

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD FROM FEBRUARY 12, 2008
(INCEPTION DATE) TO DECEMBER 31, 2009**

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

Independent auditor's report

--

INDEX

PAGE

Statement of Financial Position

1

Statement of Comprehensive Income

2

Statement of Changes in Shareholders' Equity

3

Statement of Cash Flows

4

Notes to the Financial Statements

5 - 14

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 financial statements of Mazaya Qatar Real Estate Development Q.S.C. (the "Company"), which comprise the statement of financial position as at December 31, 2009, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the period from February 12, 2008 (Inception Date) to December 31, 2009, 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.

Auditor's 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 auditor's judgment, 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 Company's preparation and fair presentation of the 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 financial statements.

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

Basis of Qualification

The Company did not obtain an independent valuation of the fair value of its investment properties which have a carrying value of QR. 176,351,093 as of the financial position date. We were unable to obtain audit evidence in respect of the recoverable value of these properties.

Opinion

In our opinion, except for any adjustments which might have been necessary had we been able to obtain audit evidence in respect of the recoverable value of the investment properties, the financial statements give a true and fair view of the financial position of Mazaya Qatar Real Estate Development Q.S.C., as of December 31, 2009, and of its financial performance and its cash flows for the period from February 12, 2008 (Inception Date) to December 31, 2009 in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

Furthermore, in our opinion the financial statements provide the information required by the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by 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 period which might materially affect the Company's activities or its financial position.

For **Deloitte & Touche**

Doha - Qatar
February 9, 2010

Muhammad O. Bahemia
License No. 103

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2009

| | <u>Note</u> | <u>December 31, 2009</u> <u>QR.</u> |
|---------------------------------------------------|-------------|--------------------------------------------|
| Current Assets | | |
| Cash and bank balances | 4 | 240,976,438 |
| Accounts receivable | | 1,824,924 |
| Wakala investments | 5 | 65,000,000 |
| Prepayments and other debit balances | 6 | 5,758,699 |
| Due from related parties | 7 | 15,391,015 |
| Total Current Assets | | <u>328,951,076</u> |
| Non-Current Assets | | |
| Available for sale investments | 8 | 21,212,139 |
| Property and equipment | 9 | 1,312,355 |
| Investment properties | 10 | 176,351,093 |
| Total Non-Current Assets | | <u>198,875,587</u> |
| Total Assets | | <u>527,826,663</u> |
| Current Liabilities | | |
| Accounts payable | 11 | 10,946,187 |
| Accrued expenses and other credit balances | 12 | 794,543 |
| Total Current Liabilities | | <u>11,740,730</u> |
| Non-current Liabilities | | |
| Employees' end of service benefits | | 422,221 |
| Total Liabilities | | <u>12,162,951</u> |
| Shareholders' Equity | | |
| Capital | 13 | 500,000,000 |
| Legal reserve | 14 | 1,566,371 |
| Retained earnings | | 14,097,341 |
| Shareholders' Equity | | <u>515,663,712</u> |
| Total Liabilities and Shareholders' Equity | | <u>527,826,663</u> |

These financial statements were approved by the Board of Directors on February 9, 2010 and signed on its behalf by:

Sheikh Suhaim Bin Abdullah Bin
Khalifa Al Thani
Vice Chairman

Mr. Seraj Al Baker
Chief Executive Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

STATEMENT OF COMPREHENSIVE INCOME

**FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009**

| | <u>Note</u> | For the period from February 12, 2008 (Inception Date) to December 31, 2009 QR. |
|------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------|
| Profit from deposits in Islamic banks and financial institutions | | 36,395,322 |
| General and administrative expenses | 15 | (11,337,033) |
| Depreciation | | (549,231) |
| Loss from Wakala investments | | (3,014,797) |
| Loss from available for sale investments | | (27,809) |
| Management fees | 16 | (5,802,740) |
| Profit for the period | | 15,663,712 |
| Other comprehensive income | | -- |
| Total comprehensive income | | <u><u>15,663,712</u></u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

