



in the name of  
**ALLAH**  
The Most Gracious  
The Most Merciful

God has  
**PERMITTED**  
trading and  
forbidden usury

Great truth of God  
(Al-Baqarah 2:275)

# WE ARE indebted to



His Highness  
**Sheikh Hamad Bin  
Khalifa Al-Thani**  
Emir of the State of Qatar

His Highness  
**Sheikh Tamim Bin Hamad  
Bin Khalifa Al-Thani**  
Heir Apparent



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# Board of DIRECTORS



**Sheikh Falah Bin Jassim Bin  
Jabr Al-Thani**  
Chairman and Managing Director



**Mr. Salem Bin Butti  
Al-Nuaimi**  
Deputy Chairman



**Sheikh Abdul Rahman  
Bin Mohammed  
Al-Thani**  
Member



**Sheikh Dr. Khalid Bin  
Thani Bin  
Abdallah Al-Thani**  
Member



**Mr. Ahmad Shareef  
Al-Emadi**  
Member



**Sheikh Mohammed Bin  
Falah Bin Jassim Bin  
Jabr Al-Thani**  
Member



**Sheikh Saoud Bin  
Abdullah Bin Jabr  
Al-Thani**  
Member





# We gratefully ACKNOWLEDGE

## **Our Bankers**

Masraf Al Rayan Bank  
Qatar International Islamic Bank  
Qatar Islamic Bank

## **Our External Auditors**

Ernst & Young

## **Our Sponsored Organisations**

Social Development Center  
Ministry of Interior - Traffic Department  
Qatar Charity  
Al Wakra Sports Club

## **and**

Our Customers, Suppliers, Contractors,  
Business Partners and Investing Public.



# OUR COMPANY

## Aljarah Holding

Aljarah Holding (Q.S.C) was established in 22nd March 2003 as a Qatari Shareholding Company in accordance with Law No. (5) for 2002 of the Commercial Companies Law and the decision of the Ministry of Economy

and Commerce No.(35) for 2003, issued on 21st April 2003. The Company's issued and fully paid up share capital as at 2012 was QR 494,802,000 comprising of fully paid 49,480,200 shares at QR 10 per share.

## Our Vision

We will be the most admired company in the country and the most respected Islamic leasing Services brand in the region. We will establish ourselves as leaders in material transportation, property development and limousine services.

## To realize this vision, we will in terms of:

### • Financial Performance:

be ranked amongst the top 10 listed companies for return on equity and annual growth in terms of turnover and profits.

### • Customer Perception:

be the preferred choice of business partner, a customer-centric organization with a passion for service excellence.

### • Social Responsibility:

be the employer of choice, a good corporate citizen with recognized integrity, contributing effectively to enhance our community and partner in nation building.

### • Competitive Advantage:

be recognized as an organization that anticipates changes in customer and market preferences and develops a competitive edge on a sustained basis in the manner of doing its business.



## Our Guiding Values and Principles

In conducting our business we will be guided by our values and definitive principles as:

- **Commitment to Customers:**

We will develop relationships that are long-term which will make a positive difference to our customer's business, assets and growth.

- **Quality:**

Outstanding products and Service Excellence will ensure that our customers get the best business value from our service delivery.

- **Integrity:**

Honesty, reliability and fairness in our business dealings enable stakeholders to have confidence in our representations. We steadfastly hold to our commitments, intentions, promises, trust and expectations adapting to our moral and ethical code of conduct.

- **Teamwork:**

Each of our customers has access to our experts with full grasp of customer's business requirements. We build and deliver our services around teams of experts focusing around a customer's needs, partnering with them to deliver a total solution.

- **Respect for People:**

We value our staff and employees providing them every encouragement for development and amply rewarding them for their performance.

- **Good Citizenship:**

We take pride in contributing significantly to communities we live in and partner in nation building initiatives.

- **Enhancing Shareholder Value:**

Our businesses must be profitable and we must generate superior returns on the investments made by our shareholders. We shall steadfastly strive to enhance our stakeholders' values at all times.

- **Accountability:**

We are personally accountable for our vision and mission statements and our guiding principles and values.

To the extent we act according to our values, we believe we will inspire loyalty to our customers, earn a sustainable leadership position in business, attract and retain top talent and engaged workforce, which will enable us to achieve our vision of becoming the region's most respected brand in the coming years.

# Our governing POLICY

## **Our Code of Business Conduct**

The Code of Business Conduct, approved by the Board of Directors, outlines expected behaviors for all employees. We shall conduct our business fairly, impartially, in an ethical and proper manner, and in full compliance with all applicable Qatari Laws and Regulations. In conducting our business, integrity must underlie all Alijarah Holding relationships, including those with customers, suppliers, communities and among employees. The highest standards of ethical business conduct are required of our employees in the performance of their Alijarah Holding responsibilities. Employees shall not engage in conduct or activity that may raise questions as to the Alijarah Holding's honesty.

## **Our Code of Ethics**

1. Employees of Alijarah Holding are expected to know and comply with company policies and procedures.
2. Management and employees of the company shall foster a culture where only legal, proper and ethical behavior takes place. Employees are required to conduct the highest standards of ethical business in their performance of their duties.
3. Employees are encouraged to address questions or concerns with ethics with their superiors and management. Retaliation against any employee who reports unethical behavior or conduct by other employees shall not be tolerated and may result in termination of employment.
4. New employees recruited in the company shall receive an ethics orientation. Ethics and business conduct guidelines shall be available to all employees and the general public.
5. Senior Management shall review investigations in a timely manner. When necessary, they shall communicate investigation results and corrective action to all employees and to the employee who reported concerns.

6. Managers and Supervisors shall create a work environment that encourages open communication and disclosure regarding ethics, business conduct and other concerns. They shall take timely corrective action for any violation of this policy.
7. Internal Audit shall provide appropriate auditing and evaluation of business systems and procedures. They shall report any non-compliance or occurrence of violation of business ethics in their audit reports to the Management. Where necessary, Senior Management may request Internal Audit to perform independent investigations on non-compliance or violations.

## **Our Conflict of Interest Policy**

Our conflict of interest policy was established to enhance outsiders' confidence on the integrity of Alijarah Holding and its subsidiaries by establishing clear rules of conduct with respect to Conflict of Interest applicable to all employees minimizing the possibility of Conflict of Interest arising between the private interests and official duties of employees and providing for the objective and fair resolution of such conflicts should they arise.

A conflict of interest may exist when an employee is involved in an activity or has a personal interest that might interfere with the employee's objectivity in performing Alijarah Holding's duties and responsibilities. Any such personal interests or activities are prohibited unless formally approved. Personal interests may include working relationships and/or financial interests with immediate family members or relatives. This policy applies to all employees and they shall comply.





# Implementing our SOCIAL RESPONSIBILITY POLICY

## **Our Social Contribution**

### **Al Wakra Sports Club**

Alijarah Holding has renewed the sponsorship agreement of the first football team of Al-Wakra Sports club in line with the company's policy to support the various sectors of Qatari society and contributes effectively to the development of human resources. Under this sponsorship renewal, Alijarah Holding provides care for Al Wakra Club activities at all levels including training, youth rehabilitation, and support services. Choosing Al Wakra Sports Club was a good choice due to the size of sports, cultural and social activities.



