Terna Qatar L.L.C

FINANCIAL STATEMENTS

31 DECEMBER 2010

ERNST & YOUNG

P.O. Box 164
3rd Floor, Al-Abdulghani Tower
Airport Road
Doha, State of Qatar
Tel: +974 441 4599
Fax: +974 441 4649
www.ey.com/me

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TERNA QATAR L.L.C

We have audited the accompanying financial statements of Terna Qatar L.L.C (the "Company") which comprise the Statement of financial position as at 31 December 2010 and the Statement of comprehensive income, Statement of cash flows and Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on legal and other requirements
Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002, Qatar Income Tax Law No. 11 of 1993 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Company or on its financial position. We are not aware of any deviations from the Income Tax rules during the year.

T. F. Sexton
of Ernst & Young
Auditor's Registration No. 114

Date: 27 January 2011
Doha

STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 QR	2009 QR
ASSETS			
Non-current assets			
Capital work in progress	3	**3,321,800**	-
Property, plant and equipment	4	**21,190,860**	4,649,664
		24,512,660	4,649,664
Current assets			
Work in progress		**44,783,594**	22,657,977
Accounts receivable and prepayments	5	**59,937,018**	14,668,296
Amounts due from related parties	12	**43,666,987**	157,564,343
Cash and bank balances	6	**109,710,171**	10,126,567
		258,097,770	205,017,183
TOTAL ASSETS		**282,610,430**	209,666,847
EQUITY AND LIABILITIES			
Equity			
Share capital	7	**200,000**	200,000
Legal reserve	8	**100,000**	100,000
Retained earnings		**2,244,577**	2,312,528
Total equity		**2,544,577**	2,612,528
Non current liabilities			
Employees' end of service benefits	9	**1,289,258**	566,266
Current liabilities			
Advances from customer	10	**172,634,395**	194,130,000
Accounts payable and accruals	11	**97,325,830**	5,521,031
Amounts due to related parties	12	**8,677,433**	6,837,022
Income tax payable	13	**138,937**	-
Total liabilities		**280,065,853**	207,054,319
TOTAL EQUITY AND LIABILITIES		**282,610,430**	209,666,847

....

for Terna Qatar L.L.C

The attached notes 1 to 17 form part of these financial statements.

Terna Qatar L.L.C

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2010

	Note	***2010***	*2009*
		QR	*QR*
Contract revenue		**105,827,796**	25,337,255
Other income		**70,988**	1,589,695
		105,898,784	26,926,950
EXPENSES			
Material		**27,759,742**	-
Salaries and related expenses		**26,597,248**	12,962,387
Sub-contract costs		**24,045,540**	895,797
Office rent		**8,039,017**	780,000
Provision for doubtful debts		**6,815,000**	-
Other office expenses		**2,211,712**	-
Letters of guarantee charges		**2,021,732**	2,821,145
Miscellaneous		**1,763,870**	1,267,123
Depreciation	4	**1,756,978**	567,142
Travel and hotels		**1,366,412**	541,936
Vehicle hire and costs		**775,450**	589,426
Bank charges and commissions		**714,426**	191,996
Printing and stationary		**473,046**	152,765
Communication and courier charges		**387,595**	226,301
Legal and consultants fees		**387,195**	372,512
Exchange losses		**227,147**	954,401
Accommodation and subsistence		**193,363**	3,765,320
Insurance		**124,700**	496,758
Tender expense		**93,117**	48,500
Entertainment and advertising		**74,508**	55,106
Hire of equipment		-	177,060
Advertising and promotion		-	60,000
		105,827,798	26,925,675
PROFIT FOR THE YEAR BEFORE TAXATION		**70,986**	1,275
Income Tax Expense	13	**138,937**	-
(LOSS) / PROFIT FOR THE YEAR		**(67,951)**	1,275

