

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

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2013**

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

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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") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of profit or loss and other 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 applicable Qatar Commercial Companies Law provisions, 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 group'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 group'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 audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mazaya Qatar Real Estate Development Q.S.C., as of December 31, 2013, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

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 Qatar Commercial Companies Law No. 5 of 2002 and the Company's Articles of Association were committed during the year which would materially affect the Group's activities or its financial position.

**Doha – Qatar
March 23, 2014**

**For Deloitte & Touche
Qatar Branch**

**Midhat Salha
Partner
License No. 257**

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2013

	Notes	2013	2012
		QR.	QR.
Current assets			
Cash and Islamic bank balances	4	85,983,309	193,729,882
Accounts receivable	5	--	12,145,833
Other financial assets	21	110,989,263	--
Prepayments and other debit balances	6	46,376,268	48,984,360
Due from a related party	7 (a)	--	2,810,933
Total current assets		243,348,840	257,671,008
Non-current assets			
Other financial assets	21	385,798,509	--
Available for sale investment	8	21,000,000	21,000,000
Wakala investments	9	61,354,395	65,000,000
Property and equipment	10	408,800	737,166
Projects in progress	11	92,097,064	127,813,286
Investment properties	12	762,574,081	765,028,214
Total non-current assets		1,323,232,849	979,578,666
Total assets		1,566,581,689	1,237,249,674
Current liabilities			
Islamic financing	13	35,000,000	60,000,000
Accounts payable	14	85,931,141	14,337,176
Due to a related party	7 (b)	5,601,046	--
Accrued expenses and other credit balances	15	55,472,388	21,938,931
Total current liabilities		182,004,575	96,276,107
Non-current liabilities			
Islamic financing	13	173,485,362	--
Employees' end of service benefits		1,225,965	1,789,898
Total non-current liabilities		174,711,327	1,789,898
Total liabilities		356,715,902	98,066,005
Shareholders' equity			
Share capital	16	1,000,000,000	1,000,000,000
Legal reserve	17	27,638,380	14,235,086
Retained earnings		182,227,407	124,948,583
Total shareholders' equity		1,209,865,787	1,139,183,669
Total liabilities and shareholders' equity		1,566,581,689	1,237,249,674

Sheikh Suhaim Bin Abdulla Al Thani
Vice Chairman

Hamad Bin Ali Al Hedfa
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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

	Notes	2013	2012
		QR.	QR.
Construction revenue	21	496,787,772	--
Construction cost	21	(338,046,894)	--
Gross profit		158,740,878	--
Rental income		38,494,994	21,259,996
Operating expenses		(5,193,777)	(3,366,815)
Income from operations		192,042,095	17,893,181
Gain on sale of investment properties		--	1,244,565
Change in fair value of investment properties	12	(2,461,130)	69,026,230
Profit from deposits with Islamic banks and financial institutions		577,484	5,574,783
Other income		41,347	14,936
General and administrative expenses	18	(33,708,873)	(25,591,363)
Depreciation	10	(470,364)	(512,995)
Management fees	19	(3,000,000)	(3,000,000)
Finance cost		(14,487,617)	--
Profit before board of directors' remuneration		138,532,942	64,649,337
Proposed board of directors' remuneration		(4,500,000)	(1,800,000)
Net profit for the year		134,032,942	62,849,337
Other comprehensive income		--	--
Total comprehensive income for the year		134,032,942	62,849,337
Basic and diluted earnings per share	20	1.34	0.63

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, 2013

	Capital	Legal	Retained	Total
	QR.	reserve	earnings	QR.
	QR.	QR.	QR.	QR.
Balance at December 31, 2011	1,000,000,000	7,950,152	69,955,413	1,077,905,565
Total comprehensive income	--	--	62,849,337	62,849,337
Transfer to legal reserve	--	6,284,934	(6,284,934)	--
Contribution to social and sports support fund *	--	--	(1,571,233)	(1,571,233)
Balance at December 31, 2012	1,000,000,000	14,235,086	124,948,583	1,139,183,669
Total comprehensive income	--	--	134,032,942	134,032,942
Transfer to legal reserve	--	13,403,294	(13,403,294)	--
Contribution to social and sports support fund *	--	--	(3,350,824)	(3,350,824)
Dividends paid	--	--	(60,000,000)	(60,000,000)
Balance at December 31, 2013	1,000,000,000	27,638,380	182,227,407	1,209,865,787