| | <u>Note</u> | <u>Capital</u> <u>QR.</u> | <u>Legal Reserve</u> <u>QR.</u> | <u>Retained</u> <u>Earnings</u> <u>QR.</u> | <u>Total</u> <u>QR.</u> |
|----------------------------|-------------|------------------------------|------------------------------------|--------------------------------------------------|----------------------------|
| Capital contribution | | 500,000,000 | -- | -- | 500,000,000 |
| Total comprehensive income | | -- | -- | 15,663,712 | 15,663,712 |
| Transfer to legal reserve | 14 | -- | 1,566,371 | (1,566,371) | -- |
| | | <u>500,000,000</u> | <u>1,566,371</u> | <u>14,097,341</u> | <u>515,663,712</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

| | For the period from February 12, 2008 (inception date) to December 31, 2009 |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| | QR. |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Profit for the period | 15,663,712 |
| Adjustments for: | |
| Depreciation of property and equipment | 549,231 |
| Provision for employees' end of service benefits | 422,221 |
| | <u>16,635,164</u> |
| Accounts receivable | (1,824,924) |
| Prepayments and other debit balances | (5,758,699) |
| Due from related parties | (15,391,015) |
| Accounts payable | 10,946,187 |
| Accruals and other credit balances | 794,543 |
| Net Cash From Operating Activities | <u>5,401,256</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Acquisition of property and equipment | (1,861,586) |
| Acquisition of investment property | (176,351,093) |
| Wakalah investment | (65,000,000) |
| Acquisition of available for sale investments | (21,212,139) |
| Net Cash Used in Investing Activities | <u>(264,424,818)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Capital contribution | 500,000,000 |
| Net Cash From Financing Activities | <u>500,000,000</u> |
| Net Increase in Cash and Banks for the period | 240,976,438 |
| Cash and Banks – Beginning of the Period | -- |
| Cash and Banks – End of the Period | <u><u>240,976,438</u></u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Mazaya Qatar Real Estate Development Q.S.C is a Qatari Public shareholding Company (the "Company"), incorporated in Qatar on February 12, 2008 (Inception Date). 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.

2. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations in issue not yet effective

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

(i) Revised Standards

Effective for annual periods beginning on or after July 1, 2009

- IAS 27 (Revised) - *Consolidated and Separate Financial Statements*
- IAS 28 (Revised) - *Investments in Associates*
- IAS 31 (Revised) - *Interest In Joint Ventures*
- IAS 38 (Revised) – *Intangible Assets*
- IAS 39 (Revised) – *Financial Instruments: Recognition & Measurement*
- IFRS 2 (Revised) - *Share-based Payments*
- IFRS 3 (Revised) - *Business Combinations*
- IFRS 5 (Revised) – *Non Current assets Held for Sale & Discontinued Operations*

Effective for annual periods beginning on or after January 1, 2010

- IAS 1- *Presentation of Financial statements*
- IAS 7 (Revised) - *Statement of Cash Flows*
- IAS 17 (Revised) - *Leases*
- IAS 36 (Revised) - *Impairment of Assets*
- IAS 39 (Revised) – *Financial Instruments: Recognition & Measurement*
- IFRS 1 (Revised) - *First time adoption*
- IFRS 2 (Revised) - *Share-based Payments*
- IFRS 5 (Revised) – *Non Current assets Held for Sale & Discontinued Operations*
- IFRS 8 (Revised) – *Operating Segments*

Effective for annual periods beginning on or after January 1, 2011.