### **Social Development Center**

The Social Development Center's principle aim is to support and develop the human resources through diverse programs and services that assist in augmenting the Qatari family's capabilities through absolute self-reliance. In fact, Alijarah Holding had an indispensable share of contribution into this effort and as a part of its social responsibilities, had collaborated with the Social Development Center to establish the fund for social development, which will be utilized during four years to fund social development projects, training and rehabilitation of the Qatari citizens in terms of employments that line with the center's policies in accordance with the following regulations:

- Operate 50% of the fund's resources to directly support beneficiaries in accordance with the Social Development Center's policies. Utilize 40% of the fund's resources to spend on research, developmental programs and projects adopted by the Social Development Center. Employ 10% of the resources in the management of the social developmental fund dedicated to support the Qatari citizens. Moreover, Alijarah Holding has also launched, in collaboration with the Social Development Center, an entrepreneurial award "leadership" as a further step to sustainable development.
- Alijarah Holding has launched in collaboration with the Social Development Center a business entrepreneurship award "RAYDAH" as a new step on the road to sustainable development. The award is not limited to citizens, but to every creative person. The aim of the award is to encourage aspiring entrepreneurs to provide new ideas for the establishment of new economic projects and promote the initiative among young people to launch new projects in the state that is innovative and competitive thereby strengthening their expertise through training, development and investment in human resources. The award is divided into two categories namely: "Best Project Plan" and "Best Existing Project."

### **Ministry of the Interior**

#### **Traffic Department, Periodicals**

Alijarah Holding Developed Fund "Leasing for security and traffic safety" with the Department of Traffic and Patrols Department of the Ministry of Interior to maximize the benefit of the objectives of the fund. The fund is to support all the campaigns organized by the Department of Traffic and Patrols in the area of security awareness and traffic safety and activities related thereto, which targets the interest and welfare of the citizens of Qatar. This fund aims to help individuals and society as a whole through awareness campaigns organized by the Traffic Department and Patrols to motivate drivers to driving safely and benefit from programs and initiatives that promote safe driving in Qatar.

### **World Qatari Champion**

#### **- Mohammad Al Nasr**

Within the context of contributions set forth by Alijarah Holding to support the state's orientations aiming at sport's pioneer in Qatar, Alijarah Holding initiated its vision to possess a requisite role and sponsored the Qatari world champion Mr. Mohammad Al Nasr, in Powerboat Racing (X-Cat), noting that this kind of water sports exceedingly crave for proper support and media coverage to better demonstrate the true value and benefits of water sports in general, indicating the fact that Qatar does possess all essential potentials to occupy the forefront position with respect to all countries competing in such water sports.

### **Support Institutions and Charities**

The social contribution policies of company strives to support progress in all development efforts of the State of Qatar.

# OUR Subsidiaries



Alijarah Property commenced its business in late 2008. It was in the worst of times that it saw opportunities for the future. Alijarah Property successfully launched in early 2009, the sale of Lusail plots in the north and west waterfront areas to the citizens of Qatar. The public lottery in allotting plots in March 2009 was a success. Alijarah Property pursued our aggressive sales of Lusail plots through the entire year of 2010 and all plots have been sold out. Subsequently Alijarah Property embarked in one of the largest infrastructure development project for developing the LUSAIL plot areas. Alijarah Property has now completed the infrastructure development and the plots are being handed over to customers from December 2012.

#### Our Vision

Alijarah Property shall excel in the development of infrastructure and Property development projects through execution of its project before planned time, under cost and in good quality. Alijarah Property shall continue to build a strong asset base through a bank of projects that shall be completed for generating consistent revenues for the company.



Alijarah Leasing Company is committed to be a profitable and client oriented organization that continues to meet the financial objectives of its customers, provides an encouraging environment for its employees. Alijarah Leasing maintains to be a provider of high quality professional services to its customers.

#### Our Vision

Alijarah Leasing shall be leading and unique in the finance industry, offering the best choice of leasing options under Islamic principles, for customers acquiring assets to grow their business. Alijarah Leasing shall provide the most flexible leasing options for customers to finance their capital acquisitions – automobiles, equipment, merchandize, real estate and technology development – and providing customers complete financing solutions.





Aljarah Equipment was incorporated in the year 2007. Aljarah Equipment is currently engaged in the business of equipment, fleet management, materials transportation and logistics. Aljarah Equipment is a growing company that has built capability to effectively perform fleet and equipment, transportation services to the satisfaction of its customers while complying with Qatar Government procedures on legality and safe transportation.

#### **Our Vision**

Aljarah Equipment shall be an established and competitive company, which will contribute to the business of Aljarah Holding with a diversity of services opening new horizons for operations in different sectors of the economy.



Aljarah Limousine is engaged in Hospitality Industry providing quality personal transportation needs of individuals, corporate houses and government through an effective and efficient car fleet. Aljarah successfully launched its taxi services based on the franchise agreement with Mowasalat (Karwa). As of December 2012 300 taxis are on road, with another 200 taxis to be put on road before June 2013.

#### **Our Vision**

Aljarah Limousine shall be striving to be a leader in the country's limousine services by focusing on customers, people, growth, innovation and efficiency. Aljarah Limousine shall use these elements in a manner that will drive bottom line success at the same time achieving ultimate customer satisfaction and acceptance.

# OUR Qatarisation Efforts

It is the objective of Alijarah Holding to be one of the leading employers that attract Qatari talent. In our path to build an effective pool of qualified and experienced Qataris, Alijarah Holding participated in the 2012 Qatar Career Fair which provided the right opportunity to induct a number of young Qataris into the workforce and build their professional capabilities through on-the-job training and career development.

## **1. HR direct recruitment:**

By advertising the vacancies available in newspapers, competent web sites and our portal, or by accepting candidates' CVs and maintaining them in a database that assures the selection of the best and most appropriate for the vacant post as soon as they get advertised.

## **2. Coordination with the Department of National Manpower Development, Ministry of Labour:**

In a non stop manner we receive lists of candidates, interview them, then select the most fit to the positions available at our company.

## **3. A partnership with Social Development Center to sponsor a portfolio for social development:**

Alijarah undertakes to cover all financial needs of programs aimed to provide development and training for Qataris. We also support self-initiatives and small pioneer enterprisers and encourage them to transform their ideas and initiates into productive projects, consolidating their success chances. This shall participate in creating high quality job opportunities for the Qatari community of all ages in the private sector.

## **4. Effective communication through the Qatar Career Fair:**

Our participation in the Qatar Career Fair 2012 was a sequel and culmination of our efforts. In this manner we offered many jobs for Qataris including the areas of Business Administration with its two branches of financial management and accounting, public relations, marketing, human resources, secretarial, and engineering.

# Our Quality INITIATIVES



In 2009, our company established its corporate management and governance framework approved by the Board. In 2010 as an integral part of our management framework, the ISO certification initiatives were taken up across the holding and subsidiary companies. An internal quality team launched the quality processes in our organization covering all our core businesses and support business functions as human resources, procurement, contracting, finance, administration and support services. After the necessary certification audit by the world renowned BVQI, Alijarah Leasing Holding and its subsidiaries - Alijarah Leasing, Alijarah Equipment and Alijarah Property achieved its ISO 9001 certified status in 2010.

