Ezdan Real Estate Company Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2010

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EZDAN REAL ESTATE COMPANY Q.S.C.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ezdan Real Estate Company Q.S.C. (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2010 and the consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Director's Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2010 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 5 to the financial statements which indicates that as of 31 December 2009 the provision for social and sports activities contribution amounting to QR 9.5 million was calculated at 2.5% of the net profit for the year after excluding the fair value gains on investment properties and projects under development. According to the requirements of Law No. 13 of 2008, all the Qatari Shareholding Companies which are listed in Qatar Exchange are required to pay 2.5% of their annual net profit to Governmental Fund to support the social and sports activities. The management is of the opinion that there are no sufficient instructions about the calculation of the provision and accordingly has applied its own interpretation as explained above.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EZDAN REAL ESTATE COMPANY Q.S.C. (CONTINUED)

Report on Legal and Other Requirements

Furthermore, in our opinion proper books of account have been kept by the Group, an inventory count has been conducted in accordance with established principles, the contents of the Directors' report which relate to the consolidated financial statements are in agreement with the Group's financial records. In addition the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association, except for the impact of the matter referred to in Note 13 to the financial statements which indicates that, in 2009 the group did not transfer 10% of the annual net profit to the legal reserve in accordance with the requirements of Article No. 183 of the Qatar Commercial Companies Law No. 5 of 2002 due to the insufficiency of the balance of retained earnings as at 31 December 2009. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any other violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Group or on its financial position.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date: 17 March 2011
Doha

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Notes	***2010*** ***QR'000***	*2009* *QR'000* *(Restated)*
Rental income		**443,316**	457,409
(Loss) gain on disposal of investment properties		**(72,545)**	17,427
Contract revenue		**11,163**	-
Other operating income		**9,652**	9,592
Operating expenses	3	**(82,863)**	(75,074)
Contract cost		**(11,052)**	-
PROFIT FROM OPERATIONS		**297,671**	409,354
Net fair value gains on investment properties and projects under development	8&9	**19,119**	8,304,911
Profit on bank deposits		**3,492**	5,212
Negative goodwill on acquisition		**-**	58,403
General and administrative expenses	4	**(75,813)**	(50,216)
Islamic finance costs		**(123,145)**	(41,977)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**121,324**	8,685,687
BASIC AND DILUTED EARNINGS PER SHARE (QR)	6	**0.046**	5.29

The attached notes 1 to 22 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2010

	Notes	***2010 QR'000***	*2009 QR'000 (Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	7	**98,014**	83,119
Investment properties	8	**13,823,088**	8,645,361
Projects under development	9	**17,129,190**	20,966,306
		31,050,292	29,694,786
Current assets			
Inventories		**28,134**	107,916
Accounts receivable and prepayments	10	**171,442**	136,480
Bank balances and cash	11	**674,490**	121,024
		874,066	365,420
TOTAL ASSETS		**31,924,358**	30,060,206
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**26,524,967**	26,524,967
Legal reserve	13	**771,721**	759,589
Retained earnings		**106,159**	-
Total equity		**27,402,847**	27,284,556
Non-current liabilities			
Islamic financing facilities	14	**3,103,126**	1,791,290
Profit payable on Islamic financing facilities		-	25,944
Employees' end of service benefit	15	**11,400**	9,173
		3,114,526	1,826,407
Current liabilities			
Islamic financing facilities	14	**428,256**	251,327
Profit payable on Islamic financing facilities		**91,593**	32,365
Accounts payable and accruals	16	**887,136**	665,551
		1,406,985	949,243
Total liabilities		**4,521,511**	2,775,650
TOTAL EQUITY AND LIABILITIES		**31,924,358**	30,060,206

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Thani Bin Abdullah Al Thani
Chairman

……………………………………………….
Hesham Al-Sehetry
Managing Director & CEO

The attached notes 1 to 22 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2010

	Notes	***2010*** ***QR'000***	*2009* *QR'000* *(Restated)*
OPERATING ACTIVITIES			
Profit for the year		**121,324**	8,685,687
Adjustment for:			
Depreciation	7	**27,302**	15,347
Provision for employees' end of service benefit	15	**3,915**	7,467
Profit on disposal and net fair value gains on investment properties		**(1,769,777)**	(3,976,902)
Net fair value losses (gains) on projects under development	9	**1,823,203**	(4,345,436)
Allowance for impairment of receivables	10	**9,317**	9,258
Islamic finance costs		**123,145**	41,977
Profit on bank deposits		**(3,492)**	(5,212)
Operating profit before working capital changes:		**334,937**	432,186
Accounts receivable and prepayments		**(44,279)**	(113,748)
Inventories		**79,782**	(105,478)
Profit payable on Islamic financing facilities		**33,284**	42,480
Accounts payable and accruals		**218,552**	605,887
Cash from operations		**622,276**	861,327
Islamic finance costs paid		**(123,145)**	(41,977)
Employees' end of service benefits paid	15	**(1,688)**	(356)
Net cash flows from operating activities		**497,443**	818,994
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	**(9,902)**	(18,313)
Property, plant and equipment resulted from the acquisition	7	-	(55,030)
Proceeds from disposal of property, plant and equipment		**561**	-
Purchase of investment properties	8	**(38,879)**	(10,645)
Proceeds from disposal of investment properties		**397,296**	45,050
Investment properties resulted from the acquisition	8	-	(142,992)
Payments for projects under development	9	**(1,785,310)**	(1,057,629)
projects under development resulted from acquisition		-	(13,426,459)
Profit on bank deposits		**3,492**	5,212
Net cash flows used in investing activities		**(1,432,742)**	(14,660,806)
FINANCING ACTIVITIES			
Issue of bonus shares resulted from acquisition		**-**	12,121,321
Net movement in Islamic financing facilities	14	**1,488,765**	1,676,617
Net cash flows from financing activities		**1,488,765**	13,797,938
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**553,466**	(43,874)
Cash and cash equivalents as of 1 January		**121,024**	164,898
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	**674,490**	121,024

