,251,611)	-	(1,251,611)
Bonus shares issued	103,501,880	-	-	-	-	(103,501,880)	-	-	-	-
Transferred from revaluation surplus to retained earnings	-	-	-	(595,816)	-	-	-	(595,816)	-	(595,816)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	(778,153)	(778,153)
Balance at 30 September 2008 (reviewed)	931,516,880	321,869,137	18,610,063	4,423,264	-	-	189,859,147	1,466,278,491	5,356,312	1,471,634,803

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

Salam International Investment Limited Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2009

In Qatari Riyals

Nine months ended 30 September 2009 (reviewed)	<i>Equity Attributable to equity holders of the parent</i>							Non- controlling interests	Total equity	
	Share capital	Legal reserve*	Investments fair value reserve	Property revaluation reserve	Proposed cash dividends	Proposed issue of bonus shares	Retained earnings			Total
Balance as at 1 January 2009 (audited)	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 period	-	-	-	-	-	-	91,881,230	91,881,230	1,370,601	93,251,831
Other comprehensive loss for the period										
Transfer to profit on disposal of available-for-sale investments	-	-	(189,413)	-	-	-	-	(189,413)	-	(189,413)
Net movement in cumulative changes in fair value of available-for-sale investments	-	-	(3,846,410)	-	-	-	-	(3,846,410)	-	(3,846,410)
Revaluation reserve realised	-	-	-	-	-	-	478,581	478,581	-	478,581
Impairment loss on available- for-sale investments transferred to profit	-	-	8,969,730	-	-	-	-	8,969,730	-	8,969,730
Other comprehensive income for the period	-	-	4,933,907	-	-	-	478,581	5,412,488	-	5,412,488
Bonus shares issued	58,219,800	-	-	-	-	(58,219,800)	-	-	-	-
Cash dividends paid (Note 10)	-	-	-	-	(58,219,805)	-	-	(58,219,805)	-	(58,219,805)
Transferred from revaluation surplus to retained earnings	-	-	-	(478,581)	-	-	-	(478,581)	-	(478,581)
Acquisition of non-controlling interests (Note 5)	-	-	-	-	-	-	-	-	(2,624,618)	(2,624,618)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	(3,328,241)	(3,328,241)
Balance at 30 September 2009 (reviewed)	989,736,680	337,650,076	10,947,026	3,784,258	-	-	175,621,344	1,517,739,384	2,690,026	1,520,429,410

*Legal reserve will be accounted for at the year-end.

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

Salam International Investment Limited Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine month period ended 30 September 2009

In Qatari Riyals

	Nine months ended 30 September	
	2009	2008
	Reviewed	Reviewed
OPERATING ACTIVITIES		
Profit for the period	93,251,831	130,492,816
Adjustments for :		
Provision for doubtful receivables	4,193,691	8,320,964
Provision for slow moving inventory	4,901,994	14,751,977
Impairment on available-for-sale investments	8,969,730	3,000,000
Gain on sale of available-for-sale investments	(189,413)	(6,434,057)
Unrealised loss/(gain) on trading securities	(323,030)	(1,552,107)
Loss/(gain) on sale of investment properties	-	(47,920,691)
Amortisation of intangible assets	1,761,413	2,332,595
Depreciation on investment properties	1,656,727	2,008,534
Depreciation of property, plant and equipment	38,002,394	32,335,265
Gain on sale of property, plant and equipment	1,423,751	(200,138)
Revaluation loss on trading securities	-	1,120,886
Provided employees' end of service benefits	7,127,786	5,712,064
Finance costs	19,743,303	17,477,342
Interest income	(6,539,639)	(2,819,912)
Dividend income	(3,689,865)	(3,939,238)
Share of results from investments in associates	2,107,812	(2,747,800)
Operating profit before working capital changes	<u>172,398,485</u>	<u>151,938,500</u>
Increase in excess of revenue over billings	(41,817,612)	(34,034,253)
Increase in other assets	(41,250,484)	(73,106,648)
Decrease / (increase) in inventories	35,802,588	(52,277,874)
Increase in retentions receivables	(18,463,805)	(17,344,240)
(Increase) / decrease in due from related parties	933,844	(6,511,672)
Increase / (decrease) in receivables	92,524,819	(4,679,563)
(Decrease)/ increase in payables and other liabilities	(37,153,766)	65,417,762
Increase / (decrease) in due to related parties	2,256,200	(3,677,778)
(Decrease)/ increase in excess of billings over revenue	(3,086,414)	6,030,118
Increase in retention payables	9,077,921	2,324,071
(Decrease) / increase in advances from customers	(6,241,765)	4,665,590
Cash generated from operations	<u>164,980,011</u>	<u>38,744,013</u>
Employees' end of service benefits paid	<u>(2,357,437)</u>	<u>(1,560,888)</u>
Net cash from operating activities	<u>162,622,574</u>	<u>37,183,125</u>

