MAZAYA QATAR REAL ESTATE
DEVELOPMENT Q.S.C
DOHA - QATAR

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2011

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

QR. 99 - 8

INDEPENDENT AUDITOR'S REPORT

To The Shareholders
Mazaya Qatar Real Estate Development Q.S.C.
Doha - Qatar

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mazaya Qatar Real Estate Development Q.S.C. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Basis for Qualified Opinion

In 2011, the Company changed its policy of accounting for investment properties from the cost model to the fair value model and recognized a gain of QR. 43 million in the consolidated statement of comprehensive income for the year ended December 31, 2011. The Company did not account for such a change in accounting policy retrospectively as required by International Financial Reporting Standards. We were not able to quantify the effect of such a departure due to the unavailability of fair value estimates as of December 31, 2010 and 2009.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the consolidated financial position of Mazaya Qatar Real Estate Development Q.S.C., as of December 31, 2011, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without further qualifying our opinion, we draw attention to note 5 of the consolidated financial statements concerning the recoverability of the Wakala investment. During 2009, the Company invested an amount of QR. 65 million as a Wakala Investment with a GCC investment company. Due to financial problems, the investment company did not settle the investment on the maturity date. In 2011, the Company obtained a court ruling in its favor, whereby the outstanding Wakala amount, along with related profit, will be settled during the period from 2013 to 2017. As such, the Company expects no loss on the amount and therefore has not taken any impairment provision.

Other Legal and Regulatory Requirements

Furthermore, in our opinion the consolidated financial statements provide the information required by the Qatar Commercial Companies' Law No. 5 of 2002 and its amendments and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company. We further confirmed that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Law or the Company's Articles of Association were committed during the year which might materially affect the Company's activities or its financial position.

For **Deloitte & Touche**

Doha - Qatar
January 15, 2012

Midhat Salha
License No. 257

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2011

	Notes	**December 31, 2011**	December 31, 2010
		OR	QR.
Current Assets			
Cash and Islamic bank balances	4	**332,060,905**	678,153,402
Accounts receivable		**2,125,000**	541,667
Prepayments and other debit balances	6	**10,536,098**	10,355,785
Due from a related party	7	**5,025,701**	6,606,272
Total Current Assets		**349,747,704**	695,657,126
Non-Current Assets			
Available for sale investment	8	**21,000,000**	21,000,000
Wakala investments	5	**65,000,000**	65,000,000
Property and equipment	9	**771,750**	1,064,715
Projects in progress	10	**9,335,359**	68,182,254
Investment properties	11	**655,518,698**	330,812,705
Total Non-Current Assets		**751,625,807**	486,059,674
Total Assets		**1,101,373,511**	1,181,716,800
Current Liabilities			
Accounts payable	12	**17,307,090**	11,220,823
Borrowings	14	**-**	138,000,000
Accrued expenses and other credit balances	13	**4,990,137**	1,385,178
Total Current Liabilities		**22,297,227**	150,606,001
Non-current Liabilities			
Employees' end of service benefits		**1,170,719**	814,968
Total Liabilities		**23,467,946**	151,420,969
Shareholders' Equity			
Share Capital	15	**1,000,000,000**	1,000,000,000
Legal reserve	16	**7,950,152**	3,067,102
Retained Earnings		**69,955,413**	27,228,729
Total Shareholders' Equity		**1,077,905,565**	1,030,295,831
Total Liabilities and Shareholders' Equity		**1,101,373,511**	1,181,716,800

Rashid F. Al Naimi
Chairman

Seraj S. Al Baker
Chief Executive Officer

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

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011

	Notes	For the year ended December 31, 2011	For the year ended December 31, 2010
		QR	QR.
Profit from deposits with Islamic banks and financial institutions		**6,846,400**	23,937,588
Other income	7	**-**	5,000,000
Dividend income		**800,000**	-
Rental income		**12,458,330**	541,667
Gain on sale of investment properties	10, 11	**10,941,035**	-
General and administrative expenses	17	**(21,790,159)**	(11,813,613)
Change in fair value of investment properties	11	**43,878,050**	-
Depreciation		**(503,160)**	(658,330)
Management fees	18	**(2,000,000)**	(2,000,000)
Profit before Board of Directors' remuneration		**50,630,496**	15,007,312
Proposed Board of Directors' remuneration		**(1,800,000)**	-
Net profit for the year		**48,830,496**	15,007,312
Other comprehensive income		**-**	-
Total comprehensive income for the year		**48,830,496**	15,007,312
Basic and diluted earnings per share	19	**0.49**	0.16

