BARWA REAL ESTATE COMPANY Q.S.C.

Consolidated financial statements
for the year ended

31 December 2011

Barwa Real Estate Company Q.S.C.

Consolidated financial statements
For the year ended 31 December 2011

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Independent auditor's report to the shareholders of Barwa Real Estate Company Q.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Barwa Real Estate Company Q.S.C. ("Barwa") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Responsibility of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal controls as the directors determine is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatements, 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 about whether the consolidated financial statements are free of 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 our 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, we consider 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, 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.

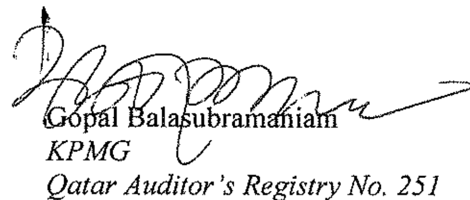
KPMG, is a registered firm under Qatar law, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We have obtained all the information and explanations which we consider necessary for the purpose of our audit. The Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We have reviewed the accompanying report of the Board of Directors and confirm that the financial information contained therein is in agreement with the books and records of the Group. We are not aware of any violations of the provisions of Qatar Companies Commercial Law No. 5 of 2002 or the terms of Articles of Association having occurred during the year which might have had a material effect on the business of the Group or its consolidated financial position as at 31 December 2011.



Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No. 251

04 March 2012
Doha
State of Qatar

BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011 — **In thousands of Qatari Riyals**

	Note	**2011**	2010
ASSETS			
Cash and bank balances	5	2,626,385	12,983,145
Financial assets at fair value through profit or loss		4,137	3,959
Trading properties	6	38,270,273	31,694,512
Assets of a subsidiary held for sale	7	55,150	-
Receivables and prepayments	8	1,058,969	2,777,773
Available-for-sale financial assets	9	3,041,593	2,736,140
Finance lease receivables	10	3,056,434	1,806,641
Advances for projects and investments	11	2,861,036	6,048,411
Due from related parties	12.a	230,771	186,334
Investment properties	13	10,662,946	12,584,160
Investments in equity accounted investees	14	3,182,291	1,951,115
Goodwill	15	126,411	413,809
Property, plant and equipment	16	554,160	796,188
Deferred tax assets	17	76,083	-
TOTAL ASSETS		**65,806,639**	73,982,187
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities of a subsidiary held for sale	7	62,939	-
Payables and accruals	18	5,080,044	8,822,818
Liabilities under derivative financial instruments	19	452,134	674,820
Liabilities for purchase of land	20	2,486,437	3,272,667
Due to related parties	12.b	16,822,844	23,907, 254
Obligations under Islamic finance contracts	21	28,371,134	24,178,951
Deferred tax liabilities	17	-	24,984
TOTAL LIABILITIES		**53,275,532**	60,881,494
EQUITY (pages 5 and 6)			
Share capital	22	3,891,246	3,891,246
Legal reserve	23	481,107	355,870
General reserve	24	4,639,231	4,639,231
Risk reserve		-	27,722
Other reserves	25	(49,533)	(45,154)
Treasury shares	26	(4,119)	(4,991)
Retained earnings		3,097,740	2,367,309
Total equity attributable to the Owners of the Parent		12,055,672	11,231,233
Non-controlling interests		475,435	1,869,460
TOTAL EQUITY		**12,531,107**	13,100,693
TOTAL LIABILITIES AND EQUITY		**65,806,639**	73,982,187

These consolidated financial statements were approved and signed on behalf of the Board of Directors by the following on 4 March 2012:

Hitmi Ali Al Hitmi
Chairman

Abdulla Abdulaziz Al-Subaie
Chief Executive Officer and Board Member

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011 **In thousands of Qatari Riyals**

	Note	2011	2010
REVENUES AND GAINS			
Gain on remeasurement of investment properties	13	1,097,969	376,123
Share of results from equity accounted investees	14	327,279	(168,080)
Gain on sale of properties	27	555,875	159,494
Gain on disposal of subsidiaries / loss of control	28	404,073	-
Income from consultancy and other services	29	821,573	215,100
Rental income		702,773	442,662
Income from banking activities		127,895	334,290
Income from unconditional discharge of borrowings	21	-	914,900
Gain from previously held interests in acquired subsidiaries		-	3,063,115
Bargain purchase gain		-	2,266,527
Other income	30	385,525	906,595
		4,422,962	8,510,726
EXPENSES AND LOSSES			
Operating expenses		352,550	284,917
General and administrative expenses	31	792,164	1,286,831
Impairment losses, net	32	766,672	3,801,842
Depreciation	16	99,127	91,863
Expenses from banking activities		26,506	79,715
Provisions		183,046	-
		2,220,065	5,545,168
Net finance costs	33	1,016,709	1,561,552
Profit before taxes		**1,186,188**	1,404,006
Income taxes	17	89,537	7,086
Profit from continuing operations		**1,275,725**	1,411,092
Profit from subsidiary held for sale	7	10,076	-
Net profit for the year		**1,285,801**	1,411,092
Attributable to			
Owners of the Parent		1,252,368	1,405,629
Non-controlling interests		33,433	5,463
		1,285,801	1,411,092
Basic and diluted earnings per share	34	**3.22**	4.04
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	25	(29,920)	(124,106)
Impairment loss on available-for-sale financial assets transferred to profit or loss	25	11,163	101,524
Effective portion of changes in fair value of cash flow hedges	25	(2,382)	(25,728)
Net change in fair value of cash flow hedges transferred to profit or loss	25	37,443	74,362
Foreign currency translation differences for foreign operations	25	26,438	(11,334)
Other comprehensive income for the year, net of tax		**42,742**	14,718
Total comprehensive income for the year		**1,328,543**	1,425,810
Attributable to			
Owners of the Parent		1,292,655	1,400,538
Non-controlling interests		35,888	25,272
		1,328,543	1,425,810

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

In thousands of Qatari Riyals

2010	*Equity Attributable to the Owners of the Parent*									
	Share capital	**Legal reserve**	**General reserve**	**Risk reserve**	**Other reserves**	**Treasury shares**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 31 December 2009 as previously stated	2,625,000	215,307	1,041,697	-	(40,063)	(872)	1,391,885	5,232,954	635,360	5,868,314
Prior period adjustments	-	-	-	2,768	-	-	(58,921)	(56,153)	(49,043)	(105,196)
Balance at 31 December 2009 as restated	2,625,000	215,307	1,041,697	2,768	(40,063)	(872)	1,332,964	5,176,801	586,317	5,763,118
Net profit for the year	-	-	-	-	-	-	1,405,629	1,405,629	5,463	1,411,092
Other comprehensive (loss) / income for the year (Note 25)	-	-	-	-	(5,091)	-	-	(5,091)	19,809	14,718
Total comprehensive income for the year	-	-	-	-	(5,091)	-	1,405,629	1,400,538	25,272	1,425,810
Transfer to Social and Sports Fund	-	-	-	-	-	-	(35,277)	(35,277)	-	(35,277)
Transfer to legal reserve	-	140,563	-	-	-	-	(140,563)	-	-	-
Transfer to risk reserve	-	-	-	24,954	-	-	(24,954)	-	-	-
Transactions with owners of the Parent recognized directly in equity										
Additional share capital issued	1,266,246	-	3,597,534	-	-	-	-	4,863,780	-	4,863,780
Dividends declared for 2009	-	-	-	-	-	-	(525,000)	(525,000)	-	(525,000)
Board of directors remuneration for 2009	-	-	-	-	-	-	(1,500)	(1,500)	-	(1,500)
Treasury shares resulting from newly acquired subsidiaries	-	-	-	-	-	(4,119)	-	(4,119)	-	(4,119)
Change in ownership interest in subsidiaries and other transactions with non-controlling interests										
Contributions by non-controlling interest	-	-	-	-	-	-	270,116	270,116	248,822	518,938
Sale to non-controlling interest	-	-	-	-	-	-	116,437	116,437	33,563	150,000
Non-controlling interest acquired	-	-	-	-	-	-	(30,543)	(30,543)	(5,320)	(35,863)
Non-controlling interests assumed through business combinations	-	-	-	-	-	-	-	-	980,806	980,806
Balance at 31 December 2010	3,891,246	355,870	4,639,231	27,722	(45,154)	(4,991)	2,367,309	11,231,233	1,869,460	13,100,693

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

In thousands of Qatari Riyals

2011	Equity Attributable to the Owners of the Parent									
	Share capital	**Legal reserve**	**General reserve**	**Risk reserve**	**Other reserves**	**Treasury shares**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 31 December 2010	3,891,246	355,870	4,639,231	27,722	(45,154)	(4,991)	2,367,309	11,231,233	1,869,460	13,100,693
Net profit for the year	-	-	-	-	-	-	1,252,368	1,252,368	33,433	1,285,801
Other comprehensive income for the year (Note 25)	-	-	-	-	40,287	-	-	40,287	2,455	42,742
Total comprehensive income for the year	-	-	-	-	40,287	-	1,252,368	1,292,655	35,888	1,328,543
Transfer to Social and Sports Fund	-	-	-	-	-	-	(32,145)	(32,145)	-	(32,145)
Transfer to legal reserve	-	125,237	-	-	-	-	(125,237)	-	-	-
Transfer to risk reserve	-	-	-	-	-	-	-	-	-	-
Transactions with owners of the Parent recognized directly in equity						-				
Dividends declared for 2010	-	-	-	-	-	-	(389,125)	(389,125)	-	(389,125)
Board of directors remuneration for 2010	-	-	-	-	-	-	(9,000)	(9,000)	-	(9,000)
Treasury shares resulting from newly acquired subsidiaries	-	-	-	-	-	-	-	-	-	-
Change in ownership interest in subsidiaries and other transactions with non-controlling interests										
Change due to loss on control	-	-	-	(27,722)	(12,855)	872	27,722	(11,983)	(1,347,830)	(1,359,813)
Contributions by non-controlling interest	-	-	-	-	-	-	10,626	10,626	10,626	21,252
Transfers on cancellation of non-controlling interest in subsidiary	-	-	-	-	(31,811)	-	(28,049)	(59,860)	(92,709)	(152,569)
Change in purchase consideration payable to non controlling interest	-	-	-	-	-	-	23,271	23,271	-	23,271
Balance at 31 December 2011	**3,891,246**	**481,107**	**4,639,231**	**-**	**(49,533)**	**(4,119)**	**3,097,740**	**12,055,672**	**475,435**	**12,531,107**