The attached notes 1 to 22 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	Share capital QR'000	*Legal reserve QR'000*	*Retained earnings QR'000*	*Total QR'000*
Balance at 1 January 2010	26,524,967	759,589	-	27,284,556
Profit and total comprehensive income for the year	-	-	121,324	121,324
Total comprehensive income for the year	-	-	121,324	121,324
Transfer to legal reserve	-	12,132	(12,132)	-
Appropriation for contribution to social fund (Note 5 and Note 16)	-	-	(3,033)	(3,033)
Balance at 31 December 2010	**26,524,967**	**771,721**	**106,159**	**27,402,847**
Balance at 1 January 2009	4,569,000	191,842	1,726,225	6,487,067
Profit and total comprehensive income for the year	-	-	8,685,687	8,685,687
Total comprehensive income for the year	-	-	8,685,687	8,685,687
Issue of bonus shares	9,834,646	-	(9,834,646)	-
Issue of new shares	12,121,321	-	-	12,121,321
Transfer to legal reserve	-	567,747	(567,747)	-
Appropriation for contribution to social fund (Note 5 and Note 16)	-	-	(9,519)	(9,519)
Balance at 31 December 2009 *(Restated)*	26,524,967	759,589	-	27,284,556

The attached notes 1 to 22 form part of these consolidated financial statements

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Ezdan Real Estate Company Q.S.C. is a Qatari public shareholding company registered in the State of Qatar under the commercial registration number 15466.

The Company's registered office is at P.O. Box 3222, Doha, State of Qatar.

The Company is mainly involved in owning, developing and trading in real estates.

The consolidated financial statements of Ezdan Real Estate Company Q.S.C. for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 17 March 2011.

On 4 November 2009 the Extraordinary General Assembly of the shareholders approved the acquisition of International Housing Group Q.P.S.C. through the issue of new shares to the shareholders of the International Housing Group Q.P.S.C. In addition the Extraordinary General Assembly to authorized the Board of Directors to take the legal procedures necessary for obtaining the administrative approvals required by the Qatari Commercial Companies Law no. 5 of 2002 to finalize the acquisition process.

The following amounts reflect the assets and liabilities acquired from the International Housing Group Q.P.S.C. and combined into Ezdan Real Estate Q.S.C financial statements for the year ended 31 December 2009:

	QR'000
Total Assets	**13,966,649**
Total Liabilities	**1,786,925**

The process of acquiring International Housing Group Q. Q.P.S.C. resulted in an increase in the share capital by QR 12,121,320,740 and a negative goodwill of QR 58,403,289 which has been recognized as income in the Statement of Comprehensive Income.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention, modified to include the measurement at fair value of investment properties and projects under development.

The consolidated financial statements have been presented in Qatar Riyals, which is the functional and presentational currency of the Group. All values are rounded to the nearest thousand (QR'000) except where otherwise indicated.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Ezdan Real Estate Company Q.S.C. and its subsidiaries, as follows:

	Effective Group Ownership Percentage	
	2010	*2009*
Ezdan Trading and Contracting Company S.O.C	**100%**	100%
Ezdan Hotel and Suites Company S.O.C	**100%**	100%
Ezdan Real Estate Investment W.L.L.	**100%**	100%

Notes:

1) Ezdan Trading and Contracting Company S.O.C ("subsidiary company") was incorporated in Qatar and has an authorized and paid-up capital of QR 200,000. The Company is involved in general contracting for buildings, road paving, trading in building materials and equipment, electricity works and maintenance.

2) Ezdan Hotel and Suites Company S.O.C ("subsidiary company") was incorporated in Qatar as a single owner company and has an authorized and paid up capital of QR 200,000. The Company is involved in managing hotels, suites, and restaurants.

3) Ezdan Real Estate Investment W.L.L. ("subsidiary company") was incorporated in Qatar as a limited liability company and has an authorised and paid up capital of QR 10,000,000. The Company is involved in buying, selling and managing properties, construction of buildings, roads paving, trading in building materials, electricity work and maintenance.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the parent obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010 as follows:

- IFRS 2 *Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010*
- IFRS *3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5 IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39*
- IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009*
- IFRIC 17 *Distributions of Non-cash Assets to Owners effective 1 July 2009*
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

IFRS 2 Share-based Payment (Revised)
The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group.

IFRS 3 *Business Combinations (Revised)* and IAS 27 *Consolidated and Separate Financial Statements (Amended)*
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position nor performance of the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Improvements to IFRS

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to some accounting policies but did not have any impact on the financial position or performance of the Group.

Issued in May 2008

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction.

Issued in April 2009

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*: clarifies that the disclosures required in respect of non-current assets and disposal Groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.

- *IFRS 8 Operating Segments*: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- *IAS 7 Statement of Cash Flows*: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.

- *IAS 36 Impairment of Assets*: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.