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CASHFLOWS

Year Ended 31 December 2010

	2010 *QR*	*2009* *QR*
OPERATING ACTIVITIES		
Profit for the year before taxation	**70,986**	1,275
Adjustment for:		
Depreciation	**1,756,978**	567,142
Provision for employees' end of service benefits	**722,992**	415,892
Loss on write-off of fixed assets	**-**	22,591
	2,550,956	1,006,900
Working capital adjustments:		
Work in progress	**(22,125,617)**	(17,271,576)
Accounts receivable and prepayments	**(45,268,722)**	(3,326,349)
Amounts due from related parties	**113,897,356**	9,209,317
Advances from customer	**(21,495,605)**	-
Amounts due to related parties	**91,804,799**	5,153,035
Accounts payable and accruals	**1,840,411**	987,603
Cash from / (used in) operations	**121,203,578**	(4,241,070)
Employees' end of service benefits paid	**-**	(26,506)
Net cash from / (used in) operating activities	**121,203,578**	(4,267,576)
INVESTING ACTIVITIES		
Additions to capital work in progress	**(3,321,800)**	-
Additions to property, plant and equipment	**(18,298,174)**	(4,718,197)
Net cash used in investing activities	**(21,619,974)**	(4,718,197)
INCREASE/(DECREASE) IN CASH AND BANK BALANCES	**99,583,604**	(8,985,773)
Cash and bank balances at 1 January	**10,126,567**	19,112,340
CASH AND BANK BALANCES AT 31 DECEMBER	**109,710,171**	10,126,567

The attached notes 1 to 17 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2010

	Share Capital QR	*Legal Reserve QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2009	200,000	100,000	8,461	308,461
Reversal of dividend payable	-	-	2,302,792	2,302,792
Profit for the year	-	-	1,275	1,275
Balance at 31 December 2009	200,000	100,000	2,312,528	2,612,528
Loss for the year	-	-	(67,951)	(67,951)
Balance at 31 December 2010	**200,000**	**100,000**	**2,244,577**	**2,544,577**

The attached notes 1 to 17 form part of these financial statements.

1 ACTIVITIES

Terna Qatar L.L.C (the "Company") is registered and incorporated in the State of Qatar as a company with limited liability. The Company was incorporated on 17 December 2006 and is registered in Qatar under commercial registration number 34407. The shareholding of the company is as follows.

Shareholder	Shareholding	No. of shares	Value of shares QR
Ali Mohamed Tayab Hasim Mustafavi	Qatari	13,000	130,000
Terna Overseas – Cyprus	Foreign	7,000	70,000
		20,000	200,000

The financial statements were authorised for issue in accordance with a resolution of the directors on 27 January 2011.

2 BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of Terna Qatar L.L.C have been prepared in accordance with International Financial Reporting standards and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

These financial statements have been presented in Qatari Riyals.

The financial statements are prepared under the historical cost convention.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for adoption of IAS 1- "Presentation of Financial Statements" effective for the annual year beginning on or after 1 January 2009.The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present single statement.

IASB Standard issued but not adopted

The following amendments and interpretation become effective in 2009, but was not relevant for the Company's operations.

- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations
- IFRS 7 Financial Instruments: Disclosures.
- IFRS 8 Operating Segments.
- IAS 23 Borrowing Costs (Revised).
- IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation.
- IFRIC 9 Re-measurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.
- IFRIC 13 Customer Loyalty Programmes

The following IASB standards have been issued but are not yet mandatory, and have not yet been adopted by the Company.

2 BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

IASB Standard issued but not adopted (continued)

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010.
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009 including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IFRS 9 Financial Instruments Classification and Measurement 1 January 2013.
- IAS-24 Related Party Disclosure amendments.
- IFRIC 18 Transfers of Assets from Customers effective 1 July 2009.
- Improvements to IFRSs (April 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009.

The Company is considering the implications of the above standards, impact on the Company and the timing or its adoption. The Company did not early adopt new or amended standards in 2009.

Summary of significant accounting policies

Revenue recognition

Service Revenue

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the statement of financial position date.

Interest Income

Interest revenue is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income Taxes

Taxation is provided in accordance with the Qatar Income Tax Law.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Plant & machinery	6-7 years
Motor vehicles	05 years
Buildings	20 years
Electrical equipment	05 years
Computer equipment	03 years
Furniture and fittings	6-7 years
Telephones	6-7 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 statement of comprehensive income as the expense is incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

2 BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Accounts receivable
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.

Cash and cash equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank balances and short term deposits with an original maturity of three months or less.

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

Provisions
Provisions are recognised when the company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and reliably measured.

Employees' end of service benefits
The company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the Qatar Labour Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

Foreign currencies
Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income. Non-monetary items measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Fair values
The fair value is the estimated amount for which asset could reasonably be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the buyer and seller has each acted knowledgeably, prudently and without compulsion.