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2011

In thousands of Qatari Riyals

	Note	2011	2010
OPERATING ACTIVITIES			
Net profit for the year		1,285,801	1,411,092
Adjustments for:			
Income from unconditional discharge of borrowings		-	(914,900)
Gain on remeasurment of investment properties	13	(1,097,969)	(376,123)
Unrealized (gains) / losses on financial assets at fair value through profit or loss		(178)	207
(Gain) / loss on sale of available-for-sale financial assets	30	(64,806)	6,721
Depreciation	16	99,127	91,863
Net deferred tax benefit	17	(89,537)	(7,086)
Share of results from equity accounted investees	14	(327,279)	168,080
Impairment losses, net	32	766,672	3,801,842
Gain on sale of properties	27	(555,875)	(159,494)
Gain on disposal of subsidiaries / loss of control	28	(404,073)	-
Bargain purchase gain		-	(2,266,527)
Gain on previously held interest in acquired subsidiaries		-	(3,063,115)
Gain on reversal of a provision	30	(59,901)	(856,412)
(Gain) / loss on disposal of furniture and equipment	30	(43,789)	1,786
Operating loss before working capital changes		**(491,807)**	(2,162,066)
Changes in working capital:			
Change in receivables and prepayments		(432,266)	48,895
Change in finance lease receivables		217,728	-
Change in payables and accruals		(228,646)	2,054,505
NET CASH USED IN OPERATING ACTIVITIES		**(934,991)**	(58,666)
INVESTING ACTIVITIES			
Net cash outflows from acquisitions of subsidiaries		(14,700)	-
Payments for business combinations net of cash acquired		-	(299,233)
Proceeds from sale of subsidiaries		1,904,768	-
Payments for development / acquisition of properties under development and investment properties		(4,397,656)	(5,977,527)
Payments made for purchase of properties and investments		-	(2,064,496)
Payments for refundable advances		-	(619,070)
Payments for establishment and new capital issue of equity accounted investees		(5,000)	(285,438)
Payments for purchase of available-for-sale financial assets		(2,627,720)	(1,782,470)
Payments for purchase of property, plant and equipment	16	(58,915)	(181,297)
Proceeds from sale of available-for-sale financial assets		-	176,335
Proceeds from disposal of property, plant and equipment		145,713	-
Proceeds from sale of investment properties		1,799,880	-
Dividends received from equity accounted investees	14	36,208	24,403
Change in advances paid for purchase of investments and property		440,252	-
Disposal of equity accounted investees	14	129,760	-
Funds provided to related parties for investing activities		(2,986,571)	(1,644,315)
NET CASH USED IN INVESTING ACTIVITIES		**(5,633,981)**	(12,653,108)
FINANCING ACTIVITIES			
Proceeds from obligations under Islamic finance contracts	21	5,027,000	16,286,036
(Payments) / proceeds from financing provided by Ultimate Controlling Party		(4,245,499)	19,474,000
Payments from the outstanding Islamic finance obligations	21	(727,000)	(11,372,464)
Payments for obligations for purchase of land		(764,657)	(204,847)
Dividends paid		(389,125)	(525,000)
Board of Directors' remuneration paid		(9,000)	(1,500)
Restricted bank balances		159,173	(103,140)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		**(949,108)**	23,553,085
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(7,518,080)**	10,841,311
Net translation differences		(163,382)	110,700
Cash and cash equivalents at the beginning of the year		12,822,509	1,870,498
Cash and cash equivalent for loss of control on subsidiaries		(2,516,125)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 5)		**2,624,922**	12,822,509

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

1. REPORTING ENTITY

Barwa Real Estate Company Q.S.C. ("the Company" or "the Parent") was incorporated pursuant to the provision of Article 68 of the Qatar Commercial Company Law No. 5 of 2002 as Qatari Shareholding Company under Commercial Registration No. 31901 dated 27 December 2005. The term of the Company is 100 years starting from the date of declaration in the Commercial Register. The shares of the Company are listed on Qatar Exchange. The registered office of the Company is in Doha, State of Qatar.

The principal activities of the Parent include investment in all types of real estate including acquiring, reclamation, dividing, developing and reselling of land and to establish agricultural, industrial, commercial projects on land, or lease those land, and also buying, selling and leasing buildings or projects. It also administers and operates real estate investments in and outside the State of Qatar. The Parent, along with its subsidiaries ("the Group") are engaged in the business of developing domestic and international real estate projects, investing, hotels ownership and management, projects consulting, advertisement and others.

The Group's subsidiaries accounting for more than 5% of the total assets of the Group during the current and previous year, and included in these consolidated financial statements are set out below. In addition to below listed subsidiaries, there are a number of other subsidiaries financial statements that are consolidated into these consolidated financial statements and are accounting for less than 5% of the total assets of the Group:

Name of the Subsidiary	Country of incorporation	Shareholding percentage
Barwa International S.P.C.	Qatar	100%
Qatar Real Estate Investment Company P.Q.S.C. (Al Aqaria)	Qatar	100%
Barwa Al Khour Company W.L.L.	Qatar	100%
Barwa Al-Doha Real Estate Company W.L.L.	Qatar	65%
Barwa City Real Estate Company W.L.L.	Qatar	100%
Barwa Egypt Real Estate S.A.E.	Egypt	100%
Barwa Commercial Avenue W.L.L	Qatar	95%
Barwa Financial District W.L.L.	Qatar	100%
Barwa Cooling Company S.P.C.	Qatar	100%
Barwa Al-Sadd Company S.P.C.	Qatar	100%
Nuzul Qatar Company Limited W.L.L.	Qatar	50%
Barwa Luxemburg S.A.R.L.	Luxemburg	100%
Cavendish Capital	U.K.	92%
Guidance Hotel Investment Company B.S.C.C.	Bahrain	96.5%
Al Waseef Property Management Company S.P.C.	Qatar	100%
Barwa Village S.P.C.	Qatar	100%
Masaken Al Saylia Al Mesaimer S.P.C.	Qatar	100%
Gudran Company S.P.C	Qatar	100%

2. BASIS OF PREPARATION

a) Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for the following that are measured at fair value:

- Investment property.
- Financial assets at fair value through profit or loss.
- Available-for-sale financial assets.
- Derivative financial instruments.

The methods used to measure fair values are discussed further in Note 39.

c) Functional and presentation currency
These consolidated financial statements are presented in Qatari Riyals, which is the Company's functional currency. All financial information presented in Qatari Riyals has been rounded to the nearest thousand except otherwise indicated.

d) Use of estimates and judgments
The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in Note 40.

e) Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2011
The following standards and amendments which became effective 1 January 2011, are relevant to the Group:

IAS 24 (Revised) 'Related party disclosures'
The revised standard was issued in November 2009. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

Improvements to IFRSs (2010)
Improvements to IFRS issued in 2010 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. There were no significant changes to the current accounting policies of the Group as a result of these amendments.

2. BASIS OF PREPARATION (CONTINUED)

IFRS 3 (amendment) 'Business Combinations'
The amendments:

- Clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004);

- Limit the accounting policy choice to measure non-controlling interests on initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and

- Expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards.

IAS 27 (amendment) 'Consolidated and Separate Financial Statements'
The amendments clarify that the consequential amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates,* IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures* resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering.

Amendments to IAS 1 *Presentation of Financial Statements*
The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.

IFRS 7 (amendment) 'Financial Instruments: Disclosures'
The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as explained in Note 2-e, which addresses changes in accounting policies. Certain comparative amounts have been reclassified to conform with the current year's presentation.

3.1) Basis of consolidation

a) Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1) Basis of consolidation (continued)

b) Special purpose entities

The Group has establishes special purpose entities (SPEs) for trading and investment purposes. The Group does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

c) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

d) Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

e) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized on such transactions. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2) Foreign currency

a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective profit and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments which are recognised in other comprehensive income.

b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Qatari Riyals at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Qatari Riyals at the average exchange rates during the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

3.3) Revenue recognition

Sale of properties

Revenue from the sale of properties is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing involvement with the transferred property, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the sale contract of property, however and in the lack of other contractual determinants, it is presumed that risks and rewards are transferred to the buyer upon transfer of possession of the sold property.

When the Group is contractually required to perform further work on real estate already delivered to the buyer, the Group recognizes a provision and expense for the present value of the expenditures required to settle its obligations under such contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3) Revenue recognition (continued)

Rental income
Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Dividend income
Dividend income is recognized when the right to receive the dividend is established.

Management income
Management income is recognized based on the terms and conditions of the relevant management agreements concluded with external parties to the Group.

Consulting revenues
Consulting revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates and duty. The specific recognition criteria must also be met before revenue is recognized.

3.4) Trading properties
Trading properties are real estate properties (including non-developed plots of land) developed which are readily available for sale and those properties under development which are in construction phase. These are held for sale in the ordinary course of business are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of trading properties is determined on the basis of specific identification of their individual costs.

3.5) Investment properties
Investment properties are properties which are held either to earn rental income, including those under development, or for capital appreciation or for both are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. Any gain or loss arising from a change in fair value is recognized in the profit or loss.

Property that is being constructed for future use as investment property is accounted for as investment property under the fair value model. Property under construction is designated as investment property only if there are unambiguous plans by management to subsequently utilize the property for rental activities upon completion of development, or if there is undetermined future use of the property and hence the property is held for long term capital appreciation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5) Investment properties (continued)

Transfers between property categories
Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:
(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) commencement of development with an intention to sale, for a transfer from investment property to trading properties;
(c) end of owner-occupation, for a transfer from owner-occupied property to investment property;
(d) commencement of an operating lease to another party, for a transfer from trading properties to investment property.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in equity as a revaluation surplus. Any loss is recognised immediately in profit or loss.