2.6 Standard issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group’s financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

IAS 24 Related Party Disclosures (Amendment)
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments, or to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Standard issued but not yet effective (continued)

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)
The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

Improvements to IFRSs (issued in May 2010)
The IASB issued *Improvements to IFRSs*, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Group:

- IFRS 3 *Business Combinations*
- IFRS 7 *Financial Instruments: Disclosures*
- IAS 1 *Presentation of Financial Statements*
- IAS 27 *Consolidated and Separate Financial Statements*
- IFRIC 13 *Customer Loyalty Programmes*

The Group, however, expects no impact from the adoption of the amendments on its financial position or performance

2.7 Significant accounting policies

Revenue recognition
Revenue is recognised on the following basis:

Rental income
Rental income receivable from operating leases, less the Group's initial direct costs of entering into the leases, is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Significant accounting policies (continued)

Revenue recognition (continued)
Rental income (continued)
Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when they arise.

Profit on bank deposits
Profit on bank deposits is recognised as the profit accrues using the effective profit rate.

Service income
Revenue from services provided during the year is recognised when these services are provided to the customers and the amount of revenue can be measured reliably.

Sale of properties
A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contacts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Borrowing costs
Borrowing costs that are directly attributable to construction of property are capitalised as part of cost of the asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use are completed. Other borrowing costs are recognised as expense in the period in which they are incurred.

Cash and cash equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and bank balances, short term bank deposits with an original maturity of three months or less.

Property, plant and equipment
Property, plant and equipment are recognised initially at cost including borrowing costs that are eligible for capitalisation and excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Plant & equipment	2 - 5 years
Furniture, fixtures	5 years
Motor vehicles	5 years

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, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Significant accounting policies (continued)

Property, plant and equipment (continued)
An item of property, plant and equipment is derecognised 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 consolidated statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Investment properties
Land and buildings are considered as investment properties only when they are being held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs and borrowing costs that are directly attributable to construction of the asset. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the financial position date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of comprehensive income in the year of retirement or disposal.

Other than transfers from projects under development, transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Projects under development
Projects under development represent properties that are being constructed or developed including land for future use as investment properties or owner occupied properties.

The projects under development will be transferred to investment properties and property, plant and equipment categories when they are ready for their intended use.

Projects under development are measured initially at cost, less any impairment in value. It also includes the indirect expenses on the basis of its regular activity and operation and subsequently measured at fair value which reflect the market conditions at the financial position date. Any gains or losses arising from changes in the fair values are included in the consolidated statement of comprehensive income for the year.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Inventories are accounted for on a weighted average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Significant accounting policies (continued)

Accounts receivable
Accounts receivable are stated at original 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.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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

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

Provision for social and sports activities contribution
Under Qatar Law No. 13 for 2009, all the Qatari shareholding companies which listed in Qatar Exchange are required to pay 2,5% of their annual net profit to governmental fund to support the social and sports activities.

Islamic financing activities
Islamic financing activities are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, Islamic financing activities are measured at amortized cost using the effective profit method, with any differences between the cost and final settlement values being recognized in the consolidated statement of comprehensive income over the period of borrowings. Instalments due within one year at amortised cost are shown as a current liability.

Derecognition of financial assets and liabilities
Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when the Group has transferred its contractual rights to receive cash flows from the assets.

Financial liabilities are derecognised when they are extinguished, which is when the obligation is discharged or cancelled or expired.

Impairment and uncollectibility of financial assets
An assessment is made at each financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of comprehensive income;
(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 future cash flows discounted at the original effective interest rate.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial position date. All differences are taken to the consolidated statement of comprehensive income.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Significant accounting policies (continued)

Fair values
The fair value of investment properties and projects under development is based on valuations carried out by external, independent evaluators.

The fair value of interest bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

3 OPERATING EXPENSES

	2010 QR'000	*2009 QR'000*
Maintenance expenses	**11,543**	5,642
Staff costs	**9,849**	10,880
Air-conditioning cost	**8,678**	8,744
Water and electricity	**8,372**	4,879
Development expenses	**4,220**	29,268
Diesel and Oils	**3,738**	-
Registration and ownership transfer fees	**2,429**	847
Mortgage fees	**2,359**	366
Rent commission	**2,150**	267
Equipment rent	**1,667**	1,390
Consultation fees	**1,353**	1,215
Properties valuation fees	**304**	346
Other operating expenses	**26,201**	11,230
	82,863	75,074

4 GENERAL AND ADMINISTRATIVE EXPENSES

	2010 QR'000	*2009 QR'000*
Advertising expenses	**21,336**	6,556
Staff costs	**18,934**	14,454
Qatar Exchange registration fees	**9,359**	1,690
Allowance for impairment of receivables (Note 10)	**9,317**	9,258
Depreciation	**8,989**	7,535
Insurance expenses	**1,150**	1,180
Zakat and donation expenses	**327**	4,000
Other expenses	**6,401**	5,543
	75,813	50,216

5 CONTRIBUTION TO SOCIAL FUND

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR. 3,033 thousands (2009: 9,519 thousands) equivalent to 2.5% of the consolidated net profit for the year for the support of sports, cultural, social and charitable activities.

In January 2010, a clarification relating to Law No. 13 of 2008 was issued, which requires the amount payable to be recognised as a distribution of income. Accordingly, the amount provided during 2009, has been considered as a restatement of the 2009 retained earnings in accordance with “IAS 8 – Accounting policies, changes in accounting estimates and errors”.