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

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2011

	Capital	Legal reserve	Retained earnings	Total
	QR.	**QR.**	**QR.**	**QR.**
Balance at December 31, 2009	500,000,000	1,566,371	14,097,341	515,663,712
Capital increase	500,000,000	-	-	500,000,000
Total comprehensive income	-	-	15,007,312	15,007,312
Transfer to legal reserve	-	1,500,731	(1,500,731)	-
Contribution to social and sports support fund for 2010*	-	-	(375,193)	(375,193)
Balance at December 31, 2010	1,000,000,000	3,067,102	27,228,729	1,030,295,831
Total comprehensive income	**-**	**-**	**48,830,496**	**48,830,496**
Transfer to legal reserve	**-**	**4,883,050**	**(4,883,050)**	**-**
Contribution to social and sports support fund for 2011*	**-**	**-**	**(1,220,762)**	**(1,220,762)**
Balance at December 31, 2011	**1,000,000,000**	**7,950,152**	**69,955,413**	**1,077,905,565**

*According to Law No. 13 of 2008, the Company is required to contribute an amount equivalent to 2.5% of its net profit to the Social and Sports Support Fund held with the Public Revenues and Taxes Department at the Ministry of Economy and Finance.

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	**December 31, 2011**	December 31, 2010
		QR	QR.
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		**48,830,496**	15,007,312
Adjustments for:			
Depreciation of property and equipment		**503,160**	658,330
Provision for employees' end of service benefits		**355,751**	392,747
Gain on sale of investment properties		**(10,941,035)**	-
Change in fair value of investment properties		**(43,878,050)**	-
Loss on disposal on property and equipment		**5,483**	-
		(5,124,195)	16,058,389
Working capital changes:			
Accounts receivable		**(1,583,333)**	1,283,257
Prepayments and other debit balances		**1,842,873**	(4,597,086)
Due from a related party		**1,580,571**	(335,675)
Accounts payable		**6,086,267**	274,636
Accruals and other credit balances		**2,384,197**	215,442
Net cash from operating activities		**5,186,380**	12,898,963
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		**(265,678)**	(410,689)
Additions to investment properties		**(176,210,691)**	(145,341,194)
Additions to project in progress		**(68,333,987)**	(68,182,254)
Proceeds from disposal of property and equipment		**50,000**	-
Proceeds from sale investment properties		**23,184,379**	-
Proceeds from sale of projects in progress		**8,297,100**	-
Term deposits		**95,000,000**	(345,000,000)
Cash used in investing activities		**(118,278,877)**	(558,934,137)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution		**-**	500,000,000
Borrowings		**-**	138,000,000
Repayment of borrowings		**(138,000,000)**	
Cash (used in)/from financing activities		**(138,000,000)**	638,000,000
Net (Decrease)/Increase in Cash and cash equivalents		**(251,092,497)**	91,964,826
Cash and cash equivalents – Beginning of the year		**333,153,402**	241,188,576
Cash and cash equivalents – End of the year	**4**	**82,060,905**	333,153,402

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Mazaya Qatar Real Estate Development Q.S.C. (the "Company") is a Qatari Public shareholding company, incorporated in Qatar on February 12, 2008. The Company is registered under commercial registration number 38173.

The Company's principal activity is the establishment of residential compounds and projects for rental purposes, purchase of land and its development for resale. The Company is also involved in the management of residential compounds.

In 2010, the Company made an offering of 50 million shares of the authorized capital by an amount of QR. 10 per share. The IPO was closed on January 31, 2010 and was fully covered.