For a transfer from investment property carried at fair value to owner-occupied property or trading properties, the property's deemed cost for subsequent accounting in accordance with IAS 16 or IAS 2 shall be its fair value at the date of change in use.

For a transfer from trading properties to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in profit or loss.

3.6) Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of related computers.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land, if any, is not depreciated.

The estimated useful lives of the depreciable assets are as follows:

Buildings	20 years
Furniture and fixtures	3-7 years
Motor vehicles	5 years
Computers software and hardware	3-5 years
Office equipment	3 years
Leasehold improvements	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6) Property, plant and equipment (continued)
Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the profit or loss as the expense is incurred. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognized.

3.7) Financial instruments

(i) Non-derivative financial assets
The Group initially recognises financial assets (including assets designated at fair value through profit or loss) on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any profit in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, trade and other receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Trade and other receivables
Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective profit method, less any impairment losses.

Cash and cash equivalents
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. unrestricted balances held with banks, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments, net of outstanding bank overdrafts and restricted bank balances. Cash and cash equivalents are carried at amortized cost in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Unquoted equity and debt securities are carried at cost as reliable fair value cannot be ascertained, subject to impairment testing.

Available-for-sale financial assets comprise equities and debt securities.

(ii) Non-derivative financial liabilities
The Group initially recognises financial liabilities on the date that they are originated which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective profit method. Other financial liabilities comprise obligations under Islamic finance contracts, due to related parties, bank overdrafts, and trade and other payables.

Fair value measurement
When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), discounted cash flow analyses and other valuation models with accepted economic methodologies for pricing financial instruments.

Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate, transaction cost and all other premiums and discounts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7) Financial instruments (continued)

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in its own equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(iv) Derivative financial instruments, including hedge accounting

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized as described below for those derivative instruments designated for hedging cash flows, while changes in the fair value of derivative instruments not designated for cash flow hedges are recognized in profit or loss.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expired or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, if any, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3.8) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognized in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the profit or loss.

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in profit or loss;
b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of the estimated future cash flows discounted at the original effective finance profit rate.
d) Significant financial assets are tested for impairment on an individual basis.
e) The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8) Impairment (continued)

Non-financial assets
The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.9) Borrowing costs
Borrowing costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognizes other borrowing costs as an expense in the period incurred.

The Group begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Group first meets all of the following conditions:

(a) incurs expenditures for the asset;
(b) incurs borrowing costs; and
(c) undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

The borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific borrowings mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset.

The amount of borrowing costs that the Group capitalizes during the period is not to exceed the amount of borrowing costs it incurred during that period. The Group suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10) Obligations under Islamic financing contracts

Obligations under Islamic financing contracts are recognized initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, those obligations are measured at amortized cost using the effective profit rate method.

Gains or losses are recognized in the profit or loss when the liabilities are derecognized as well as through the amortization process. Finance cost and other related charges are recognized as an expense when incurred.

3.11) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.12) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases, and are not recognized in the Group's consolidated statement of financial position.

3.13) Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Qatar labor law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to the General Pension Fund Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

3.14) Fair values

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

3.15) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, if any, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities, if any, to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15) Income tax (continued)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.16) Goodwill

Goodwill arises upon the acquisition of subsidiary. Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

3.17) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

3.18) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Top Management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

3.19) Government grants

Unconditional government grant related to income are recognised in profit or loss at the fair value when the grant becomes receivable.

Other government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of a depreciable asset are recognised in profit or loss on a systematic basis over the useful life of the asset, while grants compensating the Group for assets under development are directly deducted from the carrying amount of the related asset. Government Grant related to non monetary assets are initially recognized at nominal amount.

3.20) Assets held for sale

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

Assets (or disposal groups) classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. The Group has classified all the assets and liabilities of its subsidiary 'Marafeq Qatar Company W.L.L', a limited liability company incorporated in Qatar, as held for sale. The details of assets and liabilities held for sale are given in Note 7 to these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21) New standards, amendments and interpretations issued but not yet effective
The following standards and interpretations have been issued and are expected to be relevant to the Group in future periods, with effective dates on or after 1 January 2012.

IAS 1 (amendment) 'Presentation of items of other comprehensive income'
The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to consolidated statement of comprehensive income in the future if certain conditions are met from those that would never be reclassified to consolidated statement of comprehensive income. The amendment is effective for annual periods beginning on or after 1 July 2012 with an option of early application.

IAS 28 (2011) 'Investment in Associates and Joint ventures'
IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) has been amended to include:

- IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
- on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied retrospectively. Early adoption is permitted provided that the entire suite of consolidation standards is adopted at the same time.

IFRS 7 (amendment) 'Disclosures: Transfer of financial assets'
The amendments to IFRS 7 introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments are effective for annual periods beginning on or after 1 July 2011, but entities are not required to provide the disclosures for any period presented that begins before the date of initial application of the amendments. Early adoption is permitted.

IFRS 9 'Financial Instruments'
Standard issued November 2009
IFRS 9 (2009) 'Financial Instruments' is the first standard issued as part of a wider project to replace IAS 39 'Financial instruments: recognition and measurement'. IFRS 9 (2009) retains and simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment and hedge accounting continues to apply. The 2009 standard did not address financial liabilities.

Standard issued October 2010
IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and de-recognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 "reassessment of Embedded Derivatives".

The Company is considering the implications of the standard, the impact on the Company and timing of its adoption by the Company.

While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012. In its November 2011 meeting, the IASB tentatively decided to defer the mandatory effective date to 1 January 2015.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21) New standards, amendments and interpretations issued but not yet effective (continued)

IFRS 10 'Consolidated financial statements and IAS 27 Separate Financial Statements (2011)'
IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when; it is exposed or has rights to variable returns from its involvement with that investee; it has the ability to affect those returns through its power over that investee; and there is a link between power and returns. Control is reassessed as facts and circumstances change.

IFRS 10 supersedes IAS 27 (2008) and SIC-12 Consolidation - Special Purpose Entities. The Company is yet to assess IFRS 10's full impact. The standard is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted provided that the entire suite of consolidation standards is adopted at the same time. IFRS 10 is applied retrospectively when there is a change in the control conclusion between IAS 27/SIC-12 and IFRS 10. IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

IFRS 11 'Joint Arrangements'
IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It distinguishes joint arrangements between joint operations and joint ventures; and always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.

IFRS 11 supersedes IAS 31 and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers. The Company is yet to assess IFRS 11's full impact. The standard is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted provided that the entire suite of consolidation standards is all adopted at the same time.

IFRS 12 'Disclosures of interests in other entities'
IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities; and the effects of those interests on the entity's financial position, financial performance and cash flows.

The Company is yet to assess IFRS 12's full impact. The standard is effective for annual periods beginning on or after 1 January 2013. Early adoption is permitted provided that the entire suite is adopted at the same time. Entities are encouraged to provide information required by IFRS 12 before the effective date, but this early disclosure would not compel the entity to apply either IFRS 12 in its entirety or the other new consolidation standards.

IFRS 13 'Fair value measurement'
IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The standard is effective for annual periods beginning on or after 1 January 2013 with an option of early adoption.

Early adoption of standards
The Group did not early adopt new or amended standards/interpretations in 2011.

4. RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

(i) Credit risk;
(ii) Liquidity risk; and
(iii) Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Group's Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee. The Group subsidiaries follow the Group risk management policies..

(i) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's advances to acquire investments, advances to contractors, due from related parties, debt securities Group's financing activities and receivables from customers.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Advances, receivables and related parties
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each contractor/customer. The demographics of the Group's project/customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Material amounts of the Group's advances/collections are attributable to contractors/customers originating from the State of Qatar.

The Group's policy is that advances, receivables and related parties are stated at original paid advance / invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery, if any.

Guarantees
The Group's policy is to provide financial guarantees only to its subsidiaries. Outstanding guarantees to the Group are disclosed in Note 36.

4. RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

Bank Balances
Credit risk on bank balances is limited as they are placed with local and foreign banks having good credit ratings assigned by international credit rating agencies.

Investment securities
The maximum exposure to credit risk for investment securities at the reporting date was equal to the carrying amount of debt securities as disclosed in Note 9 of these consolidated financial statements.

Other financial assets
The maximum exposure to credit risk for certain other financial assets (including due from related parties, security deposit and etc.) at the reporting date was equal to the amounts disclosed in the consolidated statement of financial position.

Write-off
The Group writes off receivables and balances from financing (and any related allowances for impairment) when the management determines that the receivables and balances are uncollectible. This is determined after all possible efforts of collecting the amounts have been exhausted.

(ii) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses project-based costing to cost its properties and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(iii) Market risk
Market risk is the risk that changes in market prices, such as profit rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Currency risk
The Group is exposed to currency risk on transactions with related parties and borrowings that are denominated in a currency other than the respective functional currency, mainly EURO, EGP, CHF, USD, and GBP.

The Group's management enters into financial instruments for securing its position against the fluctuations in different foreign currencies using a base currency of USD that is pegged to Qatari Riyal.

In respect of other monetary assets and liabilities denominated in foreign currencies, the forward deals entered into by the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(b) Profit rate risk
The Group adopts a policy of ensuring that profit rates on Islamic financing contracts are reviewed quarterly, and that finance cost rates are not subject to present fluctuations.