(Continued)

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

Salam International Investment Limited Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine month period ended 30 September 2009

In Qatari Riyals

(Continued)	Nine months ended 30 September	
	2009	2008
	Reviewed	Reviewed
INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	(46,910,754)	(81,953,613)
Proceeds from sale of property, plant and equipment	1,946,340	1,591,425
Net movement in investment properties	(1,705,432)	132,377,778-
Payments for available-for-sale investments	(2,682,430)	17,551,801
Proceeds from available for sale investments	782,364	-
Net movement in intangible assets	(3,066,645)	(565,131)
Purchase of trading securities	-	(22,227,977)
Proceeds from sale of trading securities	-	12,159,415
Acquisition of investment in associate companies	(45,437,090)	(15,070,169)
Collection of loan from an associate	-	425,742
Dividends received from an associate	1,381,042	-
Dividends received from investments	3,689,865	3,939,238
Interest received	6,539,639	2,819,912
Net cash flows (used in) / from investing activities	(85,463,101)	51,048,421
FINANCING ACTIVITIES		
Net movement in borrowings	27,332,125	27,789,128
Net movement in notes payable	34,092,633	(1,545,306)
Net movement in non-controlling interests	(5,952,859)	(778,153)
Finance costs paid	(19,743,303)	(14,729,542)
Dividends paid	(58,219,805)	-
Cash flows used in financing activities	(22,491,209)	10,736,127
Increase in cash and cash equivalents	54,668,264	98,967,673
Cash and cash equivalents at the beginning of the period	(36,466,114)	(97,596,823)
Cash and cash equivalents at the end of the period (Note 9)	18,202,150	1,370,850

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine month period ended 30 September 2009

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 accompanying interim condensed consolidated financial information represents the consolidated accounts of the Company, its associates and its subsidiaries (together referred to as "the Group").

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 nine months period ended 30 September 2009, the Company's shares were delisted from Dubai Financial Markets due to very low volumes of trading and excessive administrative costs.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and accounting policies

The accompanying interim condensed consolidated financial information is prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting. They do not include all of the information required for full annual financial statements, therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008. In addition, results for the nine month period ended 30 September 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008. In addition to that the Group has adopted the following new effective standards from 1 January 2009:

IAS 1 (revised), "Presentation of financial statements"

During the period, 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 period, 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine month period ended 30 September 2009

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation and accounting policies (Continued)

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

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

The interim condensed consolidated financial information are prepared in Qatari Riyals and all values are rounded to the nearest Qatari Riyal except when otherwise indicated.

(b) Significant accounting judgement, estimates and assumptions

The preparation of this interim condensed consolidated financial information requires management to make judgements, estimates and assumptions of future events that affect the application of accounting policies and the reported amounts and actual results may differ from these estimates.

In preparing these interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine month period ended 30 September 2009

In Qatari Riyals

▮ **SUBSIDIARIES**

Details of changes in Group's subsidiaries during the nine month period ended 30 September 2009 are as follows:

Qatari German Switchgear Company ("QGSC")

During the period, 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 interim condensed consolidated financial information includes the results of QGSC for the additional 49% share for the nine month period from the acquisition date. (Refer Note 5 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 30 September 2009. This transfer has not impacted the Group's net assets position or equity as at and for the nine months ended 30 September 2009.

⌘ **ASSOCIATES**

Voltamp Manufacturing Qatar

During the nine months ended 30 September 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%.

◦ **BUSINESS COMBINATIONS**

As disclosed in Note 3 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
<i>Assets:</i>	
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
	<hr/>
Total assets	45,105,603

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine month period ended 30 September 2009

In Qatari Riyals

5 BUSINESS COMBINATIONS (Continued)

Liabilities:

Other liabilities	(11,730,022)
Trade payables	<u>(28,019,218)</u>
Total fair value of net assets at the date of acquisition	<u>5,356,363</u>
Fair value of additional acquired net assets by the Group	2,624,618
Goodwill arising on acquisition	<u>2,705,253</u>
Total acquisition cost	<u>5,329,871</u>

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:

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

From the date of acquisition, QGSC's 49% share contributed a loss of QR 300,230 (for the nine month period ended 30 September 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.