3 CAPITAL WORK IN PROGRESS

	2010 *QR*	*2009* *QR*
Opening balance	-	-
Additions in work	**3,321,800**	-
Transfer to property, plant and equipment	-	-
	3,321,800	-

4 PROPERTY, PLANT AND EQUIPMENTS

	Plant & Machinery QR	*Motor Vehicles* QR	*Furniture & Fittings* QR	*Buildings* QR	*Electronic Equipment* QR	*Computer equipment* QR	*Telephones* QR	*Total* QR
Cost:								
At 1 January 2010	3,015,782	1,020,755	352,702	30,850	250,582	571,383	64,020	5,306,074
Additions	14,355,971	1,476,500	423,517	900,000	209,127	909,187	23,872	18,298,174
Write Off	-	-	-	-	-	-	-	-
At 31 December 2010	17,371,753	2,497,255	776,219	930,850	459,709	1,480,570	87,892	23,604,248
Depreciation:								
At 1 January 2010	234,054	86,661	50,381	418	42,327	230,962	11,607	656,410
Charged for the year	975,433	302,411	76,314	9,125	63,880	318,698	11,117	1,756,978
Write Off	-	-	-	-	-	-	-	-
At 31 December 2010	1,209,487	389,072	126,695	9,543	106,207	549,660	22,724	2,413,388
Net carrying values:								
At 31 December 2010	**16,162,266**	**2,108,183**	**649,524**	**921,307**	**353,502**	**930,910**	**65,168**	**21,190,860**

4 PROPERTY, PLANT AND EQUIPMENTS (continued)

	Plant & Machinery QR	*Motor Vehicles* QR	*Furniture & Fittings* QR	*Buildings* QR	*Electronic Equipment* QR	*Computer equipment* QR	*Telephones* QR	*Total* QR
Cost:								
At 1 January 2009	-	-	120,036	15,828	63,342	391,955	24,548	615,709
Additions	3,015,782	1,020,755	235,098	30,850	194,070	181,340	40,302	4,718,197
Write Off	-	-	(2,432)	(15,828)	(6,830)	(1,912)	(830)	(27,832)
At 31 December 2009	3,015,782	1,020,755	352,702	30,850	250,582	571,383	64,020	5,306,074
Depreciation:								
At 1 January 2009	-	-	9,644	1,267	10,519	69,665	3,414	94,509
Charged for the year	234,054	86,661	41,458	418	33,746	162,414	8,391	567,142
Write Off	-	-	(721)	(1,267)	(1,938)	(1,117)	(198)	(5,241)
At 31 December 2009	234,054	86,661	50,381	418	42,327	230,962	11,607	656,410
Net carrying values:								
At 31 December 2009	2,781,728	934,094	302,321	30,432	208,255	340,421	52,413	4,649,664

5 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2010 *QR*	*2009* *QR*
Trade receivables	**46,658,848**	6,815,000
Deposits and prepayments	**2,512,020**	4,160,254
Other receivables	**3,231,069**	329,326
Retentions	**7,165,202**	-
Advance to suppliers	**369,879**	3,363,716
	59,937,018	14,668,296

6 CASH AND BANK BALANCES

	2010 *QR*	*2009* *QR*
Cash at bank	**264,579**	9,905,545
Cash on hand	**109,445,592**	221,022
	109,710,171	10,126,567

7 SHARE CAPITAL

	2010 *QR*	*2009* *QR*
Authorised, issued and fully paid		
200 ordinary shares of QR 1,000 each	**200,000**	200,000
	200,000	200,000

8 LEGAL RESERVE

As required by the Company's Articles of Association and Qatar Commercial company law No 5 of 2002, 10% of the net profit for the year should be transferred to legal reserve until the reserve totals 50% of the issued share capital. The reserve is not normally available for distribution except in the circumstances stipulated in the above mentioned law.

9 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the statement of financial position are as follows:

	2010 *QR*	*2009* *QR*
Balance as at 1 January	**566,266**	176,880
Provided during the year	**722,992**	415,892
Paid during the year	-	(26,506)
	1,289,258	566,266

10 ADVANCES FROM CUSTOMER

The company has received an advance amounting to QR 172,634,395 (2009: QR 194,130,000) in terms of the contract entered into with Al Merqab Real Estate LLC for construction of commercial development. It accounts for 30% of the price of the contract price of QR 647.1 million.

The company is unconditionally bound to Al Merqab Real Estate LLC for outstanding guarantee facility at year end under an advance payment guarantee bond issued by HSBC amounting to QR194,130,000 (2009: QR 194,130,000) which is the outstanding amount as of the statement of financial position date.