In 2012 Alijarah Property has managed to attain both ISO certificates, 14001: 2004 and OHSAS 18001: 2007.



# MESSAGE from the CHAIRMAN and Managing Director



Dear Shareholders,

Peace, mercy & blessings of Allah be upon you,

I'm delighted to be with you today to present what we have achieved at the financial and administrative levels for the fiscal year ended December 31, 2012, and spelling our future plans.

## 1. Financial Performance:

The sincere efforts made by the Board of Directors and Executive management have been reflected into the good financial results and we are pleased to reveal the most important financial indicators below:

- Total operational revenues of the company have reached QR 608 Million.
- The company has witnessed profits amounting QR 190 Million.
- Total equity increased to QR 1,320 Million.
- Earnings per share reached QR 4.21 per share.

## 2. Administrative Performance:

Alijarah is proud of what has been achieved during the year 2012, maintaining the status as one of the pillars of national economy. Some of these accomplishments are summarized below:

- Increasing the share capital of the group by 50%.
- Completion of Lusail project and plots hand over to Citizens.
- Launching Alijarah Limousine Taxi Project.
- Successful implementation of paperless transactions.
- Qatarization and active participation in Qatar Career Fair 2012.

- Supporting actively Qatari Nationals by improving their capabilities and skills with constant professional trainings.
- Official sponsor of Entrepreneurship Prize.
- Participation in United Nations Conference on Trade and Development.
- Attaining two international quality certificates by Alijarah Property (ISO 14001-2004 for environmental preservation and ISO 18001-2007 for Occupational Health & Safety)

## 3. Strategic Objectives:

- Commitment to the principles and provisions of Islamic Law (Shari'a) in all transactions.
- Application of the principles of Corporate Governance and compliance to Quality Controls.
- To remain always the preferred business partner through meeting customers' needs and providing customer service excellence.

- To take active part in building the nation through bearing our social responsibilities and Qatarisation.
- Achieve the best growth in net profit (was previously in financial objectives)
- Find new business opportunities for the subsidiaries.
- Increase market share by introducing new and innovative products.

#### 4. Future Plans:

After achieving its objectives for the year 2012, Alijarah Holding looks forward to keeping pace with the development taking place in Qatar throughout the development of future plans, in line with its ambitions to achieve Qatar's vision for 2030, having full confidence on the sturdiness of the country's economy.

#### 5. Proposed Dividend:

On the same approach of commitment toward our investors who put their trust in the company, the Board of Directors recommended to the General Assembly the approval on distributing cash dividend of 20% (i.e. QR 2 per share) at a total of QR 98,960,400.

In this context, we express our gratitude for the continuous and unlimited support of the wise dealership of the state. Alijarah Holding would have not reached all of these achievements without the endless support by H.H. Sheikh Hamad Bin Khalifa Al Thani, the Emir, the Heir Apparent H.H. Sheikh Tamim Bin Hamad Al Thani and H.E Sheikh Hamad Bin Jassim Bin Jabr Al Thani, the Prime minister. As we express thanks and appreciations to Shari'a Board members for their guidance, we also extend thanks to our valued customers and shareholders.

*Peace be upon you,*



**Falah Bin Jassim Bin Jabr Al Thani**  
Chairman and Managing Director



# Report of the Shari'a Panel

***In the name of God the merciful***

**Report of the Islamic legislation censorship,**

As per the financial period:

1/1/2012 – 31/12/2012

Thank God and may peace, blessings fall upon our Master, the Messenger of God, Mohammad, his family and companions, and those following his guidance.

Most respectful shareholders:

Alijarah holding

Al Doha – Qatar

Peace, Mercy and Blessing of God,  
The supervisory board is pleased to offer you a legitimate report on the activities and work flow of the company during the financial year ended 31/12/2012.

The board had monitored the works and activities carried out by the company throughout the above referred to duration. It has further given intense attention to the extent of its commitment to the provisions and principles of the Islamic religion and the guidelines issued. The board further examined the contractual agreements finalized by the company and has also inspected the mechanisms followed to fulfill its works.

In fact, it is the administration's responsibility to assure that the company's flow of work accurately complies with the Islamic legislations, noting that the board is solely responsible for delivering a righteous independent opinion based upon Shari'a principles.

And to attain all information, data, and interpretations found compulsory to provide the board with all adequate proofs that the company has not performed any act that violates the Islamic legislations, the board has segregated its work flow as follows:

1. Control over all company works and activities by the board's executive body on daily basis.
2. Launching periodic meetings to intensively examine the regular reporting process filed by the board's executive observer.
3. Discuss emerging matters within the company and respectively deliver decisions, advisory guidelines as per the Islamic legislation, whenever found necessary.
4. Answer all questions raised by the company's management.
5. Review all contractual agreements to assure the absence of any Islamic legislation violation.
6. Examine the Annual Financial Statements as at 31/12/2012 and make sure that they comply with Shari'a principles.
7. Specify the Zakat's percentage recommended of every shareholder.

## **Outcome:**

- A. The contracts and activities performed by the company during the financial year 2012, as well as the mechanisms and principles operated in plan implantation do not violate any Shari'a principles.
- B. The distribution of the shareholders' profits has been fulfilled in accordance with the Shari'a principles.
- C. The percentage of Zakat forced upon shareholders is 0.62 QR per share.

In conclusion, the board takes this opportunity to bestow deepest thanks to the company's administration in general, and to the Acting Chief Executive Officer in specific, for fortifying the board's role in performing an internal auditing of the company as per the Islamic legislation.

**Doha – Qatar**

**Date: 24/03/1434 H – 05/02/2013**

**Abdulaziz Bin Saleh Al-Khulaifi**  
Chairman

**Abd A-Daim Ahmed Abu Al-Ma'ali**  
Member

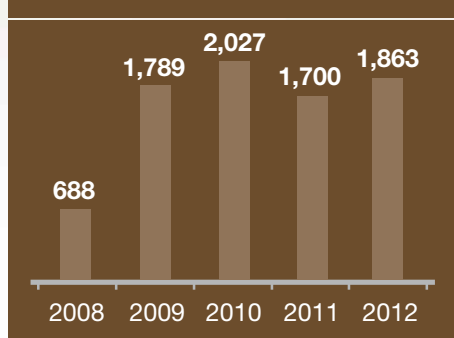
**Dr. Sultan Al-Hashimi**  
Executive Member

# Financial Highlights

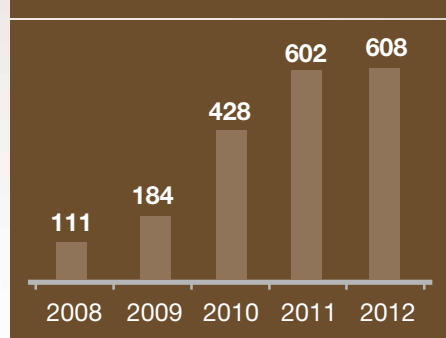
## Key Financial Indicators for the Year ended at 31 December 2012