2.1 ADOPTION OF NEW AND REVISED STANDARDS

2.1.A Standards and Interpretations effective in the current period

At the date of authorization of these financial statements, the following standards and interpretations were effective:

(i) <u>Revised standards:</u>

• IFRS 1 (Revised)	*First time adoption of International Financial Reporting Standards* *- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* *- Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IFRS 3 (Revised)	*Business combinations - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IFRS 7 (Revised)	*Financial Instruments: Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IAS 1 (Revised)	*Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IAS 24 (Revised)	*Related Party Disclosures - Revised definition of related parties*
• IAS 27 (Revised)	*Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IAS 32 (Revised)	*Financial Instruments: Presentation - Amendments relating to classification of rights issues*
• IAS 34 (Revised)	*Interim Financial Reporting - Amendments resulting from May 2010 Annual Improvements to IFRSs*

2.1 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.1.A Standards and Interpretations effective in the current period (continued)

(ii) <u>Revised Interpretations:</u>

- IFRIC 13 — *Customer Loyalty Programmes - Amendments resulting from May 2010 Annual Improvements to IFRSs*
- IFRIC 14 — *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction- November 2009 Amendments with respect to voluntary prepaid contributions*
- IFRIC 19 — *Extinguishing Financial Liabilities with Equity Instruments*

The adoption of these standards and Interpretations had no significant effect on the consolidated financial statements of the Company for the year ended December 31, 2011, other than certain presentation and disclosure changes.

2.1.B Standards and Interpretations in issue not yet effective

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations were in issue but not yet effective:

(i) <u>Revised Standards:</u>

Effective for annual periods beginning on or after July 1, 2011

- IFRS 1 (Revised) — *First time adoption of International Financial Reporting Standards*
  - *Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'*
  - *Additional exemption for entities ceasing to suffer from severe hyperinflation*
- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets*

2.1 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.1.B Standards and Interpretations in issue not yet effective (continued)

(i) <u>Revised Standards (continued):</u>

Effective for annual periods beginning on or after January 1, 2012

• IAS 12 (Revised)	*Income Taxes - Limited scope amendment (recovery of underlying assets)*

Effective for annual periods beginning on or after July 1, 2012 (Early adoption allowed)

• IAS 1 (Revised)	*Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented*

Effective for annual periods beginning on or after January 1, 2013

• IFRS 7 (Revised)	*Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities*
• IAS 19 (Revised)	*Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects*
• IAS 27 (Revised)	*Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements*
• IAS 28 (Revised)	*Investments in Associates (Early adoption allowed) -Reissued as IAS 28 Investments in Associates and Joint Ventures*

Effective for annual periods beginning on or after January 1, 2015

• IFRS 7 (Revised)	*Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9*

(ii) <u>New Standards:</u>

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed)

• IFRS 10	*Consolidated Financial Statements*
• IFRS 11	*Joint Arrangements*
• IFRS 12	*Disclosure of Interests in Other Entities*
• IFRS 13	*Fair Value Measurement*

Effective for annual periods beginning on or after January 1, 2015 (Early adoption allowed)

• IFRS 9	*Financial Instruments* *- Classification and measurement of financial assets* *- Accounting for financial liabilities and de-recognition*

2.1 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.1.B Standards and Interpretations in issue not yet effective (continued)

(iii) New Interpretation:

Effective for annual periods beginning on or after January 1, 2013

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the consolidated financial statements of the Company in the period of initial application, other than certain presentation and disclosure changes.

2.2 CHANGE IN ACCOUNTING POLICY

The Company changed its policy of accounting for investment properties from the cost model to the fair value model as allowed by IAS 40. The Company has not accounted for the change in accounting policy retrospectively as required by the International Financial Reporting Standards, since the fair values of investment properties as of prior years were not available.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying consolidated financial statements have been prepared under the historical cost basis except for investment properties that are measured at fair value. The principal accounting policies are set out below.

These financial statements are presented in Qatari Riyals (QR), which is the Company's functional currency.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealized gains on transactions with subsidiary companies are eliminated. Unrealized losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

The consolidated financial statements of the Company include the financial statements of Mazaya Qatar Real Estate Development Q.S.C. and its controlled subsidiaries listed below:

Company Name	Country of Incorporation and Operation	Capital QR'	Ownership Interest %	Principal Activity
Qortuba Real Estate Investment Company	Qatar	200,000	100%	Real Estate Investment
Granada Real Estate Investment Company	Qatar	200,000	100%	Real Estate Investment
Gulf Spring Real Estate Investment Company	Qatar	200,000	100%	Real Estate Investment
Mazaya Lebanon for Tourism Development and Real Estate S.A.R.L.*	Lebanon	12,106	100%	Real Estate Investment

*Mazaya Lebanon for Tourism and Development and Real Estate is registered in Lebanon in the name of three Directors of the Company with all rights and risks assigned to the Company.

