

**AL-KHALIJ HOLDING COMPANY (Q.S.C)  
DOHA – QATAR**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTHS PERIOD ENDED  
JUNE 30, 2011**

**AL-KHALIJ HOLDING COMPANY (Q.S.C)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2011

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To The Board of Directors  
Al-Khalij Holding Company (QSC)  
Doha – Qatar

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Khalij Holding Company (QSC) (the "Company"), as at June 30, 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six month period then ended, and a summary of selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34: "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of Review*

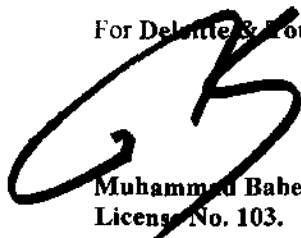
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No.34: "Interim Financial Reporting".

Doha – Qatar  
July 28, 2011

For Deloitte & Touche



Muhammad Bahemia  
License No. 103.

**AL-KHALIJ HOLDING COMPANY (Q.S.C)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at June 30, 2011

		June 30, 2011	December 31, 2010
	Notes	(Reviewed) QR.	(Audited) QR.
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	4	140,846,297	708,627,548
Accounts receivable		60,066,057	43,309,937
Due from related parties		697,944	434,733
Advances to suppliers		60,141,491	43,589,852
Gross amount due from customers for contract works		496,223	501,916
Inventories	5	65,308,078	30,464,327
Prepayments and other receivables	6	14,234,974	23,278,280
<b>Total current assets</b>		<u>341,791,064</u>	<u>850,206,593</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,763,261,994	1,760,676,397
Investment properties	8	469,847,353	470,864,476
Investment in associates	9	45,700,683	34,014,290
Available-for-sale investments	10	53,893,638	59,042,235
Goodwill		314,457,585	314,457,585
<b>Total non-current assets</b>		<u>2,647,161,253</u>	<u>2,639,054,983</u>
<b>Total assets</b>		<u>2,988,952,317</u>	<u>3,489,261,576</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**AL-KHALIJ HOLDING COMPANY (Q.S.C)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at June 30, 2011

	<b>Notes</b>	<b>June 30, 2011 (Reviewed) QR.</b>	<b>December 31, 2010 (Audited) QR.</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable		35,487,740	45,900,075
Retention payable		31,558,521	31,130,604
Borrowings	11	28,736,977	497,080,320
Due to related parties		311,117	322,107
Notes payable		11,809,696	20,139,581
Gross amount due to customers for contract works		2,147,493	1,587,426
Accruals and other liabilities		23,739,601	17,778,625
<b>Total current liabilities</b>		<b>133,791,145</b>	<b>613,938,738</b>
<b>Non-current liabilities</b>			
Borrowings	11	900,000,000	885,443,081
Notes payable		28,569,519	28,300,066
Employees end of service benefits		2,295,074	2,057,203
Retention payable		31,558,522	31,130,605
<b>Total non-current liabilities</b>		<b>962,423,115</b>	<b>946,930,955</b>
<b>Total liabilities</b>		<b>1,096,214,260</b>	<b>1,560,869,693</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		1,243,267,780	1,243,267,780
Legal reserve		475,526,316	475,526,316
Fair value reserve	10	1,486,307	7,443,737
Retained earnings		172,457,654	139,990,661
Proposed dividends		--	62,163,389
<b>Total shareholders' equity</b>		<b>1,892,738,057</b>	<b>1,928,391,883</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,988,952,317</b>	<b>3,489,261,576</b>

These interim condensed consolidated financial statements were approved by the Board of Directors on July 28, 2011 and signed on its behalf by:

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Mr. Abdullah bin Nasser Al-Mesnad  
Chairman and Managing Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