*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 CONSOLIDATED FINANCIAL STATEMENTS

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
	QR.	QR.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	134,032,942	62,849,337
Adjustments for:		
Depreciation of property and equipment	470,364	512,995
Provision for doubtful debts	12,745,827	3,895,833
Net movement in provision for employees' end of service benefits	(243,418)	724,543
Gain on sale of investment properties	--	(1,244,565)
Change in fair value of investment properties	2,461,130	(69,026,230)
Profit from deposits with Islamic banks and financial institutions	(577,484)	(5,574,783)
Cost transferred from projects in progress	101,946,962	--
Finance cost	14,487,617	--
	265,323,940	(7,862,870)
<i>Working capital changes:</i>		
Accounts receivable and other financial assets	(497,387,766)	(13,916,666)
Prepayments and other debit balances	2,608,092	(37,979,512)
Due from a related party	2,810,933	2,214,768
Accounts payable	66,537,203	(2,969,914)
Due to a related party	5,601,046	--
Accruals and other credit balances	30,182,633	15,377,561
Cash used in operations	(124,323,919)	(45,136,633)
Employees' end of service benefits paid	(320,515)	(105,364)
Net cash used in operating activities	(124,644,434)	(45,241,997)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(141,998)	(478,411)
Additions to investment properties	(6,997)	(40,483,286)
Additions to project in progress	(66,230,740)	(118,477,927)
Proceeds from sale investment properties	--	1,244,565
Proceeds from Wakala investments	3,645,605	--
Term deposits	100,000,000	150,000,000
Cash from/(used in) investing activities	37,265,870	(8,195,059)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from islamic financing	208,485,362	60,000,000
Repayment of islamic financing	(60,000,000)	--
Profit from deposits with Islamic banks and financial institutions received	577,484	5,106,033
Dividends paid	(54,943,238)	--
Finance cost paid	(14,487,617)	--
Cash from financing activities	79,631,991	65,106,033
Net (decrease)/increase in cash and cash equivalents	(7,746,573)	11,668,977
Cash and cash equivalents – Beginning of the year	93,729,882	82,060,905
Cash and cash equivalents – End of the year (Note 4)	85,983,309	93,729,882

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

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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 consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group 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 Group with all rights and risks assigned to the Group.

The Group’s principal activity is the establishment of residential compounds and projects for rental purposes, investment and real estate development, purchase of land and its development for resale, construction, project feasibility study, project management, real estate marketing and property management, maintenance activities, brokerage activities, commercial and real estate representation, trading mechanical electrical and construction equipment, import and export (related to the Group’s activities). In addition, the Group invests cash as a way of managing ongoing liquidity based on Board of Directors instructions and any activities adopted by the assembly general meeting within the rules and regulations of the State of Qatar. The Group is also involved in the management of residential compounds.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Amendments to IFRSs affecting amounts reported in the financial statements

The following amendments to IFRSs were effective in the current year and have been applied in the preparation of these consolidated financial statements:

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 Amendments to IFRSs affecting amounts reported in the financial statements (continued)

(i) New Standards

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

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

(ii) Revised Standards

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

- IAS 1 (Revised) *Presentation of Financial Statements - Amendments to introduce new terminology for the income statement and other comprehensive income*

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

- IFRS 1 (Revised) *First Time Adoption of International Financials Reporting Standards – Amendments to allow prospective application of IAS 39 or IFRS 9 and paragraph 10A of IAS 20 to government loans outstanding at the date of transition to IFRS.*
- IFRS 7 (Revised) *Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.*
- IAS 19 (Revised) *Employee Benefits - Amended Standard to change the accounting for defined benefit plans and termination benefits*
- 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.*
- IFRS 10, 11 and 12 amendments* *Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.*
- Annual improvements to IFRSs 2009-2011 cycle *Amendments to issue clarifications on five IFRSs- IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.*

* In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). These five standards are effective for annual periods beginning on or after January 1, 2013. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 Amendments to IFRSs affecting amounts reported in the financial statements (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*

The adoption of these new and revised standards had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2013, other than certain presentation and disclosure changes.