Revenue recognition

Profit on term deposits

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

Rental Income

Rental income is recognized on a straight line basis.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of property and equipment as follows:

Computers	2 years
Furniture and Fixtures	5 years
Vehicles	5 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

The carrying values of property 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.

Available – for - sale investments

After initial recognition, investments which are classified "available for sale" are remeasured at fair value, with any resultant gain or loss directly recognized as a separate component of other comprehensive income and accumulated in equity under the "fair value reserve" until the investment is sold, collected, or the investment is determined to be impaired at which time the accumulated gain or loss previously reported in other comprehensive income is included in the consolidated statement of income for the period.

Due to the nature of cash flows arising from the Company's unquoted investments, the fair value of these investments cannot be reliably measured and consequently, these investments are carried at cost, less provision for impairment losses, if any.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in the consolidated statement of income, is transferred from equity to the consolidated statement of income. Reversal of impairment losses in respect of equity instruments classified as available-for-sale is not recognized in the consolidated statement of income.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of bank balances and cash including deposits with original maturities of 3 months or less.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in consolidated statement of income for the period.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation including property under construction for such purposes. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

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

As at December 31, 2011 the Company changed the method of measuring the investment properties from cost to fair value method.

Impairment of Tangible Assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss for the difference between the recoverable amount and the carrying amount is recognized in the consolidated statement of income, if any.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account.

With the exception of available for sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale investments, any increase in fair value of equities subsequent to an impairment loss is recognized directly in equity.

4. CASH AND CASH EQUIVALENTS

	December 31, 2011	December 31, 2010
	QR	QR.
Cash on hand	**25,000**	14,610
Call accounts	**4,466,204**	10,104,087
Current account	**2,569,701**	1,534,705
Term deposits	**325,000,000**	666,500,000
Total cash and Islamic bank balances	**332,060,905**	678,153,402
Term deposits with original maturity of more than 90 days	**(250,000,000)**	(345,000,000)
Cash and cash equivalents	**82,060,905**	333,153,402

Bank deposits earn an average annual profit rate of 1% to 1.5% (2010: 3.5% - 4.25%) with maturity ranges from 90 to 180 days. An amount of QR.Nil (2010: QR.139,132,705) is pledged against financing obtained from a local bank.

5. WAKALA INVESTMENTS

During 2009, the Company entered into a Wakala contract amounting to QR. 65,000,000 with a GCC Investment Company through an intermediary party. Due to financial problems, the GCC Investment Company did not settle the amount with its accrued profit on the maturity date.

In 2011, the Company obtained a court ruling in its favor, whereby the outstanding Wakala amount, along with related profit, will be settled during the period from 2013 to 2017.

6. PREPAYMENTS AND OTHER DEBIT BALANCES

	December 31, 2011	December 31, 2010
	QR	QR.
Due from staff	**482,908**	257,219
Prepaid expenses	**1,772,940**	1,998,834
Advances paid on projects	**7,280,250**	-
Accrued income on bank deposits	**1,000,000**	8,099,732
Total	**10,536,098**	10,355,785

7. RELATED PARTIES

Related parties represent the directors and key management personnel and companies in which they are principle owners. Transactions with related parties are approved by the management of the Company.

At the reporting date, amounts due from a party are separately reflected on the face of the consolidated statements of financial position.

	December 31, 2011	December 31, 2010
(a) Due from a related party	**QR**	QR.
Al - Mazaya Holding Company	**5,025,701**	6,606,272

(b) Transactions with related parties

	December 31, 2011	December 31, 2010
	QR	QR.
Other income	**--**	5,000,000
Management fees	**(2,000,000)**	(2,000,000)

8. AVAILABLE FOR SALE INVESTMENTS

	December 31, 2011	December 31, 2010
	QR	QR.
Nishan Investment and Real Estate Development Company	**21,000,000**	21,000,000

This is represents unquoted available for sale investment as cost since its fair value cannot be reliably estimated. Management believes that the amount is not impaired.