**AL-KHALIJ HOLDING COMPANY (Q.S.C)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

For the six months period ended June 30, 2011

	Notes	For the six month period ended June 30,	
		2011	2010
		(Reviewed) QR.	(Reviewed) QR.
<b>Operating income</b>			
Sale of cement		103,696,592	71,540,204
Contract and service income		22,331,753	32,936,878
		<u>126,028,345</u>	<u>104,477,082</u>
<b>Operating cost</b>			
Cost of cements sales		82,056,200	55,715,427
Contract and service cost		11,487,157	7,961,151
		<u>93,543,357</u>	<u>63,676,578</u>
<b>Operating profit</b>		<b>32,484,988</b>	<b>40,800,504</b>
Income from short-term deposits and savings		215,046	1,458,559
Income from investment in associates	9	17,586,427	15,561,983
Investment income		4,529,707	1,639,239
Rental income		1,650,225	1,641,000
Other income		879,620	2,175,927
Finance cost		(2,431,818)	(3,681,383)
General and administrative expenses		(17,687,943)	(22,017,297)
Decrease in fair value of investment properties		(1,017,123)	(1,277,545)
Depreciation of property, plant and equipment	7	(3,742,136)	(4,606,381)
<b>Net profit for the period</b>		<b><u>32,466,993</u></b>	<b><u>31,694,606</u></b>
<b>Basic earnings per share</b>	12	<b><u>0.26</u></b>	<b><u>0.25</u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**AL-KHALIJ HOLDING COMPANY (Q.S.C)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months period ended June 30, 2011

	<u>Note</u>	<u>For the six month period ended June 30,</u>	
		<u>2011</u>	<u>2010</u>
		<u>(Reviewed)</u>	<u>(Reviewed)</u>
		<u>QR.</u>	<u>QR.</u>
<b>Net profit for the period</b>		<b>32,466,993</b>	<b>31,694,606</b>
<b>Other comprehensive income</b>			
Change in fair value of available-for-sale investments	<b>10</b>	<u><b>(5,957,430)</b></u>	<u>391,265</u>
<b>Total comprehensive income for the period</b>		<u><b>26,509,563</b></u>	<u><b>32,085,871</b></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

**AL-KHALIJ HOLDING COMPANY (Q.S.C)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the six months period ended June 30, 2011

	<u>Capital</u>	<u>Legal reserve</u>	<u>Fair value reserve</u>	<u>Retained earnings</u>	<u>Proposed dividends</u>	<u>Total</u>
	QR.	QR.	QR.	QR.		QR.
<b>Balance as at January 1, 2010 (Audited)</b>	1,243,267,780	468,407,668	797,937	139,865,880	--	1,852,339,265
Total comprehensive income for the period	--	--	391,265	31,694,606	--	32,085,871
<b>Balance as at June 30, 2010 (Reviewed)</b>	<u>1,243,267,780</u>	<u>468,407,668</u>	<u>1,189,202</u>	<u>171,560,486</u>	--	<u>1,884,425,136</u>
<b>Balance as at January 1, 2011 (Audited)</b>	1,243,267,780	475,526,316	7,443,737	139,990,661	62,163,389	1,928,391,883
Total comprehensive income for the period	--	--	(5,957,430)	32,466,993	--	26,509,563
Dividend paid	--	--	--	--	(62,163,389)	(62,163,389)
<b>Balance as at June 30, 2011 (Reviewed)</b>	<u>1,243,267,780</u>	<u>475,526,316</u>	<u>1,486,307</u>	<u>172,457,654</u>	--	<u>1,892,738,057</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**AL-KHALIJ HOLDING COMPANY (Q.S.C)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months period ended June 30, 2011