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed)

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

(i) New Standards:

Effective for annual periods beginning on or after January 1, 2017

- IFRS 9 *Financial Instruments*

(ii) Revised Standards:

Effective for annual periods beginning on or after January 1, 2014

- IAS 32 (Revised) *Financial Instruments: Presentation – Amendments to clarify existing application issues relating to the offsetting requirements.*
- IFRS 10, 12 and IAS 27 (Revised) *Amendments to introduce an exception from the requirement to consolidate subsidiaries for an investment entity.*
- IAS 36 (Revised) *Amendments arising from recoverable amount disclosures for non-financial assets.*
- IAS 39 (Revised) *Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.*

Effective for annual periods beginning on or after January 1, 2017

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

Effective for annual periods beginning on or after July 1, 2014

- IAS 19 (Revised) *Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.*
- Annual improvements to IFRSs 2010-2012 cycle *Amendments to issue clarifications on IFRSs- IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.*

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and revised IFRSs in issue but not yet effective (Early adoption allowed) (continued)

- *Annual Improvements to IFRSs 2011 - 2013* *Amendments to issue clarifications on IFRSs- IFRS 1, IFRS 3, IFRS 13 and IAS 40.*

(iii) New Interpretation:

Effective for annual periods beginning on or after January 1, 2014

- IFRIC 21 *Levies*

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 Group in the period of initial application, other than certain presentation and disclosure changes.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These consolidated financial statements are presented in Qatari Riyals (QR), which is the Group’s functional currency.

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounts receivable

Accounts receivable are stated at original invoice amount, less any impairment for doubtful debts. The accounts receivable are reflected at their discounted amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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	2 years
Furniture and Fixtures	3 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” 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 profit or loss and other comprehensive income for the period.

Due to the nature of cash flows arising from the Group’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 comprehensive income, is transferred from equity to the consolidated statement of profit or loss and other comprehensive income. Reversal of impairment losses in respect of equity instruments classified as available-for-sale is not recognized in the consolidated statement of profit or loss and other comprehensive 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.

Islamic financing costs

Islamic financing 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 financing pending their expenditure on qualifying assets is deducted from the islamic financing costs eligible for capitalization.

All other islamic financing costs are recognized 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 Group's functional currency (foreign currencies) in Qatari Riyal 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 to Qatari Riyal 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 profit or loss and other comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss 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.

Projects in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, islamic financing costs recognized in accordance with the Group's accounting policy.

Provisions

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

Service concession arrangements

Financial assets resulting from the application of IFRIC 12 "Service Concession Arrangements" are recorded in the statement of financial position under the heading "*Operating financial asset*" and recognized at amortized cost.

The portion falling due within less than one year is presented as "*Current assets*", and the portion falling due within more than one year is presented as "*Non-current assets*".

Revenues from service concession agreements are recognized as follows:

- Revenue from construction services is recognized under the percentage of completion method measured by reference to the extent of costs incurred to the expected costs;
- Revenue from operation services is recognized as and when services are rendered;
- Interest income from deferred amounts is recognized using the effective yield method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Service concession arrangements (continued)

The effective interest rate is equal to the rate that at inception of the arrangement causes the aggregate present value of all sums receivable from the grantor to be equal to the fair value of the services to be provided during the arrangement.

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.

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.

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.

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FOR THE YEAR ENDED DECEMBER 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade and other receivables.

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.