During the financial year ended 31 December 2009, the provision for social and sports activities contribution amounted to QR 9,519 thousand was calculated at 2.5% of the net profit for year after excluding the fair value gains on investment properties and projects under development.

According to the requirements of Law No. 13 of 2008, all the Qatari Shareholding Companies which are listed in Qatar Exchange are required to pay 2.5% of the annual net profit to Government Fund to support the social and sports activities. The management is of the opinion that there are no sufficient instructions about the calculation of the provision, therefore the provision for 2009 was calculated based on the method disclosed above.

6 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

	2010	*2009 (Restated)*
Profit for the year (QR’000)	**121,324**	8,685,687
Weighted average number of shares outstanding during the year (thousand of share)	**2,652,497**	1,642,387
Basic and diluted earnings per share (QR)	**0.046**	5.29

Notes:

(i) The weighted average number of shares has been calculated as follows:

	2010	*2009*
Qualifying shares at beginning of the year	**2,652,497**	456,900
Effect of new shares issued on 1 November 2009 (Note 12)	**-**	202,022
Effect of bonus shares issued on 1 November 2009 (Note 12)	**-**	983,465
Weighted average number of shares at end of the year	**2,652,497**	1,642,387

(ii) There were no potentially dilutive shares outstanding at any time during the year and hence the diluted earnings per share is equal to the basic earnings per share.

7 PROPERTY, PLANT AND EQUIPMENT

	Land *QR'000*	*Buildings* *QR'000*	*Motor vehicles* *QR'000*	*Furniture and fixtures* *QR'000*	*Plant and equipment* *QR'000*	*Construction in progress* *QR'000*	*Total* *QR'000*
Cost:							
At 1 January 2010	-	12,852	9,770	34,883	47,399	-	104,904
Additions	-	-	523	5,366	2,333	1,680	9,902
Transfers from investments properties	5,038	31,484	-	-	-	-	36,522
Disposals	-	-	(1,085)	-	-	-	(1,085)
Transfers to investments properties	-	-	-	(3,666)	-	-	(3,666)
At 31 December 2010	5,038	44,336	9,208	36,583	49,732	1,680	146,577
Depreciation:							
At 1 January	-	107	2,383	12,927	6,368	-	21,785
Depreciation charge for the year (i)	-	2,217	1,991	8,584	14,510	-	27,302
Relating to disposals	-	-	(524)	-	-	-	(524)
At 31 December 2010	-	2,324	3,850	21,511	20,878	-	48,563
Net carrying amount:							
At 31 December 2010	**5,038**	**42,012**	**5,358**	**15,072**	**28,854**	**1,680**	**98,014**

7 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings *QR'000*	*Motor vehicles* *QR'000*	*Furniture and fixtures* *QR'000*	*Plant and equipment* *QR'000*	*Total* *QR'000*
Cost:					
At 1 January 2009	-	3,119	27,384	1,058	31,561
Additions	-	3,771	6,523	8,019	18,313
Transfers as a result of the acquisition	12,852	2,880	976	38,322	55,030
At 31 December 2009	12,852	9,770	34,883	47,399	104,904
Depreciation:					
At 1 January	-	709	5,666	63	6,438
Depreciation charge for the year (i)	107	1,674	7,261	6,305	15,347
At 31 December 2009	107	2,383	12,927	6,368	21,785
Net carrying amount:					
At 31 December 2009	12,745	7,387	21,956	41,031	83,119

Note:

(i) Depreciation charge for the year amounting to QR 17,668 thousand (2009: QR 7,812 thousand) has been capitalised as part of projects under development.

8 INVESTMENT PROPERTIES

	2010	*2009*
	QR'000	*QR'000*
At 1 January	**8,645,361**	4,741,227
Additions	**38,879**	10,645
Transfer from projects under development	**4,632,015**	13,270
Transfer from properties, plant & equipments	**3,666**	-
Transfer to projects under development	**(832,792)**	(194,625)
Transfer to properties, plant & equipments	**(36,522)**	-
Disposals	**(469,841)**	(27,623)
Net gains from changes in the fair value (a)	**1,842,322**	3,959,475
Investment properties transferred as a result of the acquisition	-	142,992
	13,823,088	8,645,361

Notes:

a) The Group has carried out a valuation of all investment properties and projects under development owned by the Group as at 31 December 2010. The valuation was prepared by D.T.Z Qatar L.L.C., a certified valuer, specialized in the valuation of real estate and similar activities. The valuation has been prepared in accordance with the appropriate sections of the Practice Statements ("PS") contained with the RICS Valuation Standards, 6th Edition (the "Red Book").

Investment properties:

- The market value has been estimated by using the investment approach. This approach adopts a discounted cash flow approach and has regard to a number of issues including tenant covenant strength, length of lease, rental trends, the quality and age of the building, operating costs and incorporates an appropriate discount rate having regard to prevailing market conditions.

Projects under development:

- The market value has been estimated using the modified residual approach or the depreciated replacement cost approach plus land. The modified residual approach adopts the investment approach to determine a gross development value from which the future capital expenditure and associated costs required to complete the development is deducted. The depreciated replacement cost approach plus land adopts the capital expenditure to date (current replacement cost) plus market value of land plot, as the valuation date.

(b) All the investment properties are located in Qatar.

(c) The encumbrances and liens on the investment properties are disclosed in Note 14.