9. PROPERTY AND EQUIPMENT

	Furniture and Fixtures	Computer Equipment	Motor Vehicles	Total
	QR	QR	QR	QR
Cost				
January 1, 2010	922,432	794,789	144,365	1,861,586
Additions during the year	119,900	135,789	155,000	410,689
December 31, 2010	1,042,332	930,578	299,365	2,272,275
Additions during the year	92,595	173,083	-	265,678
Disposal	-	(3,359)	(144,365)	(147,724)
December 31, 2011	**1,134,927**	**1,100,302**	**155,000**	**2,390,229**
Accumulated Depreciation:				
January 1, 2010	222,972	280,338	45,921	549,231
Charge for the year	189,220	416,880	52,229	658,329
At December 31, 2010	412,192	697,218	98,150	1,207,560
Charge for the year	214,719	243,123	45,318	503,160
Disposal	-	(3,129)	(89,112)	(92,241)
At December 31, 2011	**626,911**	**937,212**	**54,356**	**1,618,479**
Net Book Value:				
At December 31, 2011	**508,016**	**163,090**	**100,644**	**771,750**
At December 31, 2010	630,140	233,360	201,215	1,064,715

10. PROJECTS IN PROGRESS

	December 31, 2011	December 31, 2010
	QR.	QR.
Balance at January 1,	**68,182,254**	-
Additions	**68,333,987**	68,182,254
Disposals*	**(6,423,872)**	-
Transferred to investment properties (note 11)	**(118,733,824)**	-
Other transfers	**(2,023,186)**	-
Balance at December 31,	**9,335,359**	68,182,254

The ending balance of projects in progress amounting to QR. 9,335,359 represents the cumulative cost as of December 31, 2011 related to residential compound being developed by the Company on Qatar under a Build, Operate and Transfer agreement with Qatar Foundation.

* During the year, a portion of the land at Al Gharafa was taken over by the Ministry of Municipality and Urban Planning. The compensation of QR. 8,297,100 resulted in a profit of QR. 1,873,228.

11. INVESTMENT PROPERTIES

	December 31, 2011	December 31, 2010
	QR	QR
At Cost		
Land – Dubai	**176,351,093**	176,351,093
Hotel property – Doha (i)	**142,545,205**	140,345,040
Land – Lebanon (ii)	-	14,116,572
Al Gharafa compound	**118,733,824**	-
Daghayn land	**174,010,526**	-
Change in fair value	**43,878,050**	-
	655,518,698	330,812,705

(i) This property is leased out under an operating lease agreement to a third party for an annual income computed at QR. 13 million plus 50% of the hotel's gross operating profit.

(ii) In 2011, the Company sold the land in Lebanon for QR. 23,184,379 realising a profit on sale of QR. 9,067,807.

The movement during the year is as follows:

	December 31, 2011	December 31, 2010
	QR.	QR.
Balance at January 1,	**330,812,705**	185,471,512
Additions	**176,210,691**	145,341,193
Disposals	**(14,116,572)**	-
Transferred from projects in progress (note 10)	**118,733,824**	-
Change in fair value	**43,878,050**	-
Balance at December 31,	**655,518,698**	330,812,705

During the year, the Company resolved to change its accounting policy to account for its investment properties at fair value as per International Accounting Standards (IAS 40) "Investment Properties". The Company did not apply the change in accounting policy retrospectively due to the lack of availability of fair value estimates of the properties for prior years.

The change in the method of accounting of investment properties from cost to fair value model resulted in recognizing an amount of QR 43,878,050 in the consolidated statement of comprehensive income as change in fair value of investment properties.

The fair value of the Company's investment properties as of December 31, 2011 has been arrived at on the basis of a valuation carried out by independent appraiser. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and/or discounted cash flow coupled with market and other evidence.

12. ACCOUNTS PAYABLE

	December 31, 2011	December 31, 2010
	QR	QR.
Accounts payable	**56,418**	299,233
Deferred consideration*	**10,921,590**	10,921,590
Retention payable	**6,329,082**	-
Total	**17,307,090**	11,220,823

* This amount represents the remaining amount for the purchase of one of Dubai Land.

13. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	December 31, 2011	December 31, 2010
	QR	QR.
Accrued expenses	**439,225**	311,175
Provision for staff leave and bonus	**1,530,150**	698,810
Proposed Board of Directors' remuneration	**1,800,000**	-
Social and sports fund contribution	**1,220,762**	375,193
Total	**4,990,137**	1,385,178

14. BORROWINGS

The Company entered into a Musawama financing agreement with a local bank for the purchase of investment property at a cost of QR. 140,000,000

The Company has pledged certain deposits with the local bank amounting to QR. Nil (2010: QR. 139,132,705) as security for the loan.

