

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

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2010**

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

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Independent auditor's report

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**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. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2010, 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. 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 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 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 controls 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.

Except for paragraphs (a) and (b) below, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis of Qualified Opinion**

- (a) The Company did not obtain an independent valuation of the fair value of investment properties which have a carrying value of QR 190,467,665 as of the financial position date. We were unable to obtain audit evidence in respect of the recoverable value of the properties.
- (b) As further explained in note 5 to the financial statements, the Company invested an amount of QR. 65 million as a Wakala Investment with a GCC investment company in the prior period. Due to financial problems, the investment company has not settled the investment on the maturity date. We were unable to obtain audit evidence in respect of the recoverable amount of this investment.

### **Opinion**

In our opinion, except for any adjustments, if any, which might have been necessary had we been able to obtain audit evidence in respect of the recoverable value of the investment properties and the Wakala investment, the consolidated 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, 2010, and of its financial performance and its cash flows for the period then ended 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  
January 24, 2011**

**Midhat Salha  
License No. 257**

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS OF DECEMBER 31, 2010

	<b>Note</b>	<b>December 31, 2010 OR</b>	<b>December 31, 2009 QR.</b>
<b>Current Assets</b>			
Cash and bank balances	4	<b>678,153,402</b>	241,188,577
Accounts receivable		<b>541,667</b>	1,824,924
Wakala investments	5	<b>65,000,000</b>	65,000,000
Prepayments and other debit balances	6	<b>10,355,785</b>	5,758,699
Due from related parties	7	<b>6,606,272</b>	6,270,596
<b>Total Current Assets</b>		<b>760,657,126</b>	320,042,796
<b>Non-Current Assets</b>			
Available for sale investments	8	<b>21,000,000</b>	21,000,000
Property and equipment	9	<b>1,064,715</b>	1,312,355
Projects in progress	18	<b>68,182,254</b>	-
Investment properties	10	<b>330,812,705</b>	185,471,512
<b>Total Non-Current Assets</b>		<b>421,059,674</b>	207,783,867
<b>Total Assets</b>		<b>1,181,716,800</b>	527,826,663
<b>Current Liabilities</b>			
Accounts payable	11	<b>11,220,823</b>	10,946,187
Borrowings	13	<b>138,000,000</b>	-
Accrued expenses and other credit balances	12	<b>1,385,178</b>	794,543
<b>Total Current Liabilities</b>		<b>150,606,001</b>	11,740,730
<b>Non-current Liabilities</b>			
Employees' end of service benefits		<b>814,968</b>	422,221
<b>Total Liabilities</b>		<b>151,420,969</b>	12,162,951
<b>Shareholders' Equity</b>			
Share Capital	14	<b>1,000,000,000</b>	500,000,000
Legal reserve	15	<b>3,067,102</b>	1,566,371
Retained Earnings		<b>27,228,729</b>	14,097,341
<b>Total Shareholders' Equity</b>		<b>1,030,295,831</b>	515,663,712
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,181,716,800</b>	527,826,663

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED DECEMBER 31, 2010

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	<b>Note</b>	<b>For the year ended December 31, 2010 QR</b>	<b>For the period from February 12, 2008 (Inception Date) to December 31, 2009 QR.</b>
Profit from deposits with Islamic banks and financial institutions		<b>23,937,588</b>	36,395,322
Other income	7	<b>5,000,000</b>	-
Rental income		<b>541,667</b>	-
General and administrative expenses	16	<b>(11,813,613)</b>	(11,337,033)
Depreciation		<b>(658,330)</b>	(549,231)
Losses on investments		-	(3,042,606)
Management fees	17	<b>(2,000,000)</b>	(5,802,740)
<b>Net profit for the year/period</b>		<b>15,007,312</b>	15,663,712
Other Comprehensive income		-	-
Total comprehensive income for the year/period		<b>15,007,312</b>	15,663,712
Earnings per share	19	<b>0.20</b>	0.31