9 PROJECTS UNDER DEVELOPMENT

	2010	*2009*
	QR'000	*QR'000*
Opening balance	**20,966,306**	1,955,427
Additions (i)	**1,785,310**	1,057,629
Transfer to investment properties	**(4,632,015)**	(13,270)
Transfer from investment properties	**832,792**	194,625
Net (loss) gain from changes in the fair value (8 a)	**(1,823,203)**	4,345,436
Projects under development transferred as a result of the acquisition	**-**	13,426,459
	17,129,190	20,966,306

Note:

(i) Islamic finance costs amounting to QR 153,164 thousand (2009: QR 40,113 thousand) has been capitalised as part of projects under development.

10 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2010	*2009*
	QR'000	*QR'000*
Trade accounts and notes receivable	**71,354**	55,693
Less : Allowance for impairment	**(25,390)**	(16,073)
	45,964	39,620
Advances to suppliers	**78,381**	79,411
Payments against letters of credit	**19,778**	4,412
Accrued profit revenues	**6,458**	3,084
Amounts due from related parties (*) (Note 17)	**2,862**	27
Refundable deposits	**1,912**	1,948
Prepayments	**875**	5,549
Staff receivable	**753**	534
Other receivables	**14,459**	1,895
	171,442	136,480

* Amounts due from related parties include the following balances:

	2010	*2009*
	QR'000	*QR'000*
Sak Group for Investment Properties (S.O.C.)	**1,980**	-
Tadawul Holding Group (Q.P.S.C.)	**662**	-
Sheikh Khalid Bin Thani	**193**	-
Sheikh Thani Bin Abdullah Al Thani Foundation for Humanitarian Services	**20**	20
Mackeen Investment and Real Estate Development Company (Q.P.S.C.)	**7**	7
	2,862	27

As at 31 December 2010, trade accounts receivable amounting to QR 25,390 thousand (2009: QR 16,073 thousand) were impaired.

10 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

Movements in the allowance for impairment of trade accounts receivable were as follows:

	2010 QR'000	*2009 QR'000*
At 1 January	**16,073**	6,815
Charge for the year (Note 4)	**9,317**	9,258
At 31 December	**25,390**	16,073

As at 31 December, the ageing of unimpaired trade receivables is as follows:

			Past due but not impaired		
	Total QR'000	*Neither past due nor impaired QR'000*	*30 – 90 day QR'000*	*90 – 120 day QR'000*	*>120 days QR'000*
2010	**45,964**	**9,926**	**16,907**	**12,295**	**6,836**
2009	39,620	8,328	5,028	17,243	9,021

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. The Group's practice is not to obtain collateral over receivables and the vast majority are, therefore, unsecured.

11 BANK BALANCES AND CASH

Cash and cash equivalents in the Statement of Cash Flows consist of the following statement of financial position amounts:

	2010 QR'000	*2009 QR'000*
Bank balances and cash	**263,174**	105,271
Short term deposits	**411,316**	15,753
At 31 December	**674,490**	121,024

The Group earns profit rate ranging from 3.17% to 6.2% per annum on the short term deposits.

12 SHARE CAPITAL

	2010	*2009*
	QR'000	*QR'000*
Authorised, issued and fully paid 2,652,496,691 shares of QR 10 each	**26,524,967**	26,524,967

On 4 November 2009 the Extraordinary General Assembly of Ezdan Real Estate Q.S.C resolved to approve the valuation prepared by DTZ Qatar L.L.C., after the approval of the court of law. The Extraordinary General Assembly also resolved to issue bonus shares amounting to QR 9,834,646 thousand to the shareholders of Ezdan Real Estate Q.S.C prior to the acquisition of International Housing Group Q.S.C.C, based on the valuation prepared by DTZ, which estimated the value of Ezdan Real Estate Q.S.C at QR 14,403,646,168.

Further, the Extraordinary General Assembly resolved to issue new shares to the shareholders of International Housing Group Q.P.S.C. against their interests in the company amounting to QR 12,121,320,740 divided into 1,210,132,074 shares of QR 10 per share, which represents the value agreed upon between the two parties and representing the fair value of the acquired company. The fair value QR 10 per share is based on the valuation carried out by DTZ Qatar. The date of the execution of the acquisition was 31 October 2009.

On 11 November 2009 the legal procedures necessary for the registration of the share capital increase with the Ministry of Business and Trade has been finalized, and as a result Ezdan Real Estate Q.S.C obtained on 8 December 2009 a Commercial Registration with a share capital agreeing to the amount included in these financial statements.

13 LEGAL RESERVE

As required by Qatar Commercial Companies' Law No, 5 of 2002 and the company's articles of association, 10% of the profit for the year should be transferred to legal reserve. The company may resolve to discontinue such annual transfers when the reserve totals 50% of issued share capital. The reserve is not normally available for distribution except in the circumstances stipulated in the above law.

During the financial year ended on 31 December 2009, the Group has issued bonus shares from the retained earnings of the previous years in addition to the recognized net profits up to 31 October 2009 based on a resolution obtained at the Extraordinary General Assembly of the shareholders. The remaining balance of the retained earnings as at the end of 2009 was not sufficient to transfer 10% of the annual profit in accordance with the requirements of the Article No. 183 of the Qatar Commercial Companies Law No. 5 of 2002 to the legal reserve. Accordingly, the group transferred the total remaining profits for the year 2009 to the legal reserve which amounted to QR 567,747 thousand (after deducting the portion related to the issue of bonus shares).