	<b>For the six month period ended June 30,</b>	
	<b>2011 (Reviewed)</b>	<b>2010 (Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	32,466,993	31,694,606
Adjustments for:		
Depreciation	6,265,113	4,606,381
Decrease in fair value of investment properties	1,017,123	1,277,545
Share of profit from associates	(17,586,427)	(15,561,983)
Loss on sale of available-for sale-investments	--	3,370,013
Employees' end of service benefits	464,853	317,256
	<u>22,627,655</u>	<u>25,703,818</u>
<b>Working capital changes:</b>		
Accounts receivables	(16,756,120)	(19,922,949)
Due from related parties	(263,211)	86,271
Advances to suppliers	(16,551,639)	9,286,432
Gross amount due from customers for contract work	5,693	1,824,351
Inventories	(34,843,751)	(6,968,321)
Prepayments and other receivables	9,043,306	(2,591,016)
Accounts payable, accruals and other liabilities	(4,451,359)	1,671,720
Retention payable	855,834	10,791,445
Due to related party	(10,990)	(17,989)
Notes payable	(8,060,432)	(11,679,988)
Gross amount due to customers for contract works	560,067	281,286
<b>Cash (used in) from operations</b>	<u>(47,844,947)</u>	<u>8,465,060</u>
Employees' end of service benefits paid	(226,982)	(32,905)
<b>Net cash (used in) from operating activities</b>	<u>(48,071,929)</u>	<u>8,432,155</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition/addition of property, plant and equipment	(8,850,710)	(156,084,385)
Acquisition of available-for-sale investments	(808,833)	--
Proceeds on sale of available-for-sale investments	--	25,241,362
Additions of investments in associates	--	(1,630,000)
Dividend received from associates	5,900,034	9,187,213
<b>Net cash used in investing activities</b>	<u>(3,759,509)</u>	<u>(123,285,810)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**AL-KHALIJ HOLDING COMPANY (Q.S.C)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months period ended June 30, 2011

	<u>Note</u>	<u>For the six month period ended June 30,</u>	
		<u>2011</u>	<u>2010</u>
		<u>(Reviewed)</u>	<u>(Reviewed)</u>
		<u>QR.</u>	<u>QR.</u>
<b>FINANCING ACTIVITIES</b>			
Borrowings		(453,786,424)	12,506,285
Dividend paid		(62,163,389)	--
<b>Net cash (used in) from financing activities</b>		<b>(515,949,813)</b>	<b>12,506,285</b>
Net (decrease) in cash and cash equivalents		(567,781,251)	(102,347,370)
Cash and cash equivalents at the beginning of the period		708,627,548	150,452,058
<b>Cash and cash equivalents at the end of the period</b>	<b>13</b>	<b>140,846,297</b>	<b>48,104,688</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

**AL-KHALIJ HOLDING COMPANY (Q.S.C)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months period ended June 30, 2011

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**1. INCORPORATION AND ACTIVITIES**

Al-Khalij Holding Company (Q.S.C) (the "Company") (formally known as Gulf Holding Company) is a Qatari Shareholding Company (Q.S.C.) incorporated in the State of Qatar on May 4, 2006 under Commercial Registration No.32831. The Company is governed by the provisions of the Qatar Commercial Companies law No. (5) Of (2002) and the Qatar Exchange Regulations. The Company has been formed to primarily engage in the production and sale of cement. The Company also engages in setting up factories, importing and exporting cement, and invests in shares and real estate.

One of the subsidiaries (Gulf Cement Company) had not started operations as of the date of authorization of these consolidated financial statements. The subsidiary's activities were confined to setting up the plant, testing of limited production of cement and clinker, and utilization of the monies received from the shareholders in investment activities in addition to financing all the stages of the plant's construction. The subsidiary quarries the limestone, one of the main raw materials used in the cement production, from a leased land located at Umm Bab. This land including factory land is leased for a period of 25 years ending 2032 as per an agreement entered with local authorities.

Certain sales of cement were made during the period by one of the subsidiaries (Gulf Trading and Industrial Agencies Company) of the Company.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" and the historical cost convention. The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2010, except for the adoption of certain revised standards which are effective as of January 1, 2011.

Adoption of these standards did not have any material effect on the financial position or performance of the Company other than certain presentation changes. These interim condensed consolidated financial statements should be read in conjunction with the 2010 annual consolidated financial statements and notes attached thereto.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six months period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2011.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The following are the critical estimates and judgements that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in the interim condensed consolidated financial statements.