PROPERTY, PLANT AND EQUIPMENT

	30 September 2009 Reviewed	31 December 2008 Audited
Cost:		
Balance as at 1 January	595,703,914	466,149,562
Additions for the period / year	46,910,754	137,899,882
Disposals	<u>(6,838,848)</u>	<u>(8,345,530)</u>
Balance as at	<u>635,775,820</u>	<u>595,703,914</u>
Depreciation:		
Balance as at 1 January	161,831,400	122,724,620
Charge for the period / year	38,002,394	44,796,440
Relating to disposals	<u>(3,468,757)</u>	<u>(5,689,660)</u>
Balance as at	<u>196,365,037</u>	<u>161,831,400</u>
Net book value	<u>439,410,783</u>	<u>433,872,514</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation charges have been allocated as follows:

	30 September 2009 Reviewed	30 September 2008 Reviewed
Operating cost	2,649,529	1,387,680
Depreciation of property, plant and equipment	<u>35,352,865</u>	<u>30,947,585</u>
	<u>38,002,394</u>	<u>32,335,265</u>

V INVESTMENT PROPERTIES

	30 September 2009 Reviewed	31 December 2008 Audited
Cost:		
Balance as at 1 January	669,134,618	688,805,717
Additions for the period / year	2,909,152	90,731,103
Disposals	-	(110,402,202)
Other adjustments	<u>(4,427,838)</u>	<u>-</u>
Balance as at	<u>667,615,932</u>	<u>669,134,618</u>
Depreciation:		
Balance as at 1 January	11,393,522	9,902,126
Charge for the period / year	1,656,726	2,551,409
Relating to disposals	<u>-</u>	<u>(1,060,013)</u>
Balance as at	<u>13,050,248</u>	<u>11,393,522</u>
Net book value	<u>654,565,684</u>	<u>657,741,096</u>

A INVESTMENT IN SECURITIES

	30 September 2009 Reviewed	31 December 2008 Audited
Investments at fair value through profit or loss		
Quoted shares-Qatar	<u>6,461,783</u>	<u>6,138,753</u>
Available-for-sale investments		
Quoted shares at fair value – Qatar	38,700,461	34,634,541
Quoted shares at fair value – Outside Qatar	26,075,341	34,770,034
Unquoted shares and private equity	<u>63,319,886</u>	<u>60,637,457</u>
Total available for sale investments	<u>128,095,688</u>	<u>130,042,032</u>
Total investment in securities	<u>134,557,471</u>	<u>136,180,785</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the nine month period ended 30 September 2009**

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9 CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include bank balances and cash, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	30 September 2009 Reviewed	31 December 2008 Audited
Cash and bank balances	158,225,295	163,883,100
Bank overdrafts	<u>(140,023,145)</u>	<u>(200,349,214)</u>
Cash and cash equivalents	<u>18,202,150</u>	<u>(36,466,114)</u>

10 DIVIDENDS AND BONUS ISSUE

The Shareholders General Assembly Meeting held on 3 March 2009 approved cash dividend in respect of the year ended 31 December 2008 of QR 0.625 per share (for the year ended 31 December 2007: nil), amounting to a total of QR 58,219,805 (for the year ended 31 December 2007: nil) and a bonus share issue of QR 58,219,800 (31 December 2007: QR 103,501,880) representing 6.25% (31 December 2007: 12.5%) of the share capital before the bonus share issue date.

11 RELATED PARTY DISCLOSURES**(a) Transactions with related parties**

These represent transactions with related parties, i.e., the major shareholders, senior management and companies over which the Group exercises control or significant influence. The transactions with related parties consist principally of rent, purchase of computer software and accounting services. Pricing policies and terms of these transactions are at arms length and are approved by the Group's management.

During the period, the subsidiaries of the Group entered into the following trading transactions with related parties that are not members of the Group:

	Nine months period ended	
	30 September 2009 Reviewed	30 September 2008 Reviewed
Operating income	<u>22,436,667</u>	<u>2,327,942</u>
Operating cost	<u>12,596,248</u>	<u>2,175,668</u>
Rental income from investment properties	<u>11,433,120</u>	<u>9,919,465</u>
Other income	<u>2,247,993</u>	<u>237,596</u>
Other expense	<u>1,759,014</u>	<u>1,165,941</u>
Loans	<u>6,500,000</u>	<u>-</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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11 RELATED PARTY DISCLOSURES (CONTINUED)**(b) Compensation of key management personnel**

	For the three months period ended 30 September		For the nine months period ended 30 September 2009	
	2009 Reviewed	2008 Reviewed	2009 Reviewed	2008 Reviewed
General Manager's profit share	3,356,437	3,149,405	7,774,039	6,857,247
Salaries and other short term benefits	4,343,592	4,223,144	16,005,352	14,350,812
End of service benefits	178,589	213,073	654,247	489,802
	<u>7,878,618</u>	<u>7,585,622</u>	<u>24,433,638</u>	<u>21,697,861</u>