4. RISK MANAGEMENT (CONTINUED)

(iii) Market risk (continued)

(c) Equity price risk
Equity price risk is the risk that the fair value of equity securities decreases as the result of adverse changes in equity prices or indices, or fair value in the case of unquoted equities. Equity price risk arises from Group's investment portfolio. The Group conducts significant investment activity in private equity, mainly in unquoted entities. The Group manages this risk through diversification of its investments in terms of geographical distribution and industry concentration and by arranging representation on the Board of Directors within the investee company, wherever possible. Investments are managed within maximum concentration risk limits, approved by the Board of Directors of the Group.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

5. CASH AND BANK BALANCES

	2011	2010
Cash	269	23,521
Current accounts	316,067	999,343
Call accounts	470,179	3,213,878
Fixed deposits	1,838,407	6,654,029
Margin deposits	1,463	34,111
Reserve account with Qatar Central Bank	-	126,525
Wakala placements with Islamic banks	-	1,931,738
Total cash and bank balances	**2,626,385**	12,983,145
Less: restricted bank balances	(1,463)	(160,636)
Cash and cash equivalents	**2,624,922**	12,822,509

6. TRADING PROPERTIES

	2011	2010
Properties available for sale	584,949	104,732
Property under development	37,685,324	31,589,780
	38,270,273	31,694,512

Property under development represents capitalized costs relating to the Group's local and international real estate development projects. Movements in the property under development during the year were as follows:

	2011	2010
At 1 January	31,589,780	14,580,281
Net additions during the year	4,578,405	21,218,051
In kind contribution	21,252	467,232
Capitalised finance costs (Note i)	554,446	523,009
Sold during the year	-	(278,677)
Transferred to finance lease receivable (Note 10)	(1,467,521)	(475,110)
Transferred from investment properties (Note 13)	2,007,134	-
Transferred to investment properties (Note 13)	(290,904)	(1,703,233)
Transferred to properties available for sale	(480,217)	-
Transferred from / (to) property, plant and equipment (Note 16)	(120,587)	(57,865)
Impairment (loss)/ reversals, net (Note ii & iii) & (Note 32)	1,236,333	(2,386,149)
Translation adjustment	57,203	(297,759)
31 December	**37,685,324**	31,589,780

During the year 2011, certain plots of land ownership were transferred to the Group by Qatari Government. The transfer was considered as a Government Grant and recognized at a nominal amount of QR 1 for each plot of land. Earlier these plots of land were leased to the Group for 99 years and as a result of transfer of ownership the lease contracts are terminated.

Note i:
Capitalized finance cost is calculated based on the actual qualifying expenditures related to the property under development. Finance cost is capitalized using the Group's weighted average finance profit rate of 3.6 % (2010: 6%).

Note ii:
The Group undertook impairment testing exercise of the cost of its property under development at year end. Cash generating units used for the impairment testing were determined for each project. Local and foreign accredited property appraisers were engaged to provide relevant commercial and marketing input to this process and to advise on current market trends in areas such as achievable market prices. The impairment exercise revealed that the fair values less costs to sell being the recoverable amounts were lower than the carrying amounts of some of the projects.

Note iii:
As at 31 December 2011, based on the estimation of net realizable value it was noticed that the value of one of the property under development has improved. As a result impairment losses booked in earlier years amounting to QR 1,876,446 thousand has been reversed during the year. Additionally there are certain other property under development where the net realizable value have declined below cost therefore an impairment loss of QR 640,113 thousand has been recognized and disclosed as net of reversals.

7. ASSETS AND LIABILITIES OF A SUBSIDIARY CLASSIFIED AS HELD FOR SALE

On 30 June 2011, the Group acquired control over Marafeq Qatar Company W.L.L. ("Marafeq") by increasing stake in the Company to 74% from 25%. However, later the Group decided to dispose off the investment in Marafeq. A potential buyer has been identified and the negotiations are at advance stage. Hence, the assets and liabilities of Marafeq have been classified as held for sale and measured at lower of its carrying amount and fair value less cost to sell. The details of assets and liabilities are as follows:

	Carrying amounts
Assets	
Cash and cash equivalents	16,832
Receivables and prepayments	555
Due from related parties	23,771
Goodwill (Note 15)	13,992
Total assets	**55,150**
Liabilities	
Payables and accruals	62,939
Total liabilities	**62,939**

The net results from the subsidiary held for sale is as follows:

	From 30 June 2011 to 31 December 2011
Revenue from services	72,277
Operating expenses	(57,667)
General and administrative expenses	(4,534)
Profit from subsidiary held for sale	**10,076**

8. RECEIVABLES AND PREPAYMENTS

2011	**Non-current**	**Current**	**Total**
Trade receivables	-	564,376	564,376
Prepaid expenses	-	280,968	280,968
Other receivables	-	136,782	136,782
Dividends and profit on Islamic deposits receivable	-	40,052	40,052
Refundable deposits	18,382	-	18,382
Accrued income	-	16,215	16,215
Staff receivables	-	10,287	10,287
Due from customers under Islamic financing	-	-	-
Receivables under escrow accounts	-	-	-
Withholding and value added taxes	-	-	-
Provision for doubtful debt	-	(8,093)	(8,093)
	18,382	**1,040,587**	**1,058,969**

2010	Non-current	Current	Total
Trade receivables	129,268	257,450	386,718
Prepaid expenses	-	174,719	174,719
Other receivables	-	49,234	49,234
Dividends and profit on Islamic deposits receivable	-	80,940	80,940
Refundable deposits	18,424	-	18,424
Accrued income	-	-	-
Staff receivables	-	26,186	26,186
Due from customers under Islamic financing	727,569	1,266,213	1,993,782
Receivables under escrow accounts	-	32,520	32,520
Withholding and value added taxes	-	17,379	17,379
Provision for doubtful debt	-	(2,129)	(2,129)
	875,261	1,902,512	2,777,773

9. AVAILABLE–FOR-SALE FINANCIAL ASSETS

The details of the available-for-sale financial assets are as follows:

	2011	2010
Investments in equity securities		
Quoted	105,013	224,915
Unquoted	357,609	983,057
Investments in debt securities		
Quoted	-	278,168
Unquoted	2,578,971	1,250,000
	3,041,593	2,736,140

Investment in equity securities are stated net of impairment losses for the year amounting to QR 101,609 thousand (2010: QR 101,524 thousand) (Note 32).

10. FINANCE LEASE RECEIVABLES

Contractual maturities of the finance lease receivables are as follows:

	2011	2010
Less than one year	619,468	354,622
Between 1 and 5 years	2,414,380	1,376,071
More than 5 years	1,815,912	1,011,026
Gross receivables from finance lease	**4,849,760**	2,741,719
Unearned finance lease income	(1,793,326)	(935,078)
Net finance lease receivable	**3,056,434**	1,806,641

Movement in finance lease receivables during the year is as follows:

	2011	2010
Balance at 1 January	1,806,641	1,463,540
Transferred from trading properties (Note 6)	1,467,521	475,110
Installments due and collected during the year	(436,818)	(146,943)
Installments due and unpaid, transferred to trade receivables	(121,480)	(127,695)
Finance lease income (Note 33)	340,570	142,629
At 31 December	**3,056,434**	1,806,641

The above balances relates to the Group's 100% owned subsidiary Qatar Real Estate Investment Company P.Q.S.C. (Al Aqaria). The minimum lease receipts are discounted at the implicit rates as mentioned in the lease agreements. Income from finance leases is recognized based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Finance lease receivables are unsecured. Included in the gross finance lease receivables an amount of QR 1,505 million pledged as security against the USD 270 million Sukuk Al Musharakah. (2010: USD 270 million)

Approximately 81% (2010: 94%) of the total finance lease receivables balance as at 31 December 2011 is due from a single customer.

11. ADVANCES FOR PROJECTS AND INVESTMENTS

	2011	2010
Advances to subcontractors and suppliers	795,756	1,641,919
Advances for purchase of investments	34,952	129,408
Advances for purchase of property	2,510,899	2,193,474
Advances against exchange of land (Note i)	1,836,459	1,836,459
Refundable advances	-	727,722
	5,178,066	6,528,982
Less: provision for impairment of advances (Note i)	(2,317,030)	(480,571)
	2,861,036	6,048,411

11. ADVANCES FOR PROJECTS AND INVESTMENTS (CONTINUED)

Note i:
During the year 2008, the Government of Qatar took over a piece of land located in Al-Khour district which was owned by the Group and other related parties. The Government committed to provide another plot of land located in Salwa district in exchange of the withdrawn land. The Group paid the above advances to participate in ownership of the land taken over by the Government in order for the Group to fully own the new land to be received from the Government. Since the year 2008, the Group management has been working with the Government authorities to identify the plot of land that shall be transferred to the Group. However, all the efforts during this period have not resulted in any conclusive direction of when and where the land will be received and therefore the Group management, on a conservative basis decided to make a full provision against these advances amounting to QR 1,836 million as doubtful of recovery (Note 32). The Group will continue to pursue the matter with the Government for an amicable settlement.