4. CASH AND CASH EQUIVALENTS

	<u>2013</u>	<u>2012</u>
	QR.	QR.
Cash on hand	19,950	39,950
Call accounts	5,587,620	66,591,872
Current account	79,375,739	2,098,060
Term deposits	1,000,000	125,000,000
Total cash and Islamic bank balances	85,983,309	193,729,882
Term deposits with original maturity of more than 90 days	--	(100,000,000)
Cash and cash equivalents	85,983,309	93,729,882

Bank deposits earn an average annual profit rate of 1% to 1.5% (2012: 1% - 1.5%) with maturity ranging from 90 to 180 days.

As per the Murabaha agreement (note 13), the Group is required to maintain a minimum amount of QR. 75 million under a current account to be used only for payments to a contractor working on one of the Group's projects.

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5. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
Accounts receivable	16,641,660	16,041,666
Provision for doubtful debts	(16,641,660)	(3,895,833)
Net	== -- ==	== 12,145,833 ==

The average credit period for rendering services is 60 days. No profit is charge on the overdue receivables.

At year end, the aging of accounts receivable - others is as follows:

(i) Ageing of neither past due nor impaired

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
Less than 60 days	== -- ==	== 8,250,000 ==

(ii) Ageing of past due but not impaired

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
More than 60 days but less than 6 months	== -- ==	== 3,895,833 ==

(iii) Ageing of past due and impaired

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
More than 60 days but less than 6 months	4,445,827	3,895,833
More than 6 months	12,195,833	--
	== 16,641,660 ==	== 3,895,833 ==

(iv) Movement in the provision for doubtful debts:

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
Balance at the beginning of the year	3,895,833	--
Additional provision during the year	12,745,827	3,895,833
Balance at the end of the year	== 16,641,660 ==	== 3,895,833 ==

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6. PREPAYMENTS AND OTHER DEBIT BALANCES

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
Due from staff	240,199	855,456
Prepaid expenses	1,794,681	1,967,140
Advances paid on projects	44,341,388	45,693,014
Accrued income on bank deposits	--	468,750
Total	<u>46,376,268</u>	<u>48,984,360</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 Group.

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

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
(a) Due from a related party		
Al - Mazaya Holding Company	--	2,810,933

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
(b) Due to a related party		
Al - Mazaya Holding Company	5,601,046	--

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
(c) Transactions with related parties		
Management fees	3,000,000	3,000,000
Rental income	24,750,000	8,250,000
Contract revenue	496,787,772	--

(d) Compensation of key management personnel

The remuneration of directors and members of key management during the year are as follows:

	<u>2013</u>	<u>2012</u>
	<u>QR.</u>	<u>QR.</u>
Proposed Board of Directors' remuneration	4,500,000	1,800,000
Management short term benefits	3,369,371	3,747,952
Management long term benefits	384,475	1,017,508

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FOR THE YEAR ENDED DECEMBER 31, 2013

8. AVAILABLE FOR SALE INVESTMENTS

	<u>2013</u> QR.	<u>2012</u> QR.
Unquoted investments	21,000,000	21,000,000

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

9. 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 June 2013 to June 2017.

During 2013, the Company received the first scheduled payment with an amount of USD 1,000,000 (QR. 3,645,605).

10. PROPERTY AND EQUIPMENT

	<u>Furniture and Fixtures</u> QR.	<u>Computer Equipment</u> QR.	<u>Motor Vehicles</u> QR.	<u>Total</u> QR.
Cost				
January 1, 2012	1,134,927	1,100,302	155,000	2,390,229
Additions during the year	128,876	349,535	--	478,411
December 31, 2012	1,263,803	1,449,837	155,000	2,868,640
Additions during the year	1,404	140,594	--	141,998
December 31, 2013	1,265,207	1,590,431	155,000	3,010,638
Accumulated Depreciation:				
January 1, 2012	626,911	937,212	54,356	1,618,479
Charge for the year	254,247	227,663	31,085	512,995
At December 31, 2012	881,158	1,164,875	85,441	2,131,474
Charge for the year	213,425	225,939	31,000	470,364
At December 31, 2013	1,094,583	1,390,814	116,441	2,601,838
Net Book Value:				
At December 31, 2013	170,624	199,617	38,559	408,800
At December 31, 2012	382,645	284,962	69,559	737,166