١٢ INVESTMENT INCOME

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2009 Reviewed	2008 Reviewed	2009 Reviewed	2008 Reviewed
Rental income from investment properties	13,179,947	13,264,900	39,217,416	37,105,913
Profit on sale of investments	189,413	81,342	189,413	6,434,057
Profit on sale of trading securities	-	785,969	-	1,552,107
Unrealised gain (loss) on investments at fair value through profit or loss	1,178,870	(1,120,886)	323,030	(1,120,886)
Gain on sale of investment properties	-	7,029,003	-	47,920,692
Interest income	1,878,728	1,484,065	6,539,639	2,819,912
Income from investment in an associate	711,568	965,346	(2,107,812)	2,747,800
Dividend income	-	-	3,689,865	3,939,238
Total	<u>17,138,526</u>	<u>22,489,739</u>	<u>47,851,551</u>	<u>101,398,833</u>

١٣ CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	30 September 2009 Reviewed	31 December 2008 Audited
Capital commitments	28,997,661	-
Letters of credit	46,107,972	82,996,333
Letters of guarantees	<u>399,488,700</u>	<u>350,098,032</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the nine month period ended 30 September 2009

In Qatari Riyals

١٤ BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the period / 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.

	Three months period ended		Nine months period ended	
	30 September	30 September	30 September	30 September
	2009	2008	2009	2008
	Reviewed	Reviewed	Reviewed	Reviewed
Net profit attributable to equity holders of the parent	28,586,112	32,008,685	91,881,230	128,413,265
Adjusted weighted average number of outstanding shares*	<u>98,973,668</u>	<u>98,973,668</u>	<u>98,973,668</u>	<u>98,973,668</u>
Basic and diluted earnings per share (QR)	<u>0.29</u>	<u>0.32</u>	<u>0.93</u>	<u>1.30</u>

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

١٥ 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:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine month period ended 30 September 2009

In Qatari Riyals

15 SEGMENT INFORMATION (CONTINUED)

30 September 2009

	Contracting	Interiors	Energy & Power	Consumer and luxury products	Technology and telecommunication	Real estate and investments	Total
Operating income							
From external customers	276,711,772	152,121,830	221,636,229	463,945,400	196,988,590	1,583,000	1,312,986,821
Inter-segment	17,709,019	3,127,718	23,092	4,751,582	1,473,168	51,361,310	78,445,889
Total operating income	294,420,791	155,249,548	221,659,321	468,696,982	198,461,758	52,944,310	1,391,432,710
Segment results	9,938,818	24,840,822	24,016,239	(11,611,496)	22,070,170	22,626,677	91,881,230
Assets and liabilities							
Segment assets	355,397,847	188,851,142	140,727,641	919,458,942	168,865,342	992,317,172	2,765,618,087
Segment liabilities	264,344,083	131,226,982	101,107,050	300,413,675	91,927,864	356,169,025	1,245,188,677
Other segment information							
Capital expenditures:							
Tangible assets	5,096,127	4,848,551	10,191,985	19,312,993	1,297,096	9,073,156	49,819,908
Intangible assets	-	-	-	448,057	-	-	448,057
	5,096,127	4,848,551	10,191,985	19,761,050	1,297,096	9,073,156	50,267,965
Depreciation	7,195,272	2,746,222	1,333,783	21,948,998	460,593	3,324,725	37,009,592
Amortisation	99,107	42,906	133,906	514,311	87,296	883,887	1,761,413

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2009

In Qatari Riyals

15 SEGMENT INFORMATION (CONTINUED)

30 September 2008

	Contracting	Interiors	Energy & Power	Consumer and luxury products	Technology and telecommunication	Real estate and investments	Total
Operating income							
From external customers	327,520,740	147,705,937	132,935,288	498,088,318	130,947,008	299,700	1,237,496,991
Inter-segment	9,095,137	5,610,952	95,795	4,893,388	1,170,207	48,365,926	69,231,405
Total operating income	336,615,877	153,316,888	133,031,083	502,981,707	132,117,214	48,665,626	1,306,728,397
Segment results	4,716,298	20,407,947	3,682,486	17,560,030	10,259,521	71,786,982	128,413,265
Assets and liabilities							
Segment assets	309,135,141	174,376,061	132,655,298	953,241,623	129,159,343	941,019,860	2,639,587,326
Segment liabilities	231,701,984	115,757,426	87,606,169	274,045,247	70,479,722	388,361,975	1,167,952,523
Other segment information							
Capital expenditures:							
Tangible assets	12,966,659	11,027,737	1,779,939	48,549,664	1,138,644	44,685,506	120,148,149
Intangible assets	-	-	-	750,201	-	-	750,201
	12,966,659	11,027,737	1,779,939	49,299,865	1,138,644	44,685,506	120,898,350
Depreciation	6,078,635	2,443,476	903,121	19,276,809	660,389	3,593,689	32,956,119
Amortisation	239,839	140,371	285,014	376,325	285,696	1,005,351	2,332,596

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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16 COMPARATIVE FIGURES

Certain comparative figures were reclassified to match with the current period's presentation. Those reclassifications did not have any effect on the comparative consolidated net profit or equity.