12. RELATED PARTY TRANSACTIONS

The ultimate controlling party of the Group is Qatari Diar Real Estate Investment Company Q.S.C. ("Qatari Diar"), a 45% owner in the Group.

a) Due from related parties

2011	**Non-current**	**Current**	**Total**
Associate entities	88,019	27,826	115,845
Non-controlling interest	2,359	-	2,359
Key management personnel	-	-	-
Affiliated entities	56,292	23,987	80,279
Other related parties	-	32,288	32,288
	146,670	**84,101**	**230,771**

2010	Non-current	Current	Total
Associate entities	9,076	17,693	26,769
Non-controlling interest	97,445	-	97,445
Key management personnel	46,596	-	46,596
Affiliated entities	-	11,360	11,360
Other related parties	4,164	-	4,164
	157,281	29,053	186,334

12. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Due to related parties

2011	**Non-current**	**Current**	**Total**
Qatari Diar (Note i)	15,701,606	-	15,701,606
Associate entities	794,822	36,557	831,379
Non-controlling interests	264,105	3,213	267,318
Other related parties	5,006	17,535	22,541
	16,765,539	**57,305**	**16,822,844**

2010	Non-current	Current	Total
Qatari Diar (Note i)	14,487,105	5,460,000	19,947,105
Associate entities	245,311	3,559,034	3,804,345
Non-controlling interests	140,379	8,845	149,224
Other related parties	-	6,580	6,580
	14,872,795	9,034,459	23,907,254

Note i:
The Group has obtained Islamic finance – Murabha for the purpose of various activities of the Group. The Murabha carries fixed and variable profit rates. The Islamic finance is non-secured. The facilities are payable in tranches starting from 1st July 2013.

c) Compensation of key management personnel

	2011	2010
Board of directors' remuneration (Parent)	9,000	1,500
Total key management staff benefits (Group basis)	30,358	67,002
	39,358	68,502

d) Related party transactions recognised in profit or loss

	2011	2010
Gain on sale of assets to associated company	43,789	-
Income from consultancy	101,683	129,797
Sublease income	16,880	4,635
Finance cost	61,638	400,013

13. INVESTMENT PROPERTIES

	2011	2010
At 1 January	12,584,160	5,799,670
Addition during the year, net	1,354,655	6,801,520
Transfer from trading properties (Note 6)	290,904	1,703,233
Transfer to trading properties (Note 6)	(2,007,134)	-
Capitalized finance costs (Note ii)	18,046	86,336
Sold during the year	(2,629,815)	(2,005,746)
Government grant related to projects costs	-	(124,000)
Gain on remeasurement of investment properties, net (Note i)	1,097,969	376,123
Translation adjustments	(45,839)	(52,976)
	10,662,946	12,584,160

During the year 2011, certain plots of land ownership were transferred to the Group by Qatari Government. The transfer was considered as a Government Grant and recognized at a nominal amount of QR 1 for each plot of land. Earlier these plots of land were leased to the Group for 99 years and as a result of transfer of ownership the lease contracts are terminated.

Note i:
Investment properties are measured at fair value as determined by independent accredited appraisers for the local and foreign investment properties. Fair value is determined having regard to the location, space, future economy of the area compared with other areas as well as current Qatari and foreign market prices for transactions in similar properties in the same locations.

Appraisers are external and independent valuation specialists, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein each party had acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are based on the aggregate of the estimated cash flows expected to be received from renting the property. A yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Note ii:
Capitalized finance cost is calculated based on the actual qualifying expenditures related to the projects under development, that is part of the investment properties. Finance cost is capitalized using the Group's weighted average finance cost rate of 3.6% (2010: 6%).

Note iii:
Included in investment properties an amount of QR 576 million is mortgaged against non-recourse obligation under Islamic finance contract.

14. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

a) The names, country of incorporation and the related investment balances in equity accounted investees are as follows:

Name of investee and country of incorporation	*Ownership*	**2011**	2010
Barwa Bank Q.S.C. – Qatar (Note i)	38%	979,200	-
Nuzul Holding Company B.S.C.C. – Bahrain	39%	26,161	165,955
Panceltica Holding Limited – UK (Note ii)	26%	200,935	200,935
Marafeq Qatar Company W.L.L. – Qatar (Note 7)	25%	-	1,464
Al Imtiaz Investment Company – Kuwait	25%	350,385	325,721
Emdad Leasing Equipment Company – Qatar	22%	22,699	62,806
Al Damaan Islamic Insurance Company – Qatar	20%	41,202	40,269
Smeet Investment Company W.L.L.- Qatar	44%	217,861	272,050
Asas Real Estate Company W.L.L.- Qatar (Note 42)	50%	1,275,919	933,702
Fareej Real Estate Company C.Q.S.C. – Qatar	33%	-	135,469
Beaucraft W.L.L. – Qatar	35%	-	361
Regency Residential UK Limited – UK	50%	14,079	13,318
Bin Laden Group (QD – CPC)-Qatar	22%	41,284	-
Bin Laden Group (QD – SBG)- Qatar	22%	20,024	-
Tanween Company W.L.L.- Qatar (Note 28)	40%	110,054	-
Bait Al Mashura Financial Consulting Company–Qatar	20%	455	-
Lusail Golf Development Company – Qatar	50%	5,000	-
Ottomon Gayrimenkul A.S. – Turkey	50%	77,968	-
		3,383,226	2,152,050
Less: provision for impairment (Note ii)		(200,935)	(200,935)
		3,182,291	1,951,115

Note i:

On 5 April 2011, the Group lost de facto control over Barwa Bank Q.S.C. ("the Bank") due to the change in composition of Board of Directors and key management personnel of the Bank. Therefore, the status of investment in the Bank has changed from subsidiary to an associate, the Group has significant influence on the Bank's financial and operating policies as at 31 December 2011. Accordingly, the financial performance of the Bank was consolidated till the date the Group lost control and investment in the Bank is subsequently accounted for using equity method of accounting. As the proportionate fair value of the Bank was determined to be equal to the carrying value of the investment in the Bank, this has resulted in no gain or loss in change in status of the investment.

Due to loss of control on the Bank, the Group has also lost control on the following subsidiaries of the Bank and therefore the Group has discontinued to consolidate these subsidiaries:

- The First Investor W.L.L.;
- First Leasing Company W.L.L.;
- First Finance Company P.Q.S.C.; and
- Bait Al Mashura Financial Consulting Company.

Note ii:

The Group management decided to fully impair the investment in Panceltica Holding Limited during prior periods based on the results of an impairment exercise.

14. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

b) The movement on the investments in equity accounted investees during the year are represented as follows:

	2011	2010
Balance at 1 January	1,951,115	1,854,047
Increase in investment in associates	134,080	1,376,986
Transfer from advances	64,500	-
Unrealized profit on downstream / upstream sale to / from an associate	(49,937)	(375,769)
Transfer from / (to) subsidiaries due to change in control	915,100	(1,086,936)
Dividend received from associates	(36,208)	(24,403)
Share of results of investees	327,279	217,655
Disposal of associates	(129,760)	-
Other movements	6,122	(10,465)
	3,182,291	1,951,115

Equity accounted investees financial reporting is under IFRS and the year end is 31 December. Reconciliation to the share of net results from associates reported in the profit or loss is as follows:

	2011	2010
Share of net results of operations	327,279	217,655
Provision for excess losses from an associate	-	(9,966)
(Unrealized) / Realized profit on upstream sale	-	(375,769)
	327,279	(168,080)

The summarised financial statements of the equity accounted investees are as follows:

2011

Name of investee	Total Assets	Total Liabilities	Total income	Share of results
Barwa Bank Q.S.C.	19,133,514	6,252,011	662,413	62,394
Nuzul Holding Company B.S.C.C.	478,109	170,683	10,342	(127,931)
Marafeq Qatar Company W.L.L.	-	-	-	(1,103)
Al Imtiaz Investment Company	5,370,417	1,615,418	563,452	87,688
Emdad Leasing Equipment Company	83,841	7,335	2,074	(2,545)
Al Damaan Islamic Insurance Company	336,761	128,807	22,814	934
Smeet Investment Company W.L.L.	604,786	30,067	25,163	21
Asas Real Estate Company W.L.L.	1,536,742	35,768	32,450	339,269
Regency Residential UK Limited	41,763	13,604	13,853	770
Bin Laden Group (QD – CPC)	193,524	1,506	183	(1,716)
Bin Laden Group (QD – SBG)	95,151	2,017	71	(1,476)
Tanween Company W.L.L.	333,960	71,809	316,165	19,306
Bait Al Mashura Financial Consulting Company	3,756	1,191	3,852	(24)
Lusail Golf Development Company	10,000	-	-	-
Ottomon Gayrimenkul A.S.	636,070	515,153	6,183	(48,308)
Total				**327,279**

14. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

2010

Name of Investee	Total Assets	Total Liabilities	Total income	Share of results
Nuzul Holding Company B.S.C.C.	608,351	166,138	2,349	1,358
Al Imtiaz Investment Company	5,009,715	1,845,762	1,597,296	141,313
Barwa Al Khour Company W.L.L.*	-	-	-	48,636
Barwa Al Baraha Company W.L.L.*	-	-	-	(663)
Marafeq Qatar Company W.L.L	73,535	67,679	1,367	(4,345)
Asas Real Estate Company W.L.L. & Fareej Real Estate Company C.Q.S.C.	2,092,455	89,744	41,655	29,702
Al Damaan Islamic Insurance Company	221,647	18,440	13,826	(131)
Smeet Investment Company W.L.L	589,623	14,953	39,601	2,048
Beaucraft W.L.L.	-	-	-	(263)
Ottomon Gayrimenkul A.S.	355,982	372,783	33,303	(9,966)
Total				207,689

* The status of ownership in these entities was changed from associate to subsidiary during the year 2010 and therefore, was consolidated thereafter.

15. GOODWILL

Details of the movement in goodwill balance during the year is as follows:

	2011	2010
At 1 January	413,809	123,388
Goodwill on acquisition of subsidiaries	13,992	407,176
Reclassified to assets of a subsidiary held for sale (Note 7)	(13,992)	-
Impairment loss (Note 32)	-	(118,341)
Reclassified to investment in equity accounted investee	(125,097)	-
Derecognized on sale of subsidiaries	(162,301)	-
Translation adjustments	-	1,586
	126,411	413,809

Estimates used to measure recoverable amounts of cash-generating units containing goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3.8. The recoverable amounts of cash generating units have been determined based on value-in-use calculations, being higher than fair value. These calculations require the use of estimates (Note 40). During current year, no impairment loss is identified (2010: QR 118,341 thousand).

16. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture and Fixtures	Motor vehicles	Computers software and hardware	Office equipment	Leasehold improvements	Projects in progress	Total 2011	Total 2010
Cost										
At 1 January	165,306	78,732	98,995	19,439	96,705	114,191	393,346	740,650	1,707,364	1,372,575
Acquired through business combinations	-	-	-	-	-	-	-	-	-	100,751
Additions	-	21,897	4,711	533	12,760	2,653	8,099	8,262	58,915	194,731
Transfer from / (to) trading properties (Note 6)	28,497	92,189	-	1	-	(100)	-	-	120,587	57,865
Transfers during the year	(30,187)	(14,327)	(37,900)	(13,420)	(39,688)	(1,783)	(101,296)	(37,692)	(276,293)	-
Disposals	(46,902)	(50,847)	(1,819)	(1,334)	(108)	(4,940)	(184)	(1,384)	(107,518)	(2,960)
Reclassifications	(11,481)	55	91,379	1	4,885	(86,645)	2,084	(278)	-	-
Translation adjustment	(1,081)	(1,116)	(107)	(2)	(68)	(42)	(744)	(94)	(3,254)	(15,598)
At 31 December	104,152	126,583	155,259	5,218	74,486	23,334	301,305	709,464	1,499,801	1,707,364
Accumulated depreciation										
At 1 January	-	8,563	48,914	10,665	46,127	21,199	65,159	710,549	911,176	80,979
Acquired through business combinations	-	-	-	-	-	-	-	-	-	24,792
Charge for the year	-	2,269	22,322	1,481	20,001	5,811	38,052	9,191	99,127	91,863
Impairment losses (Note 32)	8,334	3,330	8,740	53	622	-	37,224	670	58,973	715,257
Transfers during the year	-	(3,104)	(19,319)	(7,910)	(28,135)	(1,156)	(43,630)	(16,261)	(119,515)	-
Disposals	-	(1,012)	(722)	(971)	(52)	(2,028)	(128)	(681)	(5,594)	(1,369)
Reclassifications	-	1	11,527	-	-	(11,398)	(130)	-	-	-
Translation adjustment	-	1,388	(101)	(2)	(25)	(111)	472	(147)	1,474	(346)
At 31 December	8,334	11,435	71,361	3,316	38,538	12,317	97,019	703,321	945,641	911,176
Net carrying amount										
31 December 2011	**95,818**	**115,148**	**83,898**	**1,902**	**35,948**	**11,017**	**204,286**	**6,143**	**554,160**	-
31 December 2010	165,306	70,169	50,081	8,774	50,578	92,992	328,187	30,101	-	796,188

17. INCOME TAXES

Current and deferred tax expense represents amounts recognized by subsidiary companies. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that future taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets amounting to QR 76,083 thousand in these consolidated financial statements relates to wholly owned subsidiary, Barwa Luxemburg (Deferred tax liabilities in 2010: QR 24,984 thousand).

Income taxes recognized in profit or loss:

	2011	2010
Current tax expense		
Current year	(12,165)	(8,077)
Deferred tax benefit		
Deductible temporary differences	101,702	15,163
Net income tax for the year	**89,537**	7,086

18. PAYABLES AND ACCRUALS

Payables and accruals details segregated between non-current and current portions are as follows:

2011	**Non-current**	**Current**	**Total**
Clients advances and unearned income (Note i)	-	1,852,682	1,852,682
Subcontractors and suppliers	-	1,378,013	1,378,013
Deferred revenue for transfer of property	676,100	-	676,100
Retention payable	224,634	196,643	421,277
Provisions	-	257,208	257,208
Accrued expenses	-	198,831	198,831
Accrued finance cost	-	122,441	122,441
Employees end of services benefits	26,790	-	26,790
Other payables	-	146,702	146,702
Customer banking current accounts	-	-	-
Placements from financial institutions	-	-	-
Unrestricted investment accounts	-	-	-
	927,524	**4,152,520**	**5,080,044**

Note i:
This includes an amount of QR 1,745 million received in advance by a subsidiary of the Group for construction and subsequent sale of the Project.

2010	Non-current	Current	Total
Clients advances and unearned income	-	70,821	70,821
Subcontractors and suppliers	-	1,749,998	1,749,998
Deferred revenue for transfer of property	676,100	-	676,100
Retention payable	490,068	-	490,068
Provisions	-	38,081	38,081
Accrued expenses	-	337,645	337,645
Accrued finance cost	128,501	583,959	712,460
Employees end of services benefits	52,154	-	52,154
Other payables	-	145,306	145,306
Customers banking current accounts	-	120,890	120,890
Placements from financial institutions	188,216	1,532,553	1,720,769
Unrestricted investments accounts	-	2,708,526	2,708,526
	1,535,039	7,287,779	8,822,818

19. LIABILITIES UNDER DERIVATIVE FINANCIAL INSTRUMENTS

a) Derivative instruments designated for cash flow hedges

One of the subsidiaries of the Group entered into Islamic profit rate swap agreements with several financial institutions to limit its exposure to profit rate fluctuations on its USD 270 million Sukuk Al Musharakah and USD 300 million Sukuk Al Mudarabah. The borrowings and related profit rate swaps have the same critical terms.

The fair values of the profit rate swaps designated for cash flow hedges are calculated by reference to the market valuation of the swap agreements, and the cash flows hedge effectiveness is tested by the end of each reporting period. The fair values of those profit rate swaps amounted to QR 17,565 thousand as at 31 December 2011 (2010: QR 52,626 thousand).

b) Derivative instruments not designated for hedges

The Parent had entered into certain derivative profit rate swap agreements with banks for a total notional amount of USD 2.3 billion to hedge its profit rate risks on certain borrowings. However, due to early settlement of borrowings, the hedging relationship was terminated and therefore currently these derivatives are carried under trading book.

The fair values of those profit rate swaps amounted to QR 434,569 thousand as at 31 December 2011 (2010: QR 622,194 thousand), were calculated by reference to the market valuation of the swap agreements, and the increase in fair value of the profit rate swaps was charged to the profit or loss for the year as unrealized loss on derivative instruments. While the realized amounts charged to the profit or loss relating to those derivatives during the year is amounting to QR 95,639 thousand. (2010: 677,523 thousand)

c) Sensitivity analysis for derivative instruments

A 50 basis points increase / (decrease) in the forward curve used in the calculation of derivative instruments fair value as at 31 December 2011, would have increased / (decreased) consolidated equity and consolidated profit or loss by the amounts shown below:

	Consolidated Equity / Profit or loss			
	2011		2010	
	50 bp Increase	**50 bp decrease**	50 bp Increase	50 bp Decrease
Derivatives designated for cash flow hedges	1,805	(1,805)	263,128	(263,128)
Non-designated derivatives for hedges	44,669	(44,669)	258,263	(258,263)
Cash flow sensitivity (net)	**46,474**	**(46,474)**	521,391	(521,391)

20. LIABILITIES FOR PURCHASE OF LAND

	2011	2010
New Cairo land (Note i)	2,458,475	2,870,119
Al-Khour Land	-	402,548
Others	27,962	-
	2,486,437	3,272,667

The balance is segregated between current and non-current at the reporting date as follows:

	2011	2010
Current portion	379,221	795,722
Non-current portion	2,107,216	2,476,945
	2,486,437	3,272,667

Note i:
The balance relates to purchase of a piece of land located in New Cairo from the Egyptian Ministry of Housing and Building Development. The balance is payable in instalments over several future years. The instalments falling due over next twelve months are disclosed as current portion.

21. OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS

a) The movements on the obligations under Islamic financing contracts during the year were as follows:

	2011	2010
At 1 January	24,178,951	20,050,837
Assumed through business combinations	-	3,738,368
Additional facilities obtained during the year	5,027,000	16,286,036
Discharged by Government (Note i)	-	(4,300,000)
Repayment during the year	(727,000)	(11,531,958)
Translation adjustment	(107,817)	(64,332)
At 31 December	**28,371,134**	24,178,951

Note i:
During the year 2010, the Qatari Ministry of Economy and Finance approved a request provided by the Group to discharge the Group from certain obligations under Islamic financing contracts provided by local Qatari banks and related incurred finance costs.

The total discharged obligations and related compensated finance costs by the Government were amounting to QR 4,300 million including income of QR 914,900 thousand for the year 2010.

b) Contractual maturities of Obligations under Islamic finance contracts, that are measured at amortized cost are as follows:

2011	**1 year**	**2-5 years**	**Over 5 years**	**Total**
Unsecured facilities EURO	-	943,480	-	943,480
Secured facilities EURO (Note 13)	862,906	-		862,906
Unsecured facilities AED	514,876	-	-	514,876
Unsecured facilities USD	879,000	24,188,072	-	25,067,072
Secured facilities USD (Note 10)	122,800	860,000		982,800
	2,379,582	**25,991,552**	-	**28,371,134**

21. OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS (CONTINUED)

b) Contractual maturities of Obligations under Islamic finance contracts are as follows (continued):

2010	1 year	2-5 years	Over 5 years	Total
Secured facilities EURO (Note 13)	896,816	-	-	896,816
Unsecured facilities QR	15,162,533	-	2,000,000	17,162,533
Unsecured facilities AED	510,520	-	-	510,520
Unsecured facilities USD	632,753	3,882,164	92,137	4,607,054
Secured facilities USD (Note 10)	-	982,800	-	982,800
Unsecured facilities ID	19,228	-	-	19,228
	17,221,850	4,864,964	2,092,137	24,178,951

22. SHARE CAPITAL

	2011	2010
Authorized capital: 389,133,653 ordinary shares of QR 10 each (2010: 389,133,653 shares)	**3,891,336**	3,891,336
Issued and fully paid up capital: 389,124,637 ordinary shares of QR 10 each (2010: 389,124,637 shares)	**3,891,246**	3,891,246

All shares have equal rights except for one preferred share which is held by Qatari Diar that carries preferred rights over financial and operating policies of the Group.

23. LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies Law No. 5 of 2002 and the Parent's Articles of Association, a minimum of 10% of the net profit should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Parent's Articles of Association.

24. GENERAL RESERVE

In accordance with the Parent's articles of association, the premium on issue of share capital is added to general reserve. In addition, residual annual profits, after the required transfer to legal reserve (Note 23), can be appropriated and transferred to general reserve based on the General Assembly Meeting's approval.