14 ISLAMIC FINANCING FACILITIES

	Notes	*2010* QR'000	*2009* QR'000
Facility 1	(i)	**156,000**	195,000
Facility 2	(ii)	**153,900**	171,000
Facility 3	(iii)	**308,750**	325,000
Facility 4	(iv)	**499,007**	567,836
Facility 5	(v)	**94,389**	121,799
Facility 6	(vi)	**122,411**	134,078
Facility 7	(vii)	**83,608**	91,240
Facility 8	(viii)	**220,807**	283,234
Facility 9	(ix)	**300,000**	150,000
Facility 10	(x)	**250,000**	-
Facility 11	(xi)	**500,000**	-
Facility 12	(xii)	**650,000**	-
Facility 13	(xiii)	**97,000**	-
Other Facilities		**95,510**	3,430
Balance		**3,531,382**	2,042,617
Classified in the statement of financial position as follows:			
Current portion		**428,256**	251,327
Non-current portion		**3,103,126**	1,791,290
		3,531,382	2,042,617

Notes:

(i) Facility 1 - On 21 July 2008, the Group entered into an Ijarah agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group for an amount of QR 195 million. The facility is repayable in 20 quarterly instalments starting on 18 January 2010 and carries profit rate at Qatar Central Bank rate plus certain margin. The facility is secured against an investment property with a book value of QR 370,225 thousand as of 31 December 2010.

(ii) Facility 2 - On 22 May 2008, the Group entered into an Ijarah agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group for an amount of QR 171 million. The facility is repayable in 20 quarterly instalments starting on 22 August 2010 and carries profit rate at Qatar Central Bank rate plus certain margin. The facility is secured against two investment properties with a carrying value of QR 660,655 thousand as of 31 December 2010.

(iii) Facility 3 - On 4 March 2009, the Group entered into a Murabaha agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group for an amount of QR 325 million. The facility is repayable in 20 quarterly instalments starting on 4 December 2010 and carries profit rate at Qatar Central Bank rate plus certain margin. The facility is secured against investment properties with a carrying value of QR 811,147 thousand as of 31 December 2010.

(iv) Facility 4 - Represents syndicated Murabaha agreement with both an Islamic Bank in Qatar and Al Ahli United Bank (B.S.C) for an amount of USD 165 million (QR 602.25 million) in order to finance the real estate projects of the Group. The facility is repayable in quarterly instalments starting on 9 August 2009 and ending on 31 January 2018. The facility carries a profit rate at LIBOR plus certain margin. The facility is secured against investment properties with a carrying value of QR 1,884,556 thousand as of 31 December 2010.

14 ISLAMIC FINANCING FACILITIES (continued)

(v) Facility 5 - Represents Ijarah agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group. The facility is repayable in 20 equal quarterly instalments amounting to QR 8,773,644 including the profit of the financing. The first instalment was paid on 28 February 2009 and the last instalment due on 30 November 2013. The facility carries profit rate at LIBOR plus certain margin. The facility is secured against investment properties with a carrying value of QR 1,149,737 thousand as of 31 December 2010.

(vi) Facility 6 - Represents Ijarah agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group. The facility is repayable in 4 equal quarterly instalments amounting to QR 2,886,302 in addition to 40 equal quarterly instalments amounting to QR 5,401,913. The first instalment was paid on 31 July 2008 and the last instalment due on 30 April 2018. The facility carries profit rate at Qatar Central Bank rate plus certain margin. The facility is secured against investment properties with a carrying value of QR 82,956 thousand as of 31 December 2010.

(vii) Facility 7 - Represents Ijarah agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group. The facility is repayable in 4 equal quarterly instalments amounting to QR 1,924,201 in addition to 40 equal quarterly instalments amounting to QR 3,601,505. The first instalment was paid on 19 October 2008 and the last instalment due on 19 July 2018. The facility carries profit rate at Qatar Central Bank rate plus certain margin. The facility is secured against investment properties with a carrying value of QR 644,106 thousand as of 31 December 2010.

(viii) Facility 8 - Represents Murabaha agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group. The facility is repayable in monthly instalments amounting to QR 5,202,271. The first instalment was paid on 31 July 2006 and the last instalment due on 31 July 2014. The facility carries profit rate at Qatar Central Bank rate plus certain margin. The facility is not secured.

(ix) Facility 9 - Represents Murabaha agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group for an amount of QR 150 million. The facility is repayable in 20 quarterly instalments and the first instalment due on 21 March 2011. During the year 2010 the facility was increased to QR 300 million, the additional facility for an amount of QR 150 million is repayable in 20 quarterly instalments and the first instalment due on 14 April 2011. The facility carries profit rate at Qatar Central Bank rate plus certain margin. The facility is secured against investment properties with a carrying value of QR 960,394 thousand as of 31 December 2010.

(x) Facility 10 - On 30 November 2010, the Group entered into a Murabaha agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group for an amount of QR 250 million. The facility is repayable in 20 quarterly instalments. The first instalment due on 30 November 2012. The facility carries profit rate at Qatar Central Bank rate plus certain margin. The facility is secured against investment properties with a carrying value of QR 684,263 thousand as of 31 December 2010.

(xi) Facility 11 - Represents Tawarroq agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group for an amount of QR 500 million. The facility is repayable in 20 quarterly instalments. The first instalment is due on 14 March 2012. The facility carries a profit rate at Qatar Central Bank rate plus certain margin. This facility and facility 13 (below) are secured against investment properties with a carrying value of QR 2,308,138 thousand as of 31 December 2010.