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Notes</u>	<u>Capital QR.</u>	<u>Legal reserve QR.</u>	<u>Retained earnings QR.</u>	<u>Total QR.</u>
Capital contribution	14	500,000,000	-	-	500,000,000
Total comprehensive income		-	-	15,663,712	15,663,712
Transfer to legal reserve	15	-	1,566,371	(1,566,371)	-
<b>Balance at December 31, 2009</b>		<b>500,000,000</b>	<b>1,566,371</b>	<b>14,097,341</b>	<b>515,663,712</b>
Capital increase	14	500,000,000	-	-	500,000,000
Total comprehensive income		-	-	15,007,312	15,007,312
Transfer to legal reserve	15	-	1,500,731	(1,500,731)	-
Contribution to social and sports support fund for 2010*		-	-	(375,193)	(375,193)
<b>Balance at December 31, 2010</b>		<b>1,000,000,000</b>	<b>3,067,102</b>	<b>27,228,729</b>	<b>1,030,295,831</b>

\*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.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2010

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR</b>	QR.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year/period	<b>15,007,312</b>	15,663,712
Adjustments for:		
Depreciation of property and equipment	<b>658,330</b>	549,231
Provision for employees' end of service benefits	<b>392,747</b>	422,221
	<b>16,058,389</b>	16,635,164
Accounts receivable	<b>1,283,257</b>	(1,824,924)
Prepayments and other debit balances	<b>(4,597,086)</b>	(5,758,700)
Due from related parties	<b>(335,675)</b>	(6,270,596)
Accounts payable	<b>274,636</b>	10,946,187
Accruals and other credit balances	<b>215,442</b>	794,544
<b>Net Cash from Operating Activities</b>	<b>12,898,963</b>	14,521,675
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<b>(410,689)</b>	(1,861,586)
Acquisition of investment properties	<b>(145,341,194)</b>	(185,471,512)
Projects under development	<b>(68,182,254)</b>	-
Wakala investment	-	(65,000,000)
Acquisition of available for sale investment	-	(21,000,000)
Term deposits	<b>(345,000,000)</b>	-
<b>Cash Used in Investing Activities</b>	<b>(558,934,137)</b>	(273,333,098)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital contribution	<b>500,000,000</b>	500,000,000
Borrowings	<b>138,000,000</b>	-
<b>Cash Generated by Financing Activities</b>	<b>638,000,000</b>	500,000,000
Net Increase in Cash and cash equivalents	<b>91,964,826</b>	241,188,577
Cash and cash equivalents – Beginning of the year/period	<b>241,188,577</b>	-
<b>Cash and cash equivalents – End of the year/period</b>	<b>333,153,402</b>	241,188,577

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

# MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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### 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.

During the year, 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 June 30, 2010 and was fully covered.

### 2. ADOPTION OF NEW AND REVISED STANDARDS

#### 2.1 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) Revised standards:

- IFRS 1 (Revised) *First time adoption of International Financial Reporting Standards*
- IFRS 2 (Revised) *Share-based Payment*
- IFRS 3 (Revised) *Business combinations*
- IFRS 5 (Revised) *Non Current assets Held for Sale & Discontinued Operations*
- IFRS 8 (Revised) *Operating Segments*
- IAS 1 (Revised) *Presentation of Financial Statements.*
- IAS 7 (Revised) *Statement of cash flows*
- IAS 17 (Revised) *Leases*
- IAS 27 (Revised) *Consolidated and Separate Financial Statements*
- IAS 28 (Revised) *Investment in associates*
- IAS 31 (Revised) *Investment in joint ventures*
- IAS 36 (Revised) *Impairment of Assets*
- IAS 38 (Revised) *Intangible Assets*
- IAS 39 (Revised) *Financial Instruments : Recognition and Measurement*

##### (ii) Revised Interpretations

- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedges of Net Investment in Foreign Operations*

**2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**(iii) Withdrawn Interpretations**

- IFRIC 8 *Scope of IFRS 2*
- IFRIC 11 *Group and Treasury Share Transactions*

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

**(iv) New Interpretations**

- IFRIC 17 *Distributions of Non-cash Assets to Owners*
- IFRIC 18 *Transfers of Assets from Customers*

The adoption of these standards and Interpretations had no significant effect on the financial statements of the Company for the year ended December 31, 2010, other than certain presentation and disclosure changes.