#### **Classification of equity investments**

The Company invests in quoted securities. Management's intention is to keep these securities for the long term and not for short-term regular trading. Consequently, these investments are classified as "available for sale". Short term unrealized gains or losses are treated as part of equity.

#### **Impairment of investments**

The Company considers that available-for-sale investments are impaired when there is objective evidence of impairment. Objective evidence for an investment includes information about significant changes with an adverse effect that have taken place in the economic environment in which the Company operates and indicates that the investment may have suffered a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates amongst other factors, the volatility in share prices, the financial strength of related companies and the environment in which the company operates and the industry.

**AL-KHALIJ HOLDING COMPANY (Q.S.C)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months period ended June 30, 2011

**4. CASH AND BANK BALANCES**

	<b>June 30, 2011 (Reviewed)</b>	<b>December 31, 2010 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Cash on hand	60,737	46,402
Bank balances:		
Current accounts	35,934,831	13,216,440
Saving accounts	27,133,876	22,673,931
Term deposits	77,716,853	672,690,775
	<u>140,846,297</u>	<u>708,627,548</u>

Short term deposits and saving accounts in various banks earn effective rates of return ranging from 4.25% to 4.74%. These short term deposits and saving accounts have maturity periods of 1 to 3 months.

**5. INVENTORIES**

	<b>June 30, 2011 (Reviewed)</b>	<b>December 31, 2010 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Finished goods	1,983,330	2,086,039
Raw material	62,052,618	27,865,212
Spare parts	1,272,130	513,076
	<u>65,308,078</u>	<u>30,464,327</u>

**6. PREPAYMENTS AND OTHER RECEIVABLES**

	<b>June 30, 2011 (Reviewed)</b>	<b>December 31, 2010 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Due from staff	490,346	422,439
Refundable deposits	2,076,323	2,451,323
Prepayments	1,597,592	3,342,313
Accrued income	4,482,268	7,961,586
Others	5,588,445	9,100,619
	<u>14,234,974</u>	<u>23,278,280</u>

**AL-KHALIJ HOLDING COMPANY (Q.S.C)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months period ended June 30, 2011

**7. PROPERTY, PLANT AND EQUIPMENT**

	<b>June 30, 2011 (Reviewed)</b>	<b>December 31, 2010 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Opening net book value	1,760,676,397	1,567,810,407
Additions	8,850,710	203,591,192
Disposal	-	(469,020)
Depreciation	<u>(6,265,113)</u>	<u>(10,256,182)</u>
Closing net book value	<u>1,763,261,994</u>	<u>1,760,676,397</u>

\* Depreciation charge for the period amounting to QR. 2,522,977 is included in cost of sales.

**8. INVESTMENT PROPERTIES**

	<b>June 30, 2011 (Reviewed)</b>	<b>December 31, 2010 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Opening Balance	470,864,476	447,936,422
Net movement during the period/year	<u>(1,017,123)</u>	<u>22,928,054</u>
Closing Balance	<u>469,847,353</u>	<u>470,864,476</u>

**9. INVESTMENT IN ASSOCIATES**

	<b>June 30, 2011 (Reviewed)</b>	<b>December 31, 2010 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Opening balance	34,014,290	20,485,377
Acquisition during the period/year	--	1,630,000
Share of profit during the period/year	17,586,427	24,635,286
Dividend received during the period/year	<u>(5,900,034)</u>	<u>(12,736,373)</u>
Balance at end of the period/year	<u>45,700,683</u>	<u>34,014,290</u>