No	Indicator	2011	2012	Growth Rate
1	Total Assets	QR 1,700 Million	<b>QR 1,863 Million</b>	10%
2	Total Operating Income	QR 602 Million	<b>QR 608 Million</b>	1%
3	Net Profit	QR 215 Million	<b>QR 190 Million</b>	-12%
4	Total Equity	QR 762 Million	<b>QR 1,320 Million</b>	73%
5	Earnings Per Share	QR 5.90 (Restated)	<b>QR 4.21</b>	-29%

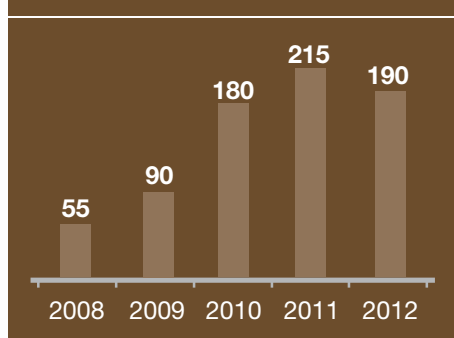
Total Assets (Million QR)



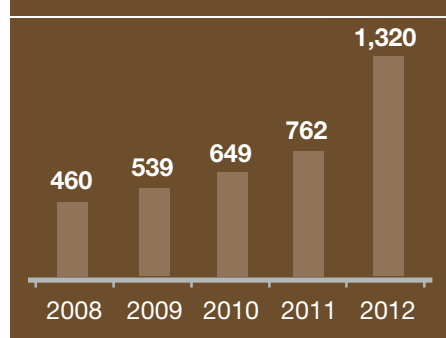
Total Operating Income (Million QR)



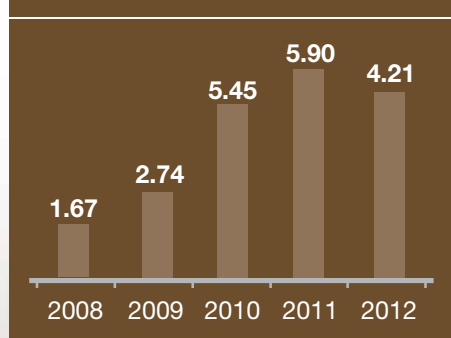
Net Profit (Million QR)



Total Equity (Million QR)



Earning Per Share (QR)





# Independent AUDITOR'S report

TO THE SHAREHOLDERS OF  
ALIJARAH HOLDING (Q.S.C.)

## **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Alijarah Holding (Q.S.C.) ("the Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of 31 December 2012, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Board of Directors' responsibility for the consolidated 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 board of directors determines is necessary to enable the preparation of 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 board of 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.

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of the Group as of 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory 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, and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any 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. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Group.



## **Firas Qoussous**

of Ernst & Young  
Auditor's Registration No. 236

Date: 14 January 2013  
Doha

Consolidated statement of  
**FINANCIAL  
POSITION**  
as at 31 december 2012

	Notes	31 Dec 2012 QR	31 Dec 2011 QR
<b>ASSETS</b>			
Cash and Cash Equivalents	3	<b>749,083,423</b>	392,395,071
Installments and Dues from Customers	4	<b>817,329,724</b>	1,015,098,549
Available for Sale Financial Investments	5	<b>104,125,023</b>	97,070,078
Inventories	6	<b>1,340,168</b>	45,653,792
Prepayments and Other Receivables	7	<b>72,313,350</b>	64,870,601
Property and Equipment	8	<b>118,740,930</b>	84,461,655
<b>Total Assets</b>		<b>1,862,932,618</b>	<b>1,699,549,746</b>
<b>LIABILITIES</b>			
Accounts Payables, Accruals and Other Payables	9	<b>322,460,737</b>	261,543,981
Islamic Financing under Wakalah Arrangements	10	<b>149,520,001</b>	148,864,391
Amounts Due on Construction Contracts	11	<b>71,316,062</b>	527,087,055
<b>Total Liabilities</b>		<b>543,296,800</b>	<b>937,495,427</b>
<b>EQUITY</b>			
Share Capital	12	<b>494,802,000</b>	329,868,000
Legal Reserve	13	<b>486,228,609</b>	164,607,309
Proposed Dividend	14	<b>98,960,400</b>	115,453,800
Fair Value Reserve		<b>1,148,142</b>	(57,646)
Retained Earnings		<b>238,496,667</b>	152,182,856
Total Equity		<b>1,319,635,818</b>	762,054,319
<b>Total Liabilities and Equity</b>		<b>1,862,932,618</b>	<b>1,699,549,746</b>

*These consolidated financial statements were approved by the Board of Directors on 14th January 2013 and signed on its behalf by:*

**Sh. Falah Bin Jassim Bin Jabr Al-Thani**  
Chairman

**Hamad Shareef Al-Emadi**  
A/Chief Executive Officer

THE ACCOMPANYING NOTES FROM 1 to 27 FORM AN INTEGRAL PART OF  
THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of  
**INCOME**  
 for the year  
 ended 31 december 2012

	Notes	31 Dec 2012 QR	31 Dec 2011 QR
Income from Core Business	15	<b>607,996,064</b>	602,247,128
Profit from Investments and Deposits	16	<b>19,927,307</b>	16,087,891
Other Income		<b>96,963</b>	116,313
<b>TOTAL INCOME</b>		<b>628,020,334</b>	<b>618,451,332</b>
Operating Expenses	17	<b>(342,842,503)</b>	(310,307,924)
General and Administration Expenses	18	<b>(65,152,999)</b>	(52,694,404)
<b>TOTAL EXPENSES</b>		<b>(407,995,502)</b>	<b>(363,002,328)</b>
<b>NET OPERATING INCOME</b>		<b>220,024,832</b>	<b>255,449,004</b>
Allowance for Impairment on Installments and Dues from Customers	4	<b>(30,000,000)</b>	(40,000,000)
<b>PROFIT FOR THE YEAR</b>		<b>190,024,832</b>	<b>215,449,004</b>
Basic and Diluted Earnings Per Share	20	<b>4.21</b>	5.90

THE ACCOMPANYING NOTES FROM 1 to 27 FORM AN INTEGRAL PART OF  
 THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of  
**COMPREHENSIVE  
 INCOME**  
 for the year  
 ended 31 december 2012

	31 Dec 2012 QR	31 Dec 2011 QR
<b>PROFIT FOR THE YEAR</b>	<b>190,024,832</b>	<b>215,449,004</b>
<b>Other Comprehensive Income:</b>		
Net Gain on Revaluation AFS Investments	<b>1,205,788</b>	1,990,429
Total Other Comprehensive Income	<b>1,205,788</b>	1,990,429
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>191,230,620</b>	<b>217,439,433</b>

THE ACCOMPANYING NOTES FROM 1 to 27 FORM AN INTEGRAL PART OF  
 THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of  
**CHANGES**  
**IN EQUITY**  
 for the year  
 ended 31 december 2012