(xii) Facility 12 - On 4 July 2010, the Group entered into an Ijarah agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group for an amount of QR 650 million. The facility is repayable in 28 quarterly instalments starting on 30 Sept 2011 and carries profit rate at Qatar Central Bank rate plus certain margin. The facility is secured against two investment properties with a carrying value of QR 2,129,148 thousand as of 31 December 2010.

(xiii) Facility 13- On 25 October 2010, the Group entered into a Murabaha agreement with an Islamic Bank in Qatar in order to finance the real estate projects of the Group for an amount of QR 97 million. The facility is repayable in 20 quarterly instalments starting on 28 October 2012 and carries profit rate at Qatar Central Bank rate plus certain margin.

15 EMPLOYEES' END OF SERVICE BENEFIT

The movement in the liability for the end of service benefits recognised in the statement of financial position are as follows:

	2010	*2009*
	QR'000	*QR'000*
Provision as at 1 January	**9,173**	2,062
Provided during the year	**3,915**	7,467
End of service benefit paid to employees	**(1,688)**	(356)
	11,400	9,173

16 ACCOUNTS PAYABLE AND ACCRUALS

	2010	*2009*
	QR'000	*QR'000*
Amounts due to related parties (*) (Note 17)	**456,333**	466,659
Liability form purchase of investment property	**249,300**	-
Trade accounts payable	**56,147**	29,476
Retentions payable	**44,015**	36,239
Refundable deposits from tenants	**37,393**	27,985
Accrued expenses	**17,796**	16,426
Provision for social and sports activities (Note 5)	**12,552**	9,519
Rents received in advance	**9,116**	17,143
Notes payable	**3,387**	61,201
Other payables	**1,097**	903
	887,136	665,551

* Amounts due to related parties include the following balances:

	2010	*2009*
	QR'000	*QR'000*
Tadawul Holding Group (Q.P.S.C.)	**448,538**	399,241
Sheikh Thani Bin Abdullah (Chairman)	**7,795**	67,418
	456,333	466,659

17 RELATED PARTY DISCLOSURES

Related party transactions and balances
Related parties represent companies affiliated to the shareholders, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year (for the amounts due from/due to related parties refer to Notes 10 and 16 respectively).

(a) Consolidated statement of financial position items

	2010 QR'000	*2009 QR'000*
Assets		
Amounts due from related parties	**12,524**	27
Accrued profits	**486**	198
	13,010	225
Transactions during the year		
Exchange of investment property (received) (i)	**332,145**	-
Exchange of investment property (given) (i)	**391,711**	-
Liabilities		
Amounts due to related parties	**456,333**	466,659

Note:

(i) Execution to the singed agreement dated 1 September 2009 between the International Housing Group Q.P.S.C and Sheikh Thani Bin Abdullah Al Thani before the merge that took place on 4 November 2009 to exchange a property with a property, on 1 February 2010, Ezdan Real Estate Company Q.S.C entered into an investment property exchange agreement with Sheikh Thani Bin Abdullah Al Thani, the Chairman of the Board to exchange an investment property located in Al-Wukair owned by the Chairman having a fair value of QR 332,145 thousand with an investment property owned by the Company located in Al-Gharafa having a book value of QR 391,711 thousand. The difference between the values of the exchanged investment properties amounting to QR 59,566 thousand was charged against the Chairman's current account.

(b) Consolidated statement of comprehensive income items

	2010 QR'000	*2009 QR'000*
Revenue		
Profit on short term deposits	**757**	1,035
Rental income	**905**	75
	1,662	1,110
Expenses		
Insurance expenses	**1,150**	1,012

Terms and conditions of transactions with related parties
Outstanding balances at the year-end are unsecured, interest free and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended 31 December 2010 and 2009, the Group has not recorded any impairment of receivables relating to amounts owed by the related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

17 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel of the Group
The remuneration of key management during the year was:

	2010 ***QR'000***	*2009* *QR'000*
Board of Directors remuneration for 2009 (i)	**2,400**	-
Short term benefits	**2,245**	2,407
Employees' end of service benefit	**104**	59
	4,749	2,466

Note:

(i) The Board remuneration for 2009 was booked and paid after the approval of the Annual General Assembly Meeting.

18 SEGMENTAL INFORMATION

For management purposes, the Group is divided into three operating segments which are based on business activities, as follows:

- Investment Properties : The segment includes developing, owning, trading and renting of real estates.
- Hotel & Suites : The segment includes managing hotels, suites, and restaurants.
- Trading & Contracting : The segment includes contracting for buildings, road paving, trading in building materials.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The following table presents revenue and profit information regarding the Group's operating segments for the years ended 31 December 2010 and 2009.

	Investment Properties QR'000	***Hotel & Suites QR'000***	***Trading & Contracting QR'000***	***Total QR'000***
For the year ended 31 December 2010				
Segment revenues	**251,683**	**151,351**	**855,752**	**1,258,786**
Segment expenses	**(227,264)**	**(49,457)**	**(860,741)**	**(1,137,462)**
Segment profit	**24,419**	**101,894**	**(4,989)**	**121,324**

	Investment Properties QR'000 (Restated)	*Hotel & Suites QR'000 (Restated)*	*Trading & Contracting QR'000 (Restated)*	*Total QR'000 (Restated)*
For the year ended 31 December 2009				
Segment revenues	8,629,348	223,606	349,201	9,202,155
Segment expenses	(123,486)	(43,781)	(349,201)	(516,468)
Segment profit	8,505,862	179,825	-	8,685,687

18 SEGMENTAL INFORMATION (continued)

The following table presents assets and liabilities information regarding the Group's operating segments for the years ended 31 December 2010 and 2009.