## AL-KHALIJ HOLDING COMPANY (Q.S.C)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended June 30, 2011

**10. AVAILABLE-FOR-SALE INVESTMENTS**

	<b>June 30, 2011 (Reviewed) QR.</b>	<b>December 31, 2010 (Audited) QR.</b>
<b>(a) Quoted investments</b>		
Opening Balance	49,338,594	65,136,954
Acquisition of investment	808,833	--
Cost of investments sold	--	(15,798,360)
Total cost of investments at reporting date	<u>50,147,427</u>	<u>49,338,594</u>
Add: Fair value reserve	<u>1,486,307</u>	<u>7,443,737</u>
	<u>51,633,734</u>	<u>56,782,331</u>
<b>(b) Unquoted investments</b>		
Opening Balance	2,259,904	17,872,920
Cost of investments sold	--	(15,613,016)
	<u>2,259,904</u>	<u>2,259,904</u>
<b>Total available-for-sales investments (a) +(b)</b>	<u>53,893,638</u>	<u>59,042,235</u>
Proceeds from sale of investments	--	27,546,061
Cost of investments sold	--	(31,411,376)
<b>Loss from sale of available-for-sale investments</b>	<u>--</u>	<u>(3,865,315)</u>
<i>Movement in Fair Value Reserve</i>		
	<b>June 30, 2011 (Reviewed) QR.</b>	<b>December 31, 2010 (Audited) QR.</b>
Opening balance	7,443,737	797,937
(Decrease)/increase in fair value	<u>(5,957,430)</u>	<u>6,645,800</u>
Closing balance	<u>1,486,307</u>	<u>7,443,737</u>

**AL-KHALIJ HOLDING COMPANY (Q.S.C)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months period ended June 30, 2011

**11. BORROWINGS**

	<b>June 30, 2011 (Reviewed)</b>	<b>December 31, 2010 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
LC Murabaha Loan (i)	28,732,166	13,807,269
Tawarruq Finance (ii)	--	483,253,116
Murabaha Loan (iii)	--	131,692,496
Ijara Facility (iv)	900,000,000	753,750,585
Murabaha Vehicle Loan	4,811	19,935
	<b>928,736,977</b>	<b>1,382,523,401</b>
	<b>June 30, 2011 (Reviewed)</b>	<b>December 31, 2010 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Classified as:		
Current portion	28,736,977	497,080,320
Non-current portion	900,000,000	885,443,081
	<b>928,736,977</b>	<b>1,382,523,401</b>

- (i) The Company entered into an agreement with a local bank whereby the bank will finance the import of raw materials with a limit of QR. 65 million carrying profit rate of 8% per annum. The loan is repayable in seven monthly instalments with a grace period of five months from the date of devolvement of letter of credit.
- (ii) Tawarruq Finance has been fully repaid by the Company in June 2011.
- (iii) Murabaha Loan has been fully repaid by the Company in June 2011.
- (iv) The Company has fully repaid the Tawarruq Finance, Murabaha loan and Ijara loan outstanding as at December 31, 2010 by entering into a new loan agreement with a local bank, whereby the bank financed the Company in the form of a new Ijara Facility with profit rate of 5.25% per annum to settle the previous facilities and finance the working capital requirements of the cement factory. The loan is repayable in 37 equal quarterly instalments starting after 24 months from April, 2011. The credit facilities are secured by a possessory mortgage over the cement factory, special power of attorney issued by the Company in favour of the bank, assignment of all current and future revenue of the cement factory and three corporate guarantees from the Company, Qatari Investment Group and QIG Industries Company (subsidiary companies). The insurance policy for the factory premises is endorsed in favour of the bank.

**12. BASIC EARNINGS PER SHARE**

	<b>For the six month period ended June 30,</b>	
	<b>2011 (Reviewed)</b>	<b>2010 (Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
Profit for the period	32,466,993	31,694,606
Weighted average number of shares	124,326,778	124,326,778
Basic earnings per share	<b>0.26</b>	<b>0.25</b>



**AL-KHALIJ HOLDING COMPANY (Q.S.C)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months period ended June 30, 2011

**13. CASH AND CASH EQUIVALENTS**

	<b>As at June 30,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
Cash and bank balances	<u>140,846,297</u>	<u>48,104,688</u>