	Share Capital		Legal Reserve		Proposed Dividends		Fair Value Reserve		Retained Earnings		Total	
	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR	QR
<b>Balance at 1 January 2011</b>	<b>329,868,000</b>	<b>143,062,409</b>	<b>98,960,400</b>	<b>(2,048,075)</b>	<b>79,118,778</b>	<b>648,961,512</b>						
Dividends Paid (Note 14)	--	--	(98,960,400)	--	--	(98,960,400)						
Profit for the Year	--	--	--	--	215,449,004	215,449,004						
Other Comprehensive Income for the Year	--	--	--	1,990,429	--	1,990,429						1,990,429
Total Comprehensive Income for the Year	--	--	--	1,990,429	215,449,004	217,439,433						
Social and Sports Fund Appropriation (Note 9b)	--	--	--	--	(5,386,226)	(5,386,226)						
Proposed Dividends (Note 14)	--	--	115,453,800	--	(115,453,800)	--						
Transfer to Legal Reserve	--	21,544,900	--	--	(21,544,900)	--						
<b>Balance at 31 December 2011</b>	<b>329,868,000</b>	<b>164,607,309</b>	<b>115,453,800</b>	<b>(57,646)</b>	<b>152,182,856</b>	<b>762,054,319</b>						
Dividends Paid (Note 14)	--	--	(115,453,800)	--	--	(115,453,800)						
Rights Issue (Note 12)	164,934,000	--	--	--	--	164,934,000						
Premium on Rights Issue (Note 13)	--	321,621,300	--	--	--	321,621,300						
Profit for the Year	--	--	--	--	190,024,832	190,024,832						
Other Comprehensive Income for the Year	--	--	--	1,205,788	--	1,205,788						
Total Comprehensive Income for the Year	--	--	--	1,205,788	190,024,832	191,230,620						
Social and Sports Fund Appropriation (Note 9b)	--	--	--	--	(4,750,621)	(4,750,621)						
Proposed Dividends (Note 14)	--	--	98,960,400	--	(98,960,400)	--						
<b>Balance at 31 December 2012</b>	<b>494,802,000</b>	<b>486,228,609</b>	<b>98,960,400</b>	<b>1,148,142</b>	<b>238,496,667</b>	<b>1,319,635,818</b>						

THE ACCOMPANYING NOTES FROM 1 to 27 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of  
**CASH FLOWS**  
for the year  
ended 31 december 2012

	31 Dec 2012 QR	31 Dec 2011 QR
<b>Cash Flows from Operating Activities</b>		
Profit for the Year	190,024,832	215,449,004
Adjustments for:		
Depreciation (Note 8)	19,032,807	17,354,635
Dividend Income	(5,085,425)	(2,430,000)
Loss on Sale/Disposal of Property and Equipment	211,856	103,583
Allowance for Impairment on Installments and Dues from Customers (Note 4)	30,000,000	40,000,000
Gain on Sale of Available for Sale Investments	--	(1,105,326)
Finance Income	(10,201,302)	(12,512,706)
Finance Charges	9,480,968	10,943,472
	<b>233,463,736</b>	<b>267,802,662</b>
<b>Changes in Operating Assets and Liabilities</b>		
Installments and Dues from Customers	167,768,825	(138,224,126)
Prepayments and Other Receivables	(7,442,749)	16,030,129
Inventories	44,313,624	314,454,053
Amounts due on Construction Contracts	(455,770,993)	(446,226,540)
Accounts Payables, Accruals and Other Payables	56,166,135	(6,682,358)
<b>Net Cash from Operating Activities</b>	<b>38,498,578</b>	<b>7,153,820</b>
<b>Cash Flows From Investing Activities</b>		
Finance Income Received	10,201,302	12,512,706
Dividend Income Received	5,085,425	2,430,000
Purchase of Property and Equipment	(54,306,937)	(10,086,318)
Proceeds from the Disposal of Property and Equipment	783,000	25,000
Purchase of Available-for-Sale Investments	(5,849,156)	(56,821,311)
Proceeds from Disposal of Available for Sale Investments	--	10,352,110
Net Movement in Bank Term Deposits	(700,000,000)	395,000,000
<b>Net Cash from (used in) Investing Activities</b>	<b>(744,086,366)</b>	<b>353,412,187</b>
<b>Cash Flow From Financing Activities</b>		
Proceeds from Rights Issue (Note 12)	486,555,300	--
Dividends Paid (Note 14)	(115,453,800)	(98,960,400)
Proceeds from Financing under Wakalah Arrangements	84,490,186	83,602,336
Repayment of Financing under Wakalah Arrangements	(83,834,578)	(76,461,325)
Finance Charges Paid	(9,480,968)	(10,943,472)
<b>Net Cash from (used in) Financing Activities</b>	<b>362,276,140</b>	<b>(102,762,861)</b>
Net (Decrease) Increase in Cash and Cash Equivalents	(343,311,648)	257,803,146
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>392,395,071</b>	<b>134,591,925</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>49,083,423</b>	<b>392,395,071</b>

**Notes:**

\*\*Cash and Cash Equivalents as at 31st December 2012, shown above is exclusive of the Bank Term Deposits having maturity period of more than 90 days amounting to QR 700 Million (2011: Nil)

THE ACCOMPANYING NOTES FROM 1 to 27 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Notes to the consolidated  
**FINANCIAL  
STATEMENTS**  
at 31 december 2012

**1. CORPORATE INFORMATION**

Aljjarah Holding Q.S.C. (the "Company") is a public shareholding company incorporated in the State of Qatar in accordance with resolution No.35 issued on 21 April 2003 by the Ministry of Business and Trade. The Company is registered under commercial registration No. 26487 and is governed by the provisions of the Qatar Commercial Companies' Law No. 5 of 2002. The registered office of the Company is located at 'D' Ring Road, Doha, State of Qatar. The Company's shares are publicly traded at the Qatar Exchange.

The Company and its subsidiaries (together the "Group") are engaged in Leasing, Real Estate, Property Development, Transportation and Taxi Services and operate through its fully owned subsidiaries established in the State of Qatar. The Group is committed to conduct all its activities in accordance with Islamic Sharia'a.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The consolidated financial statements have been prepared on historical cost basis, except for available-for-sale financial investments that have been measured at fair value. The consolidated financial statements are presented in Qatar Riyals (QR).

**Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the applicable requirements of Qatar Commercial Companies Law # 5 of 2002.

The Group presents its statement of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the end of the reporting period ("current") and more than 12 months of the end of the reporting period ("non-current") is presented in Note 23.

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group as at and for the year ended 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries (listed below) fully owned by the Group:

Name of Subsidiaries	Country of Incorporation	Principal Activity
Alijarah Leasing Company	Qatar	Islamic leasing
Alijarah Equipment Company	Qatar	Transportation
Alijarah Limousine Company	Qatar	Taxi services
Alijarah Property Development Company	Qatar	Property Development

### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended IFRS and IFRIC interpretations effective as of 1 January 2012.