	Investment Properties QR'000	*Hotels & Suites QR'000*	*Trading & Contracting QR'000*	*Total QR'000*
Segment assets				
As of 31 December 2010	**30,305,727**	**134,907**	**1,483,724**	**31,924,358**
As of 31 December 2009	28,660,692	66,043	1,333,471	30,060,206
Segment liabilities				
As of 31 December 2010	**4,402,169**	**25,919**	**93,423**	**4,521,511**
As of 31 December 2009	2,634,105	30,819	110,726	2,775,650

19 RISK MANAGEMENT

Objective and policies

The Group's principal financial liabilities comprise Islamic financing facilities and trade accounts payable. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade accounts receivable, amounts due from related parties, bank balances and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, profit rate risk, currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that changes in market prices, such as profit rates and foreign currency exchange rates will affect the Group's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

Profit rate risk

The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits, and Islamic financing facilities.

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in profit rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in profit rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2010. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown.

	Changes in basis points	*Effect on profit QR'000*
2010		
Floating interest rate instruments	**+25 b.p**	**(259,241)**
2009		
Floating interest rate instruments	+25 b.p	(127,414)

19 RISK MANAGEMENT (continued)

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's foreign currency creditors are payable mainly in US Dollars. As Qatari Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

Credit risk
The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Group's maximum exposure with regard to trade accounts receivable, net of provision at the reporting date was QR 45,964 thousand (2009 : QR 39,620 thousand).

The Group seeks to limit the credit risks relating to its bank deposits by dealing with banks with good standings.

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	2010	*2009*
	QR'000	*QR'000*
Bank balances	**674,490**	121,024
Amounts due from related parties	**2,862**	27
Other receivables	**14,459**	1,895
	691,811	122,946

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk 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 and is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of financial assets (e.g. accounts receivable) and projected cash flows from operations. The Group's terms of sales require amounts to be paid in advance, except for corporate customers which are required to settle within 30-90 days from the date of sale.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2010, based on contractual payment dates and current market interest rates.

Year ended 31 December 2010	***Less than 3 months QR'000***	***3 to 12 months QR'000***	***1 to 5 years QR'000***	***> 5 years QR'000***	***Total QR'000***
Trade accounts and notes payables	**23,523**	**36,011**	**-**	**-**	**59,534**
Deposits refundable to tenants	**1,396**	**8,504**	**27,493**	**-**	**37,393**
Accrued expenses	**14,966**	**2,830**	**-**	**-**	**17,796**
Provision for social and sports activities contribution	**-**	**12,552**	**-**	**-**	**12,552**
Amounts due to related parties	**-**	**-**	**456,333**	**-**	**456,333**
	39,885	**59,897**	**483,826**	**-**	**583,608**

19 RISK MANAGEMENT (continued)

Liquidity risk (continued)

Year ended 31 December 2009	*Less than 3 months QR'000*	*3 to 12 months QR'000*	*1 to 5 years QR'000*	*> 5 years QR'000*	*Total QR'000*
Trade accounts and notes payables	35,829	54,848	-	-	90,677
Deposits refundable to tenants	1,833	5,706	20,446	-	27,985
Accrued expenses	5,582	10,844	-	-	16,426
Provision for social and sports activities contribution	9,519	-	-	-	9,519
Amounts due to related parties	-	-	466,659	-	466,659
	52,763	71,398	487,105	-	611,266

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 total shareholders' equity excluding the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year end 31 December 2010. Capital comprises shareholders' equity and is measured at QR 27,402,847 thousand as at 31 December 2010 (2009: QR 27,284,556 thousand).

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and cash, short term deposits and receivables. Financial liabilities consist of Islamic financing facilities and payables.

The fair values of financial instruments are not materially different from their carrying values.

21 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Fair value of investment properties
The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation techniques. The technique used is the investment approach. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group assets.

Projects under development are also valued at fair value as determined by independent real estate valuation experts, except if such values cannot be reliably determined. In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost. The fair value of Projects under development is determined using either the modified residual method or the depreciated replacement cost approach plus land.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of Projects under development. These estimates are based on local market conditions existing at reporting date.

In arriving at their estimates of market values as at 31 December 2010 and 31 December 2009, the valuers used their market knowledge and professional judgement and did not rely solely on historical transactional comparables. In these circumstances, there was a greater degree of uncertainty than which exists in a more active market in estimating the market values of investment property.

The significant methods and assumptions used by the valuers in estimating the fair value of investment properties and projects under development are set out in Notes 8 and 9.

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the consolidated statement of financial position date, gross trade accounts receivable were QR 71,354 thousand (2009 : QR 55,693 thousand) and the related allowance for impairment amounted to QR 25,390 thousand (2009 : QR 16,073 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

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.

22 COMPARATIVE FIGURES

In 2009, the contribution to Social and Sports Development Fund of Qatar, representing 2.5% of the consolidated net profit excluding the revaluation gains for the year, was charged to the statement of comprehensive income. However, pursuant further clarification of the law issued in 2010, the contribution was treated as an appropriation of profits through the statement of changes in equity and accordingly the comparative amounts have been restated. This has resulted in an increase in the previously reported profit by QR 9.5 million.

As a result of the correction of the above prior period errors, the following was the increase in the items of the consolidated financial statements for the year ended 31 December 2009:

	QR'000
Profit for the year	**9,519**
Basic and diluted earnings per share	**0.01**