**14. COMPENSATION OF KEY MANAGEMENT PERSONNEL**

	<b>For the six month period</b>	
	<b>ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
Short-term benefits	4,650,000	4,990,000
Long-term benefits	--	77,732
	<u>4,650,000</u>	<u>5,067,732</u>

**15. CONTINGENT LIABILITIES**

	<b>June 30,</b>	<b>December 31,</b>
	<b>2011</b>	<b>2010</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Letters of guarantees	<u>3,950,000</u>	<u>3,950,000</u>
Letters of credit	<u>8,379,990</u>	<u>39,271,238</u>
Guarantee Cheques	<u>4,914,000</u>	<u>4,264,000</u>

**AL-KHALIJ HOLDING COMPANY (Q.S.C)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months period ended June 30, 2011

**16. SUBSIDIARIES**

The Company owns 100% of Qatari Investors Group, which, in turn, owns the following entities (collectively known as the "Group") at June 30, 2011

<b>Name of subsidiary</b>	<b>Place of incorporation</b>	<b>Ownership interest</b>	<b>Principal activity</b>
Gulf Cement Company	Qatar	100%	Manufacturing of cement
Gulf Cement Trading Company	Qatar	100%	Trading of cement
QIG Properties	Qatar	100%	Real estate
QIG Project Development	Qatar	100%	Industry equipment works
International Technical and Trading Company	Qatar	100%	General equipment trading
Qatar Security System	Qatar	100%	IT and security systems
QIG General Services	Qatar	100%	Constructional material trading – contracting
Global Enterprise Company	Qatar	100%	Sports materials trading
QIG Aviation Services Company	Qatar	100%	Aviation services
QIG Catering Services Company	Qatar	100%	Catering services
QIG Global Company	Qatar	100%	International companies representation
QIG Industries Company	Qatar	100%	Industrials enterprises (Mechanical - Engineering)
QIG Marine Services Company	Qatar	100%	Trading in yachts
QIG Technology Company	Qatar	100%	Information technology services
QIG Trading Company	Qatar	100%	International companies representation
Qatar Group for Investments	Qatar	100%	Investments and other trading
Qatar Investments Group	Qatar	100%	Investments and other trading
QIG Light Industries Company	Qatar	100%	Agencies business
Cape Qatar	Qatar	100%	Insurance agencies

**AL-KHALIJ HOLDING COMPANY (Q.S.C)**
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six months period ended June 30, 2011

**17. SEGMENT ANALYSIS**

The Company and its subsidiaries are organized into seven main business segments and operate only in Doha - Qatar. Details of each segment as of and for the period ended June 30, 2011 are stated below.

	Industria l	Contractin g and engineerin g	Cement	Investmen t	Real estate investment	Marine and aviation	Tradin g	Other segments	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
<b>As of June 30, 2011</b>									
Total assets	32,329,694	45,333,200	1,997,185,316	334,513,543	552,210,048	9,398,607	680,187	17,301,722	2,988,952,317
Total liabilities	--	10,785,961	1,031,762,442	250,047	41,275,235	561,970	40,111	11,538,494	1,096,214,260
<b>For the six months ended June 30, 2011</b>									
Operating income	--	22,331,753	103,696,592	--	--	--	--	--	126,028,345
Net income	15,542,778	6,347,815	14,211,889	4,259,752	558,638	1,005,099	119,072	(9,578,050)	32,466,993
<b>As of June 30, 2010</b>									
Total assets	15,436,844	37,101,902	1,758,642,015	350,950,305	534,815,901	10,160,014	416,814	6,249,450	2,713,773,245
Total liabilities	--	7,160,300	636,150,602	270,551	184,317,883	561,970	127,536	759,267	829,348,109
<b>For the six months ended June 30, 2010</b>									
Operating income	--	32,936,878	71,540,204	--	--	--	--	--	104,477,082
Net income	8,827,502	21,955,938	7,022,087	(4,963,820)	2,638,837	4,893,201	40,513	(8,719,652)	31,694,606