**2.2 Standards and Interpretations in issue not yet effective**

At the date of authorization 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 February 1, 2010

- IAS 32 (Revised) *Financial Instruments : Presentation*

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

- IFRS 1 (Revised) *First time adoption of International Financial Reporting Standards.*
- IFRS 3 (Revised) *Business combinations*
- IAS 27 (Revised) *Consolidated and Separate Financial Statements*

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

- IFRS 1 (Revised) *First time adoption of International Financial Reporting Standards*
- IFRS 7 (Revised) *Financial Instruments disclosures* IAS 1 (Revised) – *Presentation of Financial Statements*
- IAS 24 (Revised) *Related Party Disclosures*
- IAS 34 (Revised) *Interim Financial Reporting.*

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**2.2 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) Revised Interpretations**

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

- IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

**(iv) New Interpretations**

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 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.

# MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Preparation**

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

The Company's functional and reporting currency is Qatari Riyals (QR).

#### **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.

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;

<u>Company Name</u>	<u>Country of Incorporation and Operation</u>	<u>Capital QR'</u>	<u>Ownership Interest %</u>	<u>Principal Activity</u>
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.

# MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **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

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 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 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 recognized 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 recognized in 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 recognized 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 including deposits with original maturities of 3 months or less.

# MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **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.

#### **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 balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

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

#### **Investment Properties**

Investment properties are properties held to earn rentals or for capital appreciation, and comprises of land and buildings. Investment properties have been recorded using the cost method. Depreciation on buildings is computed on a straight line basis.

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 Assets**

An assessment is made at each balance sheet 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 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.

# MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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### 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 amortised 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

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR</b>	QR.
Cash on hand	<b>14,610</b>	10,000
Call accounts	<b>10,104,087</b>	15,392,844
Current account	<b>1,534,705</b>	2,785,733
Term deposits	<b>666,500,000</b>	223,000,000
<b>Total cash and bank balances</b>	<b>678,153,402</b>	241,188,577
Term deposits with original maturity of more than 90 days	<b>(345,000,000)</b>	-
<b>Cash and cash equivalents</b>	<b>333,153,402</b>	241,188,577

Bank deposits earn an average annual profit rate of 3.5% - 4.25% with maturity ranges from 90 to 180 days. An amount of 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 Kuwaiti Investment Company through as an intermediary party. 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 recover the amount.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**6. PREPAYMENTS AND OTHER DEBIT BALANCES**

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR</b>	QR.
Due from staff	<b>257,219</b>	265,167
Prepaid expenses	<b>1,998,834</b>	568,242
Accrued income on bank deposits	<b>8,099,732</b>	4,925,290
<b>Total</b>	<b><u>10,355,785</u></b>	<u>5,758,699</u>

**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 parties are separately reflected on the face of the statements of financial position.

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR</b>	QR.
<b>(a) Due from related parties</b>		
Al - Mazaya Holding Company	<b><u>6,606,272</u></b>	<u>6,270,596</u>

**(b) Transactions with related parties**

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR</b>	QR.
Other income	<b><u>5,000,000</u></b>	-
Management fees	<b><u>(2,000,000)</u></b>	<u>(1,997,260)</u>

**8. AVAILABLE FOR SALE INVESTMENTS**

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR</b>	QR.
Nishan Investment and Real Estate Development Company	<b><u>21,000,000</u></b>	<u>21,000,000</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2010