- IAS 24 (Revised) – *Related Party Disclosures.*

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Standards and Interpretations in issue not yet effective (continued)

(ii) New Standard:

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

- IFRS 9- *Financial Instruments –Classification and Measurement*

(iii) New Interpretations

Effective for annual periods beginning on or after July 1, 2009

- IFRIC 17 - *Distributions of Non-Cash Assets to Owners*
Effective for transfers from customers received on or after July 1, 2009
- IFRIC 18 - *Transfers of Assets from Customers*
Effective for annual periods beginning on or after July 1, 2010
- IFRIC 19 - *Extinguishing Financial Liabilities with Equity Instruments*

Management anticipates that the adoption of these Standards and Interpretations with the exception of IFRS 9 in future periods will have no material financial impact on the financial statements of the Company in the period of initial application, other than certain presentation and disclosure changes. Management has yet to decide when to adopt IFRS 9 and will only be in a position to assess its potential impact on the financial statements at the time of adoption.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying financial statements have been prepared under the historical cost convention.

The Company's financial and reporting currencies are Qatari Riyals (QR), which is the Company's functional currency.

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 cash receipts through the expected life of the financial asset to that asset's net carrying amount.

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 | 3 years |
| Furniture and Fixtures | 5 years |
| Vehicles | 5 years |

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” and investment in bonds are remeasured at fair value, with any resultant gain or loss directly recognised 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 cumulative gain or loss previously reported in other comprehensive income is included in the statement of income for the period.

Due to the nature of cash flows arising from the Company’s unquoted investments, the fair value of 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 recognised in the statement of income, is transferred from equity to the statement of income. Reversal of impairment losses in respect of equity instruments classified as available-for-sale is not recognised in the statement of income. Reversal of impairment losses on debt instruments are recognised through the statement of income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of income.

Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of bank balances and cash, net of amounts due to banks maturing within three months.

Accounts Payable and Accruals

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

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

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

Investment Properties

Investment properties are properties held to earn rentals or for capital appreciation, and comprises of land. Investment properties have been recorded using the cost method.

Any gain or loss arising from impairment or sale of investment properties are recognized as income or expense in the statement of comprehensive income.

Impairment of Tangible Asset

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (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 interest rate.

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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

4. CASH AND BANK BALANCES

| | December 31, 2009 |
|------------------|------------------------------|
| | QR. |
| Cash on hand | 10,000 |
| Call accounts | 15,392,844 |
| Current accounts | 2,573,594 |
| Bank deposits | 223,000,000 |
| Total | 240,976,438 |

Cash is deposited with Islamic Banks. Bank deposits earn an average annual profit rate of 5.5% - 6.75% with maturity of 90 days or less.

5. WAKALA INVESTMENTS

During the period, the Company entered into a Wakala contract amounting to Qr. 65,000,000 with a Kuwaiti Investment Company through Investment House as an intermediary. Due to financial problems, the Kuwaiti Investment Company did not settle the amount with its accrued profit on the maturity date. The Company has taken all the legal actions to acquire the amount and was entitled a right to pledge on the Kuwaiti company's assets. As per management's opinion, the Company will recover the net book value of this investment with no additional losses.

6. PREPAYMENTS AND OTHER DEBIT BALANCES

| | December 31, 2009 |
|------------------|------------------------------|
| | QR. |
| Accrued income | 4,921,290 |
| Due from staff | 265,167 |
| Prepaid expenses | 572, 242 |
| Total | 5,758,699 |

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 / to related parties are separately reflected on the face of the statements of financial position.

| | December 31, 2009 |
|-------------------------------------|------------------------------|
| | QR. |
| (a) Due from related parties | |
| Mazaya Lebanon | 9,120,419 |
| Mazaya Holding Company | 6,270,596 |
| Total | 15,391,015 |

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

8. AVAILABLE FOR SALE INVESTMENTS

| | December 31, 2009 |
|-------------------------------------------------------|------------------------------|
| | QR. |
| Nishan Investment and Real Estate Development Company | 21,000,000 |
| Mazaya Lebanon | 12,139 |
| Qortuba Real Estate Investment Company | 200,000 |
| Total | 21,212,139 |

The Company purchased 2,000,000 shares at a nominal value of QR. 10. 5% was paid as commissions for the brokerage firm. The shares are recorded at cost as no market value is available.