11. PROJECTS IN PROGRESS

	<u>2013</u> QR.	<u>2012</u> QR.
Balance at the beginning of the year,	127,813,286	9,335,359
Additions	66,230,740	118,477,927
Transfer to construction contract	(101,946,962)	--
Balance at the end of the year,	92,097,064	127,813,286

The ending balance of projects in progress amounting to QR. 92,097,064 represents the cumulative cost as of December 31, 2013 related to a project being developed by the Group in Qatar.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

12. INVESTMENT PROPERTIES

	<u>2013</u>	<u>2012</u>
	QR	QR
At Cost	652,130,931	652,123,934
Cumulative change in fair value	110,443,150	112,904,280
Total	<u>762,574,081</u>	<u>765,028,214</u>

The Investment properties include:

- (i) A property leased out under an operating lease agreement to a third party for an annual income computed at QR. 13 million plus 50% of the gross operating profit. Starting from May 2013, the annual income is computed at QR. 14 million plus 50% of the gross operating profit.
- (ii) A property leased out under an operating lease agreement to a third party for an annual rent of QR. 24.7 million.

The fair value of the Group's investment properties at December 31, 2013 has been arrived at on the basis of a valuation carried out at that date by independent valuers that are not related to the Group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties and / or discounted cash flows coupled with market and other evidence. In estimating the fair value of the properties, the lowest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The fair value measurement has been categorised within Level 2 of the fair value hierarchy.

The movement during the year is as follows:

	<u>2013</u>	<u>2012</u>
	QR.	QR.
Balance at the beginning of the year,	765,028,214	655,518,698
Additions	6,997	40,483,286
Change in fair value	(2,461,130)	69,026,230
Balance at the end of the year,	<u>762,574,081</u>	<u>765,028,214</u>

13. ISLAMIC FINANCING

	<u>2013</u>	<u>2012</u>
	QR.	QR.
Loan (1)	--	60,000,000
Loan (2)	35,000,000	--
Loan (3)	173,485,362	--
	<u>208,485,362</u>	<u>60,000,000</u>

1. During last year, the Group entered into a Murabaha financing agreement with a local bank amounting to QR. 60 million which has been repaid during 2013.
2. During the year, the Group entered into a Murabaha financing agreement with a local bank amounting to QR. 35 million and maturing in June 2014 to finance certain projects.
3. The Group has entered into a syndicated Murabaha financing agreement to finance portion of one of its projects, with an amount of USD 106.7 million. An amount of USD 48 million has been withdrawn during the current period.

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FOR THE YEAR ENDED DECEMBER 31, 2013

13. ISLAMIC FINANCING (CONTINUED)

Presented in the statement of financial position as follows:

	<u>2013</u>	<u>2012</u>
	QR.	QR.
Current portion	35,000,000	60,000,000
Non-current portion	<u>173,485,362</u>	<u>--</u>
	<u>208,485,362</u>	<u>60,000,000</u>

Movements in Islamic financing are as follows:

	<u>2013</u>	<u>2012</u>
	QR.	QR.
Balance at the beginning of the year,	60,000,000	--
Additions to Islamic financing	208,485,362	60,000,000
Repayment of Islamic financing	<u>(60,000,000)</u>	<u>--</u>
Balance at the end of the year,	<u>208,485,362</u>	<u>60,000,000</u>

14. ACCOUNTS PAYABLE

	<u>2013</u>	<u>2012</u>
	QR	QR.
Accounts payable	1,012,520	197,042
Due to contractors	50,527,186	--
Retention payable	<u>34,391,435</u>	<u>14,140,134</u>
Total	<u>85,931,141</u>	<u>14,337,176</u>

15. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	<u>2013</u>	<u>2012</u>
	QR	QR.
Accrued expenses for contractors	26,117,632	17,050,877
Deferred rental income	16,500,000	--
Provision for staff leave and bonus	3,432,699	1,516,821
Proposed Board of Directors' remuneration	4,500,000	1,800,000
Social and sports fund contribution	<u>4,922,057</u>	<u>1,571,233</u>
Total	<u>55,472,388</u>	<u>21,938,931</u>

16. SHARE CAPITAL

	<u>2013</u>	<u>2012</u>
	QR.	QR.
Authorized, issued and fully paid 100 million shares with a par value of QR10 per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>

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17. LEGAL RESERVE

As required by Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association, 10% of the net profit for the year has been transferred to a legal reserve each year until this reserve is equal to 50% of the share capital. The reserve is not available for distribution, except in circumstances stipulated in the Qatar Commercial Companies' Law.

18. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2013</u>	<u>2012</u>
	QR	QR.
Staff cost	15,296,921	14,178,797
Administrative expenses	2,318,241	3,376,213
Doubtful debt expense	12,745,827	3,895,833
Rent expenses	1,281,456	1,281,456
Legal and professional charges	792,678	1,009,570
Marketing expenses	1,127,200	1,678,654
Bank commission and charges	146,550	170,840
Total	<u>33,708,873</u>	<u>25,591,363</u>

19. MANAGEMENT FEES

	<u>2013</u>	<u>2012</u>
	QR	QR.
Management fees	<u>3,000,000</u>	<u>3,000,000</u>

The Company entered into an agreement with "AL Mazaya Holding" whereas the latter will provide managerial services for the Company for management fees amounting to QR. 3 million for the year 2013 (2012: QR. 3 million).

20. 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:

	<u>2013</u>	<u>2012</u>
	QR.	QR.
Net profit for the year	134,032,942	62,849,337
Weighted average number of shares	<u>100,000,000</u>	<u>100,000,000</u>
Basic and diluted earnings per share	<u>1.34</u>	<u>0.63</u>

21. SERVICE CONCESSION ARRANGEMENTS

Last year, the Group entered into a Service Concession Arrangement with Qatar Foundation for Education, Science and Community Development (the "Qatar Foundation" or "QF"), a related party to build, operate and transfer (BOT) a residential compound. Under the terms of this agreement Qatar Foundation has contractually guaranteed to rent this compound at specified and determinable amount for a period of 20 years.

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21. SERVICE CONSESSION ARRANGEMENTS (CONTINUED)

During the year, the Group has recognized revenue and cost relating to this agreement amounting to QR. 496,787,772, and QR. 338,046,894, respectively.

As of December 31, the following amounts are reflected in the consolidated statement of financial position of the Group:

	<u>2013</u>	<u>2012</u>
	QR.	QR.
Current other financial assets	110,989,263	--
Non-current other financial assets	385,798,509	--
Total	<u>496,787,772</u>	<u>--</u>

	Minimum receivables		Present value of minimum receivable	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	QR.	QR.	QR.	QR.
Less than one year	118,958,400	--	110,989,263	--
More than one year	999,742,989	--	385,798,509	--
	1,118,701,389	--	496,787,772	--
Less future finance charges	(621,913,617)	--	--	--
Present value of minimum receivables	<u>496,787,772</u>	<u>--</u>	<u>496,787,772</u>	<u>--</u>

22. DIVIDENDS

The Board of Directors has proposed a final dividend distribution in 2013 of QR. 0.75 per share (2012: QR. 0.6 per share). The final dividend for 2012 was submitted for formal approval at the Annual General Assembly Meeting held in 2013 and the amount was paid during 2013. The proposed final dividend for the year ended December 21, 2013 will be submitted for formal approval at the Annual General meeting.

23. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, 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.

23. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgments in applying accounting policies

Management has estimated that the present value of the guaranteed monthly amount under the BOT agreement with QF (Note 21) represents the fair value of the construction element of the agreement and therefore fully pertains to construction revenue and is thus recognized in accordance with the Group's relevant policies.

The present value of the guaranteed amount has been estimated using the minimum guaranteed rental rate per square meter applied to the estimated leasable area.