The following amendments became effective in 2012, but did not have any impact on the accounting policies, financial position or performance of the Group:

IAS 12 Income Taxes – Recovery of underlying assets

IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The Group is currently considering the implications of the new IFRSs which are effective for future accounting periods and has not early adopted any of the new Standards as listed below:

IAS 1	Financial Statement Presentation - Presentation of Items of Other Comprehensive Income (Effective for annual periods beginning on or after 1 July 2012)
IFRS 9	Financial Instruments: Classification & Measurement (Part 1) (Effective 1 January 2015)
IFRS 10	Consolidated Financial Statements (Effective 1 January 2013)
IFRS 11	Joint Arrangements (Effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (Effective 1 January 2013)
IFRS 13	Fair Value Measurement (Effective 1 January 2013)

### 2.3 Summary of significant accounting policies

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

The Group has determined the Chief Executive Officer of the Company as its chief operating decision maker. All transactions between operating segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in Company. Income and expenses directly associated with each segment are included in determining operating segment performance.

#### Foreign currency translation

##### (a) Functional and presentation currency

The consolidated financial statements are presented in Qatar Riyals (QR), which is Group's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Summary of significant accounting policies (Continued)

#### Foreign currency translation (Continued)

##### (b) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain and losses on revaluation of foreign currency non-monetary available-for-sale investments are recognized in the consolidated statement of changes in equity.

##### Cash and Cash Equivalents

Cash and cash equivalents represent cash, bank balances and other short-term highly liquid investments with original maturities of three months or less.

##### Financial Instruments – Initial Recognition and Subsequent Measurement

The Group classifies its financial instruments in the following categories. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Management determines the classification of its financial instruments at initial recognition

##### (a) Installments and Dues from Customers

Installments and dues from customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Islamic financing such as Ijarah and Morabaha are stated at their gross principal amount less any amount received, allowance for impairment and unearned profit. Subsequent to initial measurement, installments and dues from customers are carried at amortized cost less allowance for impairment.

##### (b) Available-for-sale Financial Investments (“AFS”)

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices. Available for sale investments include equity securities.

The Group uses trade date accounting for regular way contracts when recording financial assets and liabilities. Financial assets are initially recognized at fair value plus transaction costs.

Available-for-sale financial investments are carried at fair value subsequent to initial recognition. Gains and losses arising from changes in the fair value of available-for-sale financial investments are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in consolidated statement of income.

##### (c) Islamic Financing under Wakalah Arrangements

Financial instruments or their components issued by the Group, are classified as financial liabilities under ‘Islamic Financing under Wakalah Arrangements’, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset. After initial measurement, Islamic Financing and Wakalah Arrangements are subsequently measured at amortized cost.

## **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **2.3 Summary of significant accounting policies (Continued)**

#### **Derecognition of Financial Assets and Financial Liabilities**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

#### **Inventory Property**

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value.

Cost includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory recognized in consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

#### **Leasing**

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

#### **Group as a lessee**

Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases.

Operating lease payments are recognized as an expense in the statement of income on a straight line basis over the lease term.

#### **Group as a lessor**

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

#### **Fair values**

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Summary of significant accounting policies (Continued)

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### Impairment of financial assets

##### (a) *Financial assets carried at amortized cost*

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are significant, and individually or collectively for financial assets that are not significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of financing loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of income. If a financing has a variable rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group.

When a financing is uncollectible, it is written off against the related allowance for financing impairment. Such financing facilities are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the consolidated statement of income in impairment charge.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Summary of significant accounting policies (Continued)

#### Impairment of financial assets (Continued)

##### (b) *Financial assets classified as Available for Sale*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in consolidated statement of income is removed from equity and recognized in the consolidated statement of income. Impairment losses recognized in the consolidated statement of income on equity instruments are not reversed through the consolidated statement of income.

#### Property and Equipment

Property and equipment are stated at historical cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to write off the cost of property and equipment to their estimated residual values over their expected useful lives as follows:

	Years
<b>Building</b>	<b>10</b>
<b>Office equipment</b>	<b>4-5</b>
<b>Furniture and fixtures</b>	<b>5</b>
<b>Heavy Equipment, trucks and motor vehicles</b>	<b>5</b>
<b>Leasehold improvements</b>	<b>5</b>

Land is not depreciated. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Repairs and maintenance are charged to the consolidated statement of income when the expenditure is incurred.

Capital work-in-progress represents renovation work and construction work which are carried at cost, less any recognized impairment loss. Cost includes professional fees and related construction costs. Upon the completion of the work, the balance of work-in-progress will be transferred to the relevant caption under property and equipment.

#### Accounts payable and accruals

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

#### Contract Work in Progress and Amounts Due on Construction Contracts

Contract work in progress is valued at cost plus attributable profit less foreseeable losses. Attributable profit is recognized on a percentage completion basis when the outcome of a contract can be assessed with reasonable certainty.

#### Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.



## **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **2.3 Summary of significant accounting policies (Continued)**

#### **Employee benefits**

##### ***Defined benefit plan***

The Group makes provision for end of service benefits payable to its expatriate employees on the basis of the employees' length of service in accordance with the employment policy of the Group and the applicable provisions of Labor Law. The expected costs of these benefits are accrued over the period of employment.

##### ***Defined contribution plans***

Also the Group provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the personnel cost under the general administration expenses in the consolidated statement of income. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized when they are due.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of financing and other costs that an entity incurs in connection with the borrowing of funds.

#### **Revenue Recognition**

##### ***Construction contracts***

When the outcome of individual contracts can be foreseen with reasonable certainty and can be measured reliably, margin is recognized by reference to the stage of completion, based on the percentage margin forecast at completion. The stage of completion is measured by the proportion of contracts costs incurred for work performed to date to the estimated total contract costs or the proportion of the value of work done to the total value of work under contract. Full provision is made for all known expected losses on individual contracts immediately once such losses are foreseen. Margin in respect of variations in contract work and claims is recognized if it is probable they will result in revenue.

##### ***Leasing Income***

Income from Islamic Financing and investment contracts under Islamic Sharia'a principles are recognized in the consolidated statement of income using a method that is analogous to the effective 'yield' rate. Fees and Commissions are generally recognized when the related service has been provided.

##### ***Sale of completed property***

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 contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

##### ***Transportation Income***

Transportation income represents revenue generated from services provided to local customers in respect of transportation of raw materials under a contract with customers. Transportation Income is recognized on accrual basis when the services are provided.

##### ***Taxi Income***

Taxi income represents revenue generated from performing public taxi services in Qatar under the franchise agreement with Karwa (Mowasalat), the income is recognized when earned based on actual collections from customers.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Summary of significant accounting policies (Continued)

#### *Income from Deposits*

Profit from Term Deposits is recognized on a time proportion basis using the effective profit rate method.