In thousands of Qatari Riyals

25. OTHER RESERVES

	Cash flow hedge reserve	**Available-for -sale financial assets fair value reserve**	**Translation reserve**	**Total 2011**
Balance at 1 January	14,298	11,912	(71,364)	(45,154)
Other comprehensive income for the year				
Net change in fair value of available-for sale-financial assets	-	(29,920)	-	(29,920)
Impairment loss on available-for-sale financial assets transferred to profit or loss	-	11,163	-	11,163
Effective portion of changes in fair value of cash flow hedges	(2,382)	-	-	(2,382)
Net change in fair value of cash flow hedges transferred to profit or loss	37,443	-	-	37,443
Foreign currency translation differences for foreign operations	-	-	26,438	26,438
Total other comprehensive income / (loss) for the year	**35,061**	**(18,757)**	**26,438**	**42,742**
Net Change in Parent's share in reserve due to cancellation of non controlling interest	-	-	(31,811)	(31,811)
Net transfer from non controlling share in reserve due to cancellation of their shares	-	-	31,811	31,811
Net change due to loss of control of subsidiary	-	(12,855)	-	(12,855)
Other comprehensive income attributed to non-controlling interest	-	-	(34,266)	(34,266)
Other comprehensive income / (loss) attributed to owners of the Parent	35,061	(31,612)	(7,828)	(4,379)
31 December	**49,359**	**(19,700)**	**(79,192)**	**(49,533)**

	Cash flow hedge reserve	Available-for-sale financial assets fair value reserve	Translation reserve	Total 2010
Balance at 1 January	(34,336)	34,494	(40,221)	(40,063)
Other comprehensive income for the year				
Net change in fair value of available-for-sale financial assets	-	(124,106)	-	(124,106)
Impairment loss on available-for-sale financial assets transferred to profit or loss	-	101,524	-	101,524
Effective portion of changes in fair value of cash flow hedges	(25,728)	-	-	(25,728)
Net change in fair value of cash flow hedges transferred to profit or loss	74,362	-	-	74,362
Foreign currency translation differences for foreign operations	-	-	(11,334)	(11,334)
Total other comprehensive income / (loss) for the year	48,634	(22,582)	(11,334)	14,718
Other comprehensive income attributed to non-controlling interest	-	-	(19,809)	(19,809)
Other comprehensive income / (loss) attributed to owners of the Parent	48,634	(22,582)	(31,143)	(5,091)
31 December	14,298	11,912	(71,364)	(45,154)

26. TREASURY SHARES

Treasury shares represent the value of shares owned by the Group subsidiaries in the Parent at the end of the reporting year.

27. GAIN ON SALE OF PROPERTIES

During the year, the Group has sold certain properties and has realized gain on sale.

28. GAIN ON DISPOSAL OF SUBSIDIARIES / LOSS OF CONTROL

During the year the Group has made a net gain of QR 404 million on disposal / loss of control over following subsidiaries:

- Park House Limited;
- Tanween Company W.L.L.;
- Cavendish Compliance Limited;
- Cavendish Learning Limited;
- Barwa Buliding Materials Company Limited S.P.C.; and
- Barwa Qatari Diar Research Institute QSTP L.L.C.

29. INCOME FROM CONSULTANCY AND OTHER SERVICES

	2011	2010
Consultancy and other services revenues	821,573	209,899
Advertising revenues	-	5,201
	821,573	215,100

The revenues from consulting services represent project consulting revenues recognized by the Group subsidiaries provided to external parties.

30. OTHER INCOME

	2011	2010
Profit from financial assets classified as available-for-sale	137,942	-
Gain / (loss) on sale of available-for-sale financial assets	64,806	(6,721)
Dividend income	14,260	1,456
Gain / (loss) on disposal of property, plant and equipment	43,789	(1,786)
Other operating income	48,714	-
Unrealized gain / (loss) on financial assets at fair value through profit or loss	178	(207)
Gain on reversal of provisions	59,901	856,412
Other income	15,935	57,441
	385,525	906,595

31. GENERAL AND ADMINISTRATIVE EXPENSES

	2011	2010
Staff costs	378,196	511,403
Professional expenses	138,370	341,979
Rent expenses	88,591	157,154
Advertising and promotion expenses	20,965	65,918
Travel expenses	6,181	12,765
Repair and maintenance expense	7,367	2,873
Government fees	15,357	47,303
Utilities expenses	31,853	32,246
Social contributions	72,230	57,519
Other expenses	33,054	57,671
	792,164	1,286,831

32. IMPAIRMENT LOSSES, NET

	2011	2010
Impairment losses / (reversals) on:		
Advances for projects and investments (Note 11)	1,836,459	480,571
Trading properties (Note 6)	(1,236,333)	2,386,149
Available-for-sale financial assets (Note 9)	101,609	101,524
Property, plant and equipment (Note 16)	58,973	715,257
Receivables and prepayments (Note 8)	5,964	-
Goodwill (Note 15)	-	118,341
	766,672	3,801,842

33. NET FINANCE COSTS

	2011	2010
Finance costs		
Finance cost on Islamic financing obligations	1,667,443	2,013,697
Less: capitalized finance costs	(572,492)	(630,148)
Finance cost charged to profit or loss	1,094,951	1,383,549
Losses from derivative financial instruments	113,000	717,951
Finance costs for the year	1,207,951	2,101,500
Finance income		
Income from Murabha and Islamic deposits	118,951	502,002
Finance lease income (Note 10)	340,570	142,629
Net foreign exchange losses on financing activities	(268,279)	(104,683)
Finance income for the year	191,242	539,948
Net finance costs for the year	**1,016,709**	1,561,552

34. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to Owners of the Parent for the year by the weighted average number of shares outstanding during the year.

	2011	2010
Net profit attributable to the owners of the Parent for the year (in 000 QR)	1,252,368	1,405,629
Weighted average number of shares outstanding during the year (in thousand shares)	389,124	347,820
Basic and diluted earnings per share (QR)	**3.22**	4.04

There were no potentially dilutive shares outstanding at any time during the year. Therefore, the basic and diluted earnings per share are same.

35. DIVIDENDS

In its Board of Directors Meeting held on 4 March 2012, the Company's Board of Directors proposed cash dividends of 10% (2010: 10%) from the outstanding share capital as of reporting date; hence the proposed dividend per share was amounting to QR 1 per share (2010: QR 1 per share) in total of QR 389 million (2010: QR 389 million). The amounts are subject to the approval of the General assembly.

36. CONTINGENT LIABILITIES

	2011	2010
Bank guarantees	**53,758**	104,192
Letters of credit	**406,346**	420,659

The Group anticipates that no material liabilities will arise from the above guarantees and letter of credits, which are issued in the ordinary course of business.

37. CONTRACTUAL COMMITMENTS

	2011	2010
Contractual commitments to contractors and suppliers for property under development	**5,135,345**	9,402,122
Commitments for purchase of property	**334,324**	-
Commitments for purchase of investments	**2,948**	-
Commitments for operating leases	**151,851**	759,209
Unused facilities	-	21,693

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Credit risk

Exposure to credit risk

The carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amounts	
	2011	2010
Bank balances	2,626,116	12,959,624
Available-for-sale financial assets in debt securities	2,578,971	1,528,168
Financial assets of a subsidiary held for sale	41,158	-
Finance lease receivables	3,056,434	1,806,641
Financial receivables	775,806	2,561,618
Due from related parties	230,771	186,334
	9,309,256	19,042,385

Bank balances

Credit risk on bank balances is limited as they are placed with local and foreign banks having good credit ratings assigned by international credit rating agencies.

Available-for-sale financial assets in debt securities

The Group significantly limits its exposure to credit risk by investing in debt securities, which are either quoted in active securities markets, or unquoted and issued by Governmental agencies and well reputed creditworthy organisations. There was no impairment loss recognized in respect of available-for-sale financial assets in debt securities as the decline in fair values of these investments has not been significant or prolonged during the current year. For unquoted investments in debt securities, management depends on valuation and financial reports provided by the investees to asses recoverability of those investments.

There is a regular monitoring by the Group's management of the prices of the debt instruments listed in foreign exchanges, and if there is a permanent decline in the value of investments, impairment provisions are considered.

Financial receivables

Those consist of receivables from trade receivables, bank profits and dividend receivable and receivables under escrow accounts. Credit risk on those balances is minimal as the Group monitors credit worthiness of counter parties.

Due from related parties

Due from related parties consist of balances due from associates in which the Group significantly influence their operating and financial decisions and other related parties, hence credit risk thereon is not significant to the Group.

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

a) Credit risk (continued)

The maximum exposure to credit risk at the reporting date by geographic region was as follows:

	Carrying amounts				
	Domestic	**Other GCC countries**	**European countries**	**North Africa**	**Total 2011**
Bank balances	2,564,328	1,571	53,163	7,054	2,626,116
Available-for-sale financial assets	-	-	2,578,971	-	2,578,971
Financial assets of a subsidiary held for sale	41,158	-	-	-	41,158
Financial receivables	661,517	14,824	99,187	278	775,806
Financial lease receivables	3,056,434	-	-	-	3,056,434
Due from related parties	182,995	47,776	-	-	230,771
	6,506,432	**64,171**	**2,731,321**	**7,332**	**9,309,256**

	Carrying amounts				
	Domestic	Other GCC countries	European countries	North Africa	Total 2010
Bank balances	12,838,797	3,696	115,394	1,737	12,959,624
Available-for-sale financial assets	1,333,825	194,343	-	-	1,528,168
Financial assets of a subsidiary held for sale	-	-	-	-	-
Financial receivables	2,517,194	3,550	40,874	-	2,561,618
Financial lease receivables	1,806,641	-	-	-	1,806,641
Due from related parties	33,217	97,445	55,672	-	186,334
	18,529,674	299,034	211,940	1,737	19,042,385

The Group monitors its exposure to credit risk on an ongoing basis and based on the management's assessment and historic default rates, the Group believes that impairment allowance of QR 8 million is sufficient against financial receivables as at 31 December 2011 (Note 8). Financial receivables include certain balances that are overdue but in management's view are not impaired as at the reporting date.