Key sources of estimation uncertainty

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 Group 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 Group 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 other 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 profit, will be settled during the period from 2013 to 2017. Management believes that no provision for impairment is required. Management 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.

Discounting of long term receivable

The Group's management determines the proper rate to discount the "other financial assets" to determine their present value. The Group has used a rate of 9.5% to discount the expected cash inflows under the Service Concession Arrangements (Note 21).

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24. FINANCIAL INSTRUMENTS

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

Financial Assets

The Group's principal financial assets are bank balances, investments, other financial assets and accounts receivable. These financial assets are stated at their nominal values which approximate the fair value except for other financial assets which is stated at discounted value.

Financial liabilities

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

25. FINANCIAL RISK MANAGEMENT

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

Profit rate risk

The Group 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 islamic financing is minimal in the current business environment as the profit rate is fixed.

Credit risk

The Group'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 Group 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 Group's management.

Liquidity risk

The Group limits its liquidity risk by ensuring bank facilities are available. The Group'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. The Group financial liabilities are due within one year.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

At December 31, 2013	Weighted average Profit rate	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years
	%	QR	QR	QR
Trade and other payables	0%	147,004,575	--	--
Islamic financing	4.77%	35,000,000	16,480,379	157,004,983
		<u>182,004,575</u>	<u>16,480,379</u>	<u>157,004,983</u>
At December 31, 2012		Less than 1 year	Between 1 and 2 years	Between 1 and 2 years
		QR	QR	QR
Trade and other payables	0%	36,276,107	--	--
Islamic financing	5%	60,000,000	--	--
		<u>96,276,107</u>	<u>--</u>	<u>--</u>

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group does not hedge its currency exposure. Management is of the opinion that the Group's exposure to currency risk is minimal.

26. COMMITMENT AND CONTINGENT LIABILITIES

Capital commitment:

Capital commitment as of December 31, 2013 amounted to QR. 322,630,389 (2012: QR. 446,186,107) with respect to projects in progress.

27. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issue on March 23, 2014.

28. SEGMENT REPORTING

The Group has only one business segment, that is investment in and development operations of real estate properties. Geographically, the Group operates mainly in the State of Qatar and Dubai. Dubai operations are not considered reportable segment.

29. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities

Financial assets consist of available-for-sale investments, other financial assets, accounts receivable, amounts due from a related party and bank balances. Financial liabilities consist of Islamic financing, accounts payable and due to a related party.

Except for unquoted available-for-sale equity investments carried at cost, the fair values of financial instruments are not materially different from their carrying values.

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29. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following methods and assumptions were used to estimate the fair values of financial instruments:

- Bank balances, accounts receivable and accounts payable approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Islamic financing and other financial assets are estimated based on discounted cash flows using profit rate for items with similar terms and characteristics.

Fair value hierarchy

As at December 31, the Group held the following financial instruments measured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that is not based on observable market data.

<i>As at December 31, 2013</i>	<u>Total</u> <i>QR</i>	<u>Level 1</u> <i>QR</i>	<u>Level 2</u> <i>QR</i>	<u>Level 3</u> <i>QR</i>
Assets measured at fair value				
Available-for-sale investments	<u>21,000,000</u>	--	<u>21,000,000</u>	--
Other financial assets	<u>496,787,772</u>	--	<u>496,787,772</u>	--
Liabilities measured at fair value				
Islamic financing	<u>208,485,362</u>	--	--	<u>208,485,362</u>
<i>As at December 31, 2012</i>	<u>Total</u> <i>QR</i>	<u>Level 1</u> <i>QR</i>	<u>Level 2</u> <i>QR</i>	<u>Level 3</u> <i>QR</i>
Assets measured at fair value				
Available-for-sale investments	<u>21,000,000</u>	--	<u>21,000,000</u>	--
Liabilities measured at fair value				
Islamic financing	<u>60,000,000</u>	--	--	<u>60,000,000</u>

During the year ended December 31, 2013, there were not transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.