#### *Dividend Income*

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

### 3. CASH AND CASH EQUIVALENTS

	31 Dec 2012 QR	31 Dec 2011 QR
Cash on Hand	34,789	165,100
Current Accounts with Islamic Banks	49,048,634	262,229,971
Term Deposits with Islamic Banks	700,000,000	130,000,000
	<b>749,083,423</b>	<b>392,395,071</b>

### 4. INSTALLMENTS AND DUES FROM CUSTOMERS

	31 Dec 2012 QR	31 Dec 2011 QR
Gross Installments due from Leasing	169,131,413	150,060,090
	<b>2012</b>	<b>2011</b>
	<b>QR</b>	<b>QR</b>
Morabaha	157,727,821	141,923,319
Ijarah	11,403,592	8,136,771
Less: Deferred Profits of Future Installments	(15,692,429)	(15,817,323)
	<b>2012</b>	<b>2011</b>
	<b>QR</b>	<b>QR</b>
Morabaha	14,827,362	14,263,370
Ijarah	865,067	1,553,953
Net Installments due from Leasing	153,438,984	134,242,767
Gross Installments due from Property Sales	812,876,198	1,046,527,761
Less: Deferred Finance Income	(72,824,413)	(117,212,361)
Net Installments due from Property Sales	740,051,785	929,315,400
Other Trade Related Receivables	8,272,979	5,974,406
Allowance for Impairment	(84,434,024)	(54,434,024)
<b>Total Installments and Dues from Customers</b>	<b>817,329,724</b>	<b>1,015,098,549</b>

#### **Maturity profile of installments and dues from customers**

Less than one year	367,871,872	304,620,241
> 1 year and < 5 years	436,443,863	710,478,308
> 5 years	13,013,989	--
<b>Total</b>	<b>817,329,724</b>	<b>1,015,098,549</b>



#### 4. INSTALLMENTS AND DUES FROM CUSTOMERS (continued)

	31 Dec 2012 QR	31 Dec 2011 QR
<b>Analysis of past dues but not impaired</b>		
1-30 days	1,080,145	1,679,078
31-90 days	1,979,198	4,698,641
91-180 days	3,984,198	8,828,456
Over 180 days	28,924,505	23,616,218
<b>Total</b>	<b>35,968,046</b>	<b>38,822,393</b>
<b>Total Amount of Impaired Receivables</b>	<b>84,434,024</b>	<b>54,434,024</b>
<b>Movement in Allowance for Impairment</b>		
Balance at 1 January	54,434,024	14,434,024
Charge for the year	30,000,000	40,000,000
<b>Balance at 31 December</b>	<b>84,434,024</b>	<b>54,434,024</b>

#### 5. AVAILABLE FOR SALE FINANCIAL INVESTMENTS

	31 Dec 2012 QR	31 Dec 2011 QR
<b>Quoted Equity Investments</b>	<b>104,125,023</b>	<b>97,070,078</b>

**Note:**

Quoted equity investments have been valued using Level 1 measurement techniques as per IFRS 7 and there are no Level 2 and Level 3 fair value measurements.

#### 6. INVENTORIES

	31 Dec 2012 QR	31 Dec 2011 QR
Property Inventory (Note)	--	44,175,156
Spares and Consumables	1,340,168	1,478,636
<b>Total</b>	<b>1,340,168</b>	<b>45,653,792</b>

**Note:**

The Group entered into an agreement with Qatari Diar Real Estate Co on 28 July 2008 to purchase and then re-sell 10,816,151.58 sq feet of land in the Northern and West Water Front of Lusail area.

During April 2009, the Group allotted plots with a total area of 5,915,501 sq. feet to the citizens of Qatar based on a public lottery scheme. Thereafter, the remaining plots are being sold on a first-come-first-serve basis. Contracts for the sale of plots until the end of the reporting period are in accordance with the terms and conditions of sale as set out in the original purchase agreement.

Accordingly, the sale of the plots are made under a deferred payment plan over a period of five years, with the non-refundable first installment and one time administrative charges being paid on the date of sale. The amounts receivable under this deferred payment plan have been disclosed under Note 4 as "Amounts due from Property Sales".

As at 31 December 2012, the Group completed the sale of all property inventory acquired during 2008.

## 7. PREPAYMENTS AND OTHER RECEIVABLES

	31 Dec 2012 QR	31 Dec 2011 QR
Security Deposit	<b>1,816,580</b>	1,812,180
Advance Payments to Suppliers (Note) *	<b>51,334,064</b>	51,565,666
Pre-payments	<b>2,787,570</b>	1,712,504
Other Receivables	<b>8,226,958</b>	6,268,803
Profits Accrued on Bank Deposits	<b>8,148,178</b>	3,511,448
<b>Total</b>	<b>72,313,350</b>	<b>64,870,601</b>

**Note:**

*Advance payments to suppliers includes an amount of QR 25 Million with respect to acquisition of certain franchises and investments. At 31 December 2012, the legal formalities to complete the acquisition of these franchises and investments are in progress.*

## 8. PROPERTY AND EQUIPMENT

	Office Equipment QR	Land QR	Building QR	Furniture and Fixtures QR	Leasehold Improvements QR	Heavy Equipment, Trucks and Motor Vehicle QR	Work in Progress QR	Total QR
<b>Cost:</b>								
At 1 January 2011	1,852,993	--	--	551,900	471,943	68,310,325	53,770,570	124,957,731
Additions/transfer	2,868,214	29,991,000	24,487,106	5,701,492	--	89,000	(53,050,494)	10,086,318
Disposal	--	--	--	(242,510)	(471,943)	--	--	(714,453)
At 31 December 2011	4,721,207	29,991,000	24,487,106	6,010,882	--	68,399,325	720,076	134,329,596
Additions/transfer	791,402	--	214,270	638,645	--	253,998	52,408,622	54,306,937
Disposal	--	--	--	--	--	(2,540,500)	--	(2,540,500)
Reclassification	34,994	--	90,000	287,001	--	25,741,042	(26,153,037)	--
At 31 December 2012	5,547,603	29,991,000	24,791,376	6,936,528	--	91,853,865	26,975,661	186,096,033
<b>Depreciation:</b>								
At 1 January 2011	677,922	--	--	322,038	329,610	31,769,606	--	33,099,176
Charge for the year	903,781	--	1,830,814	935,336	13,750	13,670,954	--	17,354,635
Disposal	--	--	--	(242,510)	(343,360)	--	--	(585,870)
At 31 December 2011	1,581,703	--	1,830,814	1,014,864	--	45,440,560	--	49,867,941
Charge for the year	1,141,169	--	2,500,888	1,315,764	--	14,074,986	-	19,032,807
Disposal	--	--	--	--	--	(1,545,645)	-	(1,545,645)
At 31 December 2012	2,722,872	--	4,331,702	2,330,628	--	57,969,901	-	67,355,103
<b>Net Carrying amounts:</b>								
31 December 2012	2,824,731	29,991,000	20,459,674	4,605,900	--	33,883,964	26,975,661	118,740,930
31 December 2011	3,139,504	29,991,000	22,656,292	4,996,018	--	22,958,765	720,076	84,461,655

## 8. PROPERTY AND EQUIPMENT (Continued)

Depreciation charge for the year has been allocated in the consolidated statement of income on the following basis:

	31 Dec 2012 QR	31 Dec 2011 QR
Depreciation attributable to General and Administration	4,816,847	4,255,070
Direct costs forming part of Operating expenses – Transportation & Taxi division	14,215,960	13,099,565
	<b>19,032,807</b>	<b>17,354,635</b>

## 9. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	31 Dec 2012 QR	31 Dec 2011 QR
Accounts Payable and advance from customers	53,262,594	29,586,959
Unclaimed dividends	7,315,015	3,828,381
Provision for Employee Benefits (a)	3,631,642	2,854,316
Provision for social contribution (b)	4,750,621	5,386,225
Accrued Expenses	253,500,865	219,888,100
<b>Total</b>	<b>322,460,737</b>	<b>261,543,981</b>

### Notes:

(a) Provision for employees' end of service benefits

	31 Dec 2012 QR	31 Dec 2011 QR
At 1 January	2,854,316	1,076,795
Charge for the year	1,257,456	1,917,253
Payments during the year	(480,130)	(139,732)
At 31 December	3,631,642	2,854,316

(b) Contribution to Social and Sports Development Fund

Pursuant to Law No. 13 of 2008 and further clarification of the law issued in 2010, the Group made an appropriation of QR 4.75 million for the year 2012 (QR 5.39 million for the year 2011) to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit for the year ended 31 December 2012.