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Liquidity risk

The following are the contractual maturities of financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

2011	**Carrying Amounts**	**Contractual cash out flows**	**Less than 1 year**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
Financial liabilities of a subsidiary held for sale	62,939	(62,939)	62,939	-	-	-
Financial Payables	2,267,264	(2,267,264)	2,042,630	-	224,634	-
Derivative liabilities	452,134	(452,134)	452,134	-	-	-
Liabilities for purchase of land	2,486,437	(3,718,796)	616,454	1,068,277	2,034,065	-
Due to related parties	16,822,844	(21,817,166)	1,483,300	1,889,160	7,752,206	10,692,500
Obligation under Islamic finance contracts	28,371,134	(31,953,134)	3,267,582	1,822,000	26,863,552	-
	50,462,752	**(60,271,433)**	**7,925,039**	**4,779,437**	**36,874,457**	**10,692,500**

2010	Carrying Amounts	Contractual cash out flows	Less than 1 year	1 – 2 years	2 – 5 years	More than 5 years
Financial liabilities of a subsidiary held for sale	-	-	-	-	-	-
Financial Payables	7,985,662	(7,985,662)	7,228,647	222,222	517,977	16,816
Derivative liabilities	674,820	(819,439)	819,439	-	-	-
Liabilities for purchase of land	3,272,667	(3,752,298)	610,390	1,128,281	1,458,972	554,655
Due to related parties	23,907,254	(29,094,254)	9,219,550	160,000	1,480,000	18,234,704
Obligation under Islamic finance contracts	24,178,951	(25,682,286)	17,221,850	-	5,740,657	2,719,779
	60,019,354	(67,333,939)	35,099,876	1,510,503	9,197,606	21,525,954

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is in the process of setting acceptable parameters, based on value at risk, that may be accepted and which is monitored on a daily basis.

i. Currency risk

The major items of the foreign currency financial assets and liabilities are denominated in EGP, GBP and EURO. The financial assets and liabilities denominated in USD are not subject to currency risk, as Qatari Riyal is pegged to the US Dollars.

Sensitivity analysis

A 10 percent strengthening / weakening of the Qatari Riyal against currencies that are not pegged against US Dollars as at 31 December would have increased / (decreased) consolidated equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular finance cost rates, remain constant.

	Equity		**Profit or loss**	
2011	**10% Weakening**	**10% Strengthening**	**10% Weakening**	**10% Strengthening**
EURO	(169,890)	169,890	(163,055)	163,055
GBP	(30,685)	30,685	(5)	5
EGP	(288,956)	288,956	(12,033)	12,033
KWD	-	-	-	-

	Equity		Profit or loss	
2010	10% Weakening	10% Strengthening	10% Weakening	10% Strengthening
EURO	(160,654)	160,654	(103,919)	103,919
GBP	87,949	(87,949)	7,674	(7,674)
EGP	(790,029)	790,029	-	-
KWD	129,201	(129,201)	75,479	(75,479)

ii. Equity price risk:

Sensitivity analysis – equity price risk

Significant portion of the Group's equity investments are unlisted investments which are measured at cost subject to impairment testing. Quoted equity investments are listed on either Qatar Exchange or Bahrain Stock Exchange.

38. FINANCIAL INSTRUMENTS RISK AND MANAGEMENT (CONTINUED)

c) Market risk (continued)

iii. Profit rate risk

Profile

At the reporting date the profit rate profile of the Group's profit-bearing financial instruments was:

	Carrying amounts	
	2011	2010
Fixed rate instruments		
Financial assets	2,578,971	1,528,168
Financial liabilities	(15,226,437)	(34,836,193)
	(12,647,466)	(33,308,025)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in profit rates at the reporting date would not affect profit or loss.

	Carrying amounts	
	2011	2010
Variable rate instruments		
Financial assets	-	1,993,782
Financial liabilities	(30,070,268)	(15,472,771)
	(30,070,268)	(13,478,989)

Cash flow sensitivity for variable rate instruments

A change of 50 basis points in profit rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity / Profit or loss			
	2011		2010	
	50 bp increase	**50 bp decrease**	50 bp increase	50 bp Decrease
Variable rate financial liabilities	**(459,000)**	**459,000**	(98,742)	98,742

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Concentration risk
Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its concentration risk by establishing geographic and industry wise concentration limits.

Fair values
Fair values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	Carrying amounts / Fair value	
	2011	2010
Cash and bank balances	2,626,385	12,983,145
Financial assets at fair value through profit or loss	4,137	3,959
Available-for-sale financial assets	3,041,593	2,736,140
Financial assets of a subsidiary held for sale	41,158	-
Finance lease receivables	3,056,434	1,806,641
Financial receivables	775,806	2,561,618
Due from related parties	230,771	186,334
Financial liabilities of a subsidiary held for sale	(62,939)	-
Financial payables	(2,267,264)	(7,985,662)
Derivative liabilities	(452,134)	(674,820)
Liabilities for purchase of land	(2,486,437)	(3,272,667)
Due to related parties	(16,822,844)	(23,907,254)
Obligation under Islamic finance contracts	(28,371,134)	(24,178,951)
	(40,686,468)	(39,741,517)

39. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of land, buildings, equipment, fixtures and fittings is based on the quoted market prices for similar items.

b) Investment in quoted equity securities
The fair value of quoted financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

c) Advances and other receivables
The fair value of advances and other receivables, excluding construction work in progress, if any, is estimated as the present value of future cash flows, discounted at the market rate of profit at the reporting date.

39. DETERMINATION OF FAIR VALUES (CONTINUED)

d) Derivatives

The fair value of forward exchange contracts is based on their listed market price. While for the profit rate swaps, if a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free profit rate.

The fair value of profit rate swaps is also based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market profit rates for a similar instrument at the measurement date.

40. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Critical accounting judgments

Impairment of receivables and advances

An estimate of the collectible amount of trade accounts receivable, advances and due from related parties 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.

Classification of investment securities

On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. The Group classifies investments as "at fair value through profit or loss" if they are acquired primarily for the purpose of short term profit making and cash generation. All other investments are classified as "available-for-sale". The Group accounts for investments in equity securities as investment in associate only when significant influence over the investee's operations can be proved to exercise, else and regardless of the ownership share, the investment is classified as available-for-sale.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

a) Critical accounting judgments - ***Valuation of financial instruments (continued)***

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The Group uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, like profit rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like profit rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values.

Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

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

a) Critical accounting judgments - *Valuation of financial instruments* (continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value:				
Available-for-sale financial assets	105,013	-	-	105,013
Financial assets at fair value through profit or loss	4,137	-	-	4,137
	109,150	-	-	**109,150**
Financial liabilities at fair value:				
Derivative financial instruments	-	(452,134)	-	(452,134)
	-	**(452,134)**	-	**(452,134)**

2010	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Available-for-sale financial assets	503,083	-	-	503,083
Financial assets at fair value through profit or loss	3,959	-	-	3,959
	507,042	-	-	507,042
Financial liabilities at fair value:				
Derivative financial instruments	-	(674,820)	-	(674,820)
	-	(674,820)	-	(674,820)

b) Estimation uncertainty

Impairment of available-for-sale equity investments

The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group treats "significant" generally as 20% or more and 'prolonged' greater than six (6) months. 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, if any.

Fair value of unquoted equity and debt investments

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

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

b) Estimation uncertainty (continued)

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill embedded in the cost of acquisition of subsidiaries and associates and other indefinite life intangibles, if any, are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The estimates used by management in testing impairment of the goodwill resulting from business combinations are as follows:

Key assumptions used in value in use calculations:

The calculation of value in use for cash generating units relating to real estate projects are most sensitive to the following assumptions:

- *Gross margin*

Gross margins are based on average values achieved in the period preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

- *Discount rates*

Discount rates represent the current market assessment of the risks specific to each cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the profit bearing Islamic borrowings, the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available marked data.

- *Growth rate*

Growth rate is used to extrapolate cash flows beyond the budget period.

41. OPERATING SEGMENT

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different businesses and are managed separately because they require different expertise. For each of the strategic divisions, the Group's Top Management (the chief operating decision maker) reviews internal management reports on regular basis. The real estate segment develops, sells and lease condominiums, villas and plots of land , business services segment provides business support services and financial institution and other services comprise banks, financial and other institutions.

The operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results, which are considered as measure of the individual segment's profit and losses.

	Real Estate	**Business services**	**Financial institution and other services**	**Total 2011**
Revenues	3,773,449	108,651	313,196	**4,195,296**
Finance Cost	1,016,688	(365)	386	**1,016,709**
Depreciation	66,069	6,986	26,072	**99,127**
Results for the year	1,299,290	(82,449)	68,960	**1,285,801**
Share of results of associates	248,139	17,567	61,573	**327,279**
Reportable segment assets	61,950,627	243,253	430,468	**62,624,348**
Investment in associates	1,618,160	151,794	1,412,337	**3,182,291**
Reportable segment liabilities	53,092,008	104,190	79,334	**53,275,532**

	Real Estate	Business services	Financial institution and other services	Total 2010
Revenues	7,758,113	455,629	472,150	8,685,892
Finance Cost	1,561,552	-	-	1,561,552
Depreciation	61,427	6,879	23,557	91,863
Results for the year	1,405,108	(45,064)	51,048	1,411,092
Share of results of associates	(165,389)	-	(2,691)	(168,080)
Reportable segment assets	63,251,890	370,695	8,408,487	72,031,072
Investment in associates	1,574,165	-	376,950	1,951,115
Reportable segment liabilities	55,418,713	171,563	5,291,218	60,881,494

42. SUBSEQUET EVENTS

On 4 January 2012, the Group acquired additional 50% equity stake in an associate Asas Real Estate Company W.L.L. (ASAS) from its current shareholder. Post this acquisition, the Group has 100% equity stake in ASAS.

43. COMPARATIVE FIGURES

The comparative figures presented for 2010 have been reclassified where necessary to preserve consistency with the 2011figures. However, such reclassifications did not have any effect on the consolidated net profit, or other comprehensive income or the total consolidated equity for the comparative year.