**9. PROPERTY AND EQUIPMENT**

	<b>Furniture and Fixtures</b>	<b>Computer Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>
<b>Cost</b>				
Additions during the period	922,432	794,789	144,365	1,861,586
<b>December 31, 2009</b>	<b>922,432</b>	<b>794,789</b>	<b>144,365</b>	<b>1,861,586</b>
<b>January 1, 2010</b>				
Additions during the year	119,900	135,789	155,000	410,689
<b>December 31, 2010</b>	<b>1,042,332</b>	<b>930,578</b>	<b>299,365</b>	<b>2,272,275</b>
<b>Accumulated Depreciation:</b>				
<b>January 1, 2009</b>				
Charge for the period	(222,972)	(280,338)	(45,921)	(549,231)
<b>At December 31, 2009</b>	<b>(222,972)</b>	<b>(280,338)</b>	<b>(45,921)</b>	<b>(549,231)</b>
<b>Accumulated Depreciation:</b>				
Charge for the year	(189,220)	(416,880)	(52,229)	(658,329)
<b>At December 31, 2010</b>	<b>(412,192)</b>	<b>(697,218)</b>	<b>(98,150)</b>	<b>(1,207,560)</b>
<b>Net Book Value:</b>				
<b>At December 31, 2010</b>	<b>630,140</b>	<b>233,360</b>	<b>201,215</b>	<b>1,064,715</b>
<b>At December 31, 2009</b>	<b>699,460</b>	<b>514,451</b>	<b>98,444</b>	<b>1,312,355</b>

**10. INVESTMENT PROPERTIES**

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR</b>	QR.
Land - Dubai	<b>176,351,093</b>	176,351,093
Hotel property – Doha*	<b>140,345,040</b>	-
Land - Lebanon	<b>14,116,572</b>	9,120,419
	<b>330,812,705</b>	185,471,512

Based on the management analysis and assessment, the fair value of the investment properties is not materially different from their carrying value.

\*During the year the Company purchased a hotel property in Doha – Qatar. The 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 hotels gross operating profit. The property is registered under the name of the financing bank until full settlement of the loan (Note 13).

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2010

**11. ACCOUNTS PAYABLE**

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR</b>	QR.
Accounts payable	<b>299,233</b>	24,597
Deferred consideration*	<b>10,921,590</b>	10,921,590
<b>Total</b>	<b>11,220,823</b>	10,946,187

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

**12. ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR</b>	QR.
Accrued expenses	<b>311,175</b>	503,883
Provision for staff leave	<b>698,810</b>	290,660
Social and sports fund contribution	<b>375,193</b>	-
<b>Total</b>	<b>1,385,178</b>	794,543

**13. BORROWINGS**

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

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

The Musawama loan of QR. 138 million is payable in one installment in February 2011.

**14. SHARE CAPITAL**

	<b>December 31, 2010</b>	December 31, 2009
	<b>QR.</b>	QR.
Authorized share capital: 100 million shares with a par value of QR 10 per share	<b>1,000,000,000</b>	1,000,000,000
Issued and fully paid 100 million shares (2009 : 50 million) with a par value of QR10 per share	<b>1,000,000,000</b>	500,000,000

**15. 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.

# MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

### 16. GENERAL AND ADMINISTRATIVE EXPENSES

	<b>December 31, 2010</b>	For the period from February 12, 2008 to December 31, 2009
	<b>QR</b>	QR.
Salaries	<b>7,357,666</b>	6,083,206
Administrative expenses	<b>1,989,273</b>	2,853,777
Rent expenses	<b>826,696</b>	1,268,712
Legal and professional charges	<b>190,547</b>	562,483
Marketing expenses	<b>1,441,457</b>	560,799
Bank commission and charges	<b>7,974</b>	8,056
<b>Total</b>	<b>11,813,613</b>	11,337,033

### 17. MANAGEMENT FEES

	<b>December 31, 2010</b>	For the period from February 12, 2008 to December 31, 2009
	<b>QR</b>	QR.
Management fees	<b>2,000,000</b>	5,802,740

The Company entered investments 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 year (2009: 4,000,000).

### 18. PROJECTS IN PROGRESS

Projects in progress represent the cumulative cost as of December 31, 2010 related to a housing complex being developed by the Company in Doha – Qatar.

### 19. EARNINGS PER SHARE

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

	<b>2010</b>	2009
	<b>QR.</b>	QR.
Net income for the period	<b>15,007,312</b>	15,663,712
Weighted average number of shares	<b>75,000,000</b>	50,000,000
Basic and diluted earnings per share	<b>0.20</b>	0.31

# MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

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### 20. 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 bank balances, investments and accounts receivable. These financial assets are stated at their nominal which approximates the fair value.

#### **Financial liabilities**

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

### 21. 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

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

**22. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by management and authorized for issue on January 24, 2011.

**23. COMPARATIVE FIGURES**

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