The Musawama loan amounting to QR. 138,000,000 was paid in one installment in February 2011.

15. SHARE CAPITAL

	December 31, 2011	December 31, 2010
	QR.	QR.
Authorized, issued and fully paid		
100 million shares with a par value of QR10 per share	**1,000,000,000**	1,000,000,000

16. LEGAL RESERVE

As required by the Articles of Association of the Company, 10% of the net profit for the year has been transferred to a legal reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the share capital. The reserve is not available for distribution, except in circumstances stipulated in the Qatar Commercial Companies' Law No. 5 of 2002.

17. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2011	December 31, 2010
	QR	QR.
Staff cost	**12,553,477**	7,357,666
Administrative expenses *	**6,221,661**	1,989,273
Rent expenses	**953,576**	826,696
Legal and professional charges	**236,141**	190,547
Marketing expenses	**1,808,743**	1,441,457
Bank commission and charges	**11,308**	7,974
Others	**5,253**	-
Total	**21,790,159**	11,813,613

* Included in administrative expenses an amount of QR. 800,000, which represents Board of Directors' remuneration paid based on the approval of the general assembly held on April 13, 2011 against 2010 results.

18. MANAGEMENT FEES

	December 31, 2011	December 31, 2010
	QR	QR.
Management fees	**2,000,000**	2,000,000

The Company entered into an agreement with "Mazaya Holding" whereas the latter will provide managerial services for the Company for management fees of 0.8% of the paid up capital as long as the total does not exceed QR 2,000,000 per annum (2010: 2,000,000).

19. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year as follows:

	2011	2010
	QR.	QR.
Net profit for the year	**48,830,496**	15,007,312
Weighted average number of shares	**100,000,000**	95,890,000
Basic and diluted earnings per share	**0.49**	0.16

20. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Following are the key assumption concerning the future, and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of investments

The Company treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Impairment of financial assets

An estimate of the collectible amount of financial assets 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. For Wakala investment, the Company obtained a court ruling in its favor, whereby the outstanding Wakala amount, along with related interest, will be settled during the period from 2013 to 2017. Management believes that no provision for impairment is required. Management and the Board of Directors continuously assess the recoverability of this investment and the ability of the counterparty to fulfil its obligation under the court ruling.

Fair value of investment properties

In estimating the fair value of investment properties for the purpose of applying the fair value model under IAS 40, management obtains one or more valuation reports from independent valuation professionals, which reports are prepared by reference to market evidence of transaction prices for similar properties and/or discounted cash flow coupled with market and other evidence. Management continuously reviews various estimates and assumptions used in arriving at fair value estimates.

21. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

The Company's principal financial assets are bank balances, investments and accounts receivable. These financial assets are stated at their nominal values which approximate the fair value.

Financial liabilities

Significant financial liabilities include due to banks, accounts and retention payable. All financial liabilities are stated at their nominal values which approximate the fair values.

22. FINANCIAL RISK MANAGEMENT

The activities of the Company expose it to routine financial risks, including the effects of defaults by customers, movement in interest rates and liquidity. The Company management seeks to minimize potential adverse effects on the financial performance of the Company by taking appropriate steps to address specific risk management areas, such as credit risk, currency risk, and liquidity management.

Profit rate risk

The Company is exposed to profit rate risk on its profit bearing assets and liabilities i.e. bank deposits and amounts due to banks. Management believes that the profit rate risk on its loans is minimal in the current business environment.

Credit risk

The Company's principal financial assets are bank balances and cash.

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

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

Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available. The Company's terms of billings require amounts to be settled within its terms of the contract. Trade payables are normally settled within the terms of sale of the supplier.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's foreign currency creditors are payable mainly in United Arab Emirates Dirhams (AED). The Company does not hedge its currency exposure. Management is of the opinion that the Company's exposure to currency risk is minimal.

23. CAPITAL COMMITMENT

Capital commitment as of December 31, 2011 amounts to QR.13,709,176 with respect to investment properties.

24. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by management and authorized for issue on January 15, 2012.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.