11 ACCOUNTS PAYABLE AND ACCRUALS

	2010 QR	*2009 QR*
Trade payables	**16,810,878**	214,120
Accrual expense	**6,801,286**	853,839
Short term running finance	**69,000,000**	-
Withholding tax payable	**6,941**	-
Other payables	**4,706,725**	4,453,072
	97,325,830	5,521,031

12 TRANSACTIONS WITH RELATED PARTIES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Balances with related parties included in the statement of financial position are as follows:

	2010		*2009*	
	Due from QR	***Due to QR***	*Due from QR*	*Due to QR*
Terna Bahrain Holding W.L.L	**1,908,408**	**609,318**	121,205,000	609,194
QBC Terna Joint Venture	**41,758,579**	**-**	36,359,343	-
Terna Overseas Limited	-	**3,850,365**	-	2,622,308
Terna S.A	-	**1,044,059**	-	495,051
Terna SA Sharjah Company	-	**467,486**	-	404,473
Terna S.A. Abu Dhabi	-	**2,684,052**	-	2,683,863
PCC Terna Bahrain	-	**5,799**	-	5,794
Terna Contracting W.L.L.	-	**16,354**	-	16,339
	43,666,987	**8,677,433**	157,564,343	6,837,022

13 INCOME TAX EXPENSE

The taxable profit has been calculated as under:

	2010	*2009*
	QR	*QR*
Accounting profit	**70,986**	1,275
Adjustments for:		
Disallowed depreciation as per accounting basis depreciation rates	**1,756,978**	-
Depreciation as per tax depreciation rates	**(4,673,327)**	-
Disallowed Provision for doubtful debts	**6,815,000**	-
Taxable profit	**3,969,637**	1,275
Profit attributable to 35% non-Qatari shareholders	**1,389,373**	446
Income tax expense at 10% (2009: 10% to 35% with exemption limit up to QR 100,000)	**138,937**	-

14 CONTINGENCIES

At 31 December 2010 the Company has contingent liabilities in respect of bank guarantee and performance bond in relation to the construction contract amounting to QR 258,840,000 (2009: QR 266,030,000).

15 FINANCIAL RISK MANAGEMENT

Objectives and policies

The Company's principal financial liabilities comprise trade payables, amounts due to related parties and advances from client. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and bank balances, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and foreign currency risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

The Company seeks to limit its credit risk with respect to the customer by setting credit periods and monitoring outstanding receivables.

The Company's main customer is the Joint venture with Qatar Building Company and this account for substantial portion of accounts receivable at 31 December 2010.

With respect to credit risk arising from the other financial assets of the Company, including cash and cash equivalents the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The company financials assets are as follows:

15 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

	2010 *QR*	*2009* *QR*
Bank balances	**109,710,171**	10,126,567
Trade receivables	**46,658,848**	6,815,000
Other receivables	**3,231,069**	329,326
Amounts due from related parties	**43,666,987**	157,564,343
	203,267,075	174,835,236

Liquidity risk
The company limits its liquidity risk by complying with the terms of any supplier agreements and by utilising the excess funds with banks to settle the project obligation as they fall due. Accounts payable are normally settled within 30 days.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2010, based on contractual payment dates and current market interest rates.

31 December 2010	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	16,810,878	-	-	-	16,810,878
Amounts due to relate parties	8,677,433	-	-	-	8,677,433
Accrued Expenses	6,801,286	-	-	-	6,801,286
Short term running finance	69,000,000	-	-	-	69,000,000
Withholding tax payable	6,941	-	-	-	6,941
Other payables	4,706,725	-	-	-	4,706,725
	106,003,263	-	-	-	**106,003,263**

31 December 2009	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	214,120	-	-	-	214,120
Amounts due to relate parties	6,837,022	-	-	-	6,837,022
Accrued Expenses	853,839	-	-	-	853,839
Short term running finance	-	-	-	-	-
Withholding tax payable	-	-	-	-	-
Other payables	4,453,072	-	-	-	4,453,072
	12,358,053	-	-	-	12,358,053

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The company exposes to foreign currency risk due to related party payables. Company does not have a forward foreign exchange contracts to hedge anticipated payments to suppliers in foreign currencies. Other than related party payable the Company is not exposed to significant currency risk. As the Qatari Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

15 FINANCIAL RISK MANAGEMENT (continued)

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2010. Capital comprises share capital, statutory reserve and retained earnings, and is measured at QR 2,544,577 as at 31 December 2010 (31 December 2009: QR 2,612,538).

16 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of financial position date, gross trade accounts receivable were QR 46,658,848 (2009: QR 6,815,000) with no provision for doubtful debts. Any difference between the amounts actually collected in future periods and amounts expected will be recognised in the statement of comprehensive income.

17 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances and receivables. Financial liabilities consist of payables, and accrued expenses.

The fair values of financial instruments are not materially different from their carrying values.