9. PROPERTY AND EQUIPMENT

| | Furniture and Fixtures | Computer Equipment | Motor Vehicles | Total |
|----------------------------------|-----------------------------------|-------------------------------|---------------------------|------------------|
| | QR | QR | QR | QR |
| Cost: | | | | |
| Additions during the period | 922,432 | 794,789 | 144,365 | 1,861,586 |
| At December 31, 2009 | 922,432 | 794,789 | 144,365 | 1,861,586 |
| Accumulated Depreciation: | | | | |
| Charge for the period | (222,972) | (280,338) | (45,921) | (549,231) |
| At December 31, 2009 | (222,972) | (280,338) | (45,921) | (549,231) |
| Net Book Value: | | | | |
| At December 31, 2009 | 699,460 | 514,451 | 98,444 | 1,312,355 |

10. INVESTMENT PROPERTIES

| | December 31, 2009 |
|-----------------------|------------------------------|
| | QR. |
| Investment properties | 176,351,093 |

During the period, the Company acquired four plots of land in Dubai, U.A.E. with a total cost of Qr. 176,351,093.

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

11. ACCOUNTS PAYABLE

Accounts payable as of December 31, 2009 comprise an amount of Qr. 10,921,590 representing the remaining installment for the purchase of a land in Dubai, U.A.E.

12. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

| | December 31, 2009 |
|---------------------------|------------------------------|
| | QR. |
| Accrued expenses | 503,883 |
| Provision for staff leave | 290,660 |
| Total | 794,543 |

13. CAPITAL

| | December 31, 2009 |
|------------------------------------------------------------------|------------------------------|
| | QR. |
| Authorised capital for 100 million shares for QR. 10 per share | 1,000,000,000 |
| Paid up capital (50 million nominal shares for QR. 10 per share) | 500,000,000 |

14. 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 normally available for distribution, except in circumstances stipulated in the Qatar Commercial Companies' Law No. 5 of 2002.

15. GENERAL AND ADMINISTRATIVE EXPENSES

| | December 31, 2009 |
|--------------------------------|------------------------------|
| | QR. |
| Staff costs | 6,083,206 |
| Office rent | 1,268,712 |
| Legal and professional charges | 562,483 |
| Miscellaneous | 3,422,632 |
| Total | 11,337,033 |

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

16. MANAGEMENT FEES

| | December 31, 2009 |
|-------------------------|------------------------------|
| | QR. |
| Accrued management fees | <u>5,802,740</u> |

The Company made 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 amount does not exceed Q.R. 4,000,000 per year.

17. SUBSEQUENT EVENTS

In compliance with Company’s Articles of Association and by Laws, and after obtaining necessary approvals from QFMA and the Ministry of Business and Trade, The Board of Directors decided to offer 50 million shares of the Company’s authorized share capital into a public offering. The shares were offered at value of QR.10. The IPO was completed on January 30, 2010

18. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the Company’s 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 cash and bank balances, other receivables, available for sale investments and Wakala investments. These financial assets are stated at their nominal which approximates the fair value.

Financial liabilities

Financial liabilities include accounts payable and other payables. All financial liabilities are stated at their nominal value which approximates the fair value.

19. CRITICAL JUDGMENTS IN APPLYING THE COMPANY’S ACCOUNTING POLICIES

In application of the Company’s accounting policies, which are described in note 3, management is required to make certain 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 year in which the estimate is revised.

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009

19. CRITICAL JUDGMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (CONTINUED)

Classification of equity investments

The Company invests in quoted securities. Management's intention is to keep certain securities for the long term and others for short-term regular trading. Consequently, the investments, are classified as "available for sale".

Impairment of investments

Management evaluates its investments for impairment on a regular basis where there is a significant or prolonged decline. Management estimates the value of impairment and the same is charged in the statement of income.

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.

20. 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 interest 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.

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM FEBRUARY 12, 2008 (INCEPTION DATE)
TO DECEMBER 31, 2009**

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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. The Company does not hedge its currency exposure. Management is of the opinion that the Company's exposure to currency risk is minimal.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by management and authorized for issue on February 9, 2010.