## 10. ISLAMIC FINANCING UNDER WAKALAH ARRANGEMENTS

	31 Dec 2012 QR	31 Dec 2011 QR
Islamic Financing under Wakalah Arrangements (a)	<b>145,536,323</b>	136,602,055
Other Borrowings (b)	<b>3,983,678</b>	12,262,336
<b>Total</b>	<b>149,520,001</b>	<b>148,864,391</b>

### Notes:

a. The Group has obtained various Islamic financing facilities under Wakalah arrangements with various local banks to fund business operations and working capital requirements. These facilities are unsecured and are repayable at various dates (please refer Note 23 for liquidity risk associated with these liabilities) and carry financing charges at commercial rates.

b. Other Borrowings represent Wakalah facility obtained from a Bank to finance acquisition of a building. The underlying building has been offered as security for this facility.

## 11. AMOUNTS DUE ON CONSTRUCTION CONTRACTS

During 2010, the Group entered into an arrangement with Qatari Diar Real Estate Co for undertaking the infrastructure development of the plot areas in the Northern and West Water Front of Lusail area. In accordance with the terms and conditions of the agreement, the Group will utilize the proceeds payable to Qatari Diar against the infrastructure development of the said areas.

	31 Dec 2012 QR	31 Dec 2011 QR
Opening Balance	<b>527,087,055</b>	973,313,595
Release During the Year	<b>(455,770,993)</b>	(446,226,540)
<b>Closing Balance</b>	<b>71,316,062</b>	<b>527,087,055</b>

## 12. SHARE CAPITAL

	31 Dec 2012 QR (Audited)	31 Dec 2011 QR (Audited)
<b>Authorized, Issued and Fully paid-up</b>		
Balance at the Beginning of the Year:		
329,986,800 Ordinary Shares of QR 10 each	<b>329,868,000</b>	329,868,000
Add: Shares Issued During the Year:		
16,493,400 Ordinary Shares of QR 10 each	<b>164,934,000</b>	--
Balance at the End of the Year:		
49,480,200 Ordinary Shares of QR 10 each	<b>494,802,000</b>	<b>329,868,000</b>

At the Extra Ordinary General Assembly meeting held on 29th February 2012, the Shareholders have approved an increase in authorized capital from 32,986,800 shares to 49,480,200 shares and the increase in share capital represents proceeds from the rights issue which was completed during April 2012.



### 13. LEGAL RESERVE

In accordance with the Qatar Commercial Companies Law No.5 of 2002, QR 321,621,300 received in excess of the nominal amount of the share issued during the year has been credited to the Legal reserve. The legal reserve is not available for distribution except in circumstances specified in the said Law.

### 14. DIVIDENDS PAID AND PROPOSED

During 2012, the company paid a Dividend of QR 3.5 per share totaling to QR 115,453,800 in respect of 2011 profits ( 2011: QR 3 per share totaling to QR 98,960,400 in respect of 2010 profits)

The Board of Directors resolved in its meeting to propose to the forthcoming General Assembly Meeting of the shareholders the payment of 20% cash dividend (2 QR per share) amounting to QR 98,960,400.

### 15. INCOME FROM CORE BUSINESS

	31 Dec 2012 QR	31 Dec 2011 QR
Income from Leasing Operations	20,441,863	17,999,548
	<b>2012</b>	<b>2011</b>
	<b>QR</b>	<b>QR</b>
Morabaha	19,353,579	17,126,752
Ijarah	1,088,284	872,796
Income from Transportation	74,700,660	58,598,279
Income from Taxi Operations	1,659,228	--
Profit on Sale of Inventory Property (a)	1,865,871	13,318,924
Income from Real Estate Property Development	509,328,442	512,330,377
	<b>607,996,064</b>	<b>602,247,128</b>
<b>(a) Profit on sale of inventory property</b>		
Revenue from Sale of Inventory Property	46,053,421	328,734,344
Cost of Sales - Inventory Property	(44,187,550)	(315,415,420)
	<b>1,865,871</b>	<b>13,318,924</b>

### 16. PROFITS FROM INVESTMENTS AND DEPOSITS

	31 Dec 2012 QR	31 Dec 2011 QR
Profit from AFS Investments	5,089,275	3,577,848
Profit from Bank Deposits	14,838,032	12,510,043
	<b>19,927,307</b>	<b>16,087,891</b>

## 17. OPERATING EXPENSES

	31 Dec 2012 QR	31 Dec 2011 QR
Cost of Financing – Islamic Leasing	9,480,968	10,297,825
Property Development Costs	260,499,357	255,046,044
Cost of Transportation	47,505,250	31,864,490
Cost of Taxi Operations	11,140,968	--
Directly Attributable to Depreciation (Note 8)	14,215,960	13,099,565
	<b>342,842,503</b>	<b>310,307,924</b>

## 18. GENERAL AND ADMINISTRATION EXPENSES

	31 Dec 2012 QR	31 Dec 2011 QR
Staff Costs	34,758,582	27,967,951
Business Promotion	6,470,977	3,064,998
Depreciation	4,816,847	4,255,070
Board of Directors Remuneration	4,000,000	4,000,000
Miscellaneous and Site Expenses	2,559,537	3,828,030
Advertising Expenses	2,317,649	1,932,451
Professional and Legal Fees	2,046,604	924,296
Repairs & Maintenance Expenses	1,915,208	1,430,726
Insurance	1,359,533	1,078,695
Travel Expenses	1,056,977	406,534
Rents, Licensing and Listing	929,853	804,677
Consumable Expenses	798,622	534,470
General Meeting, Telephone, Recruitment Expenses	678,850	587,829
Postage Printing and Stationery	628,240	447,866
Bank Charges & Commissions	565,520	122,476
Donation and Charity	250,000	1,308,335
	<b>65,152,999</b>	<b>52,694,404</b>

## 19. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the company and companies in which they are major owners. During the year there were no such transactions in the nature of related parties.

### Key management personnel remuneration

	31 Dec 2012 QR	31 Dec 2011 QR
Directors' Remuneration	4,000,000	4,000,000
Key Management Personnel Remuneration	16,700,000	13,955,620
	<b>20,700,000</b>	<b>17,955,620</b>

## 20. EARNINGS PER SHARE

Earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares outstanding during the year

	2012 (Audited)	2011 (Restated)
Net Profit for the Year (QR)	<b>190,024,832</b>	215,449,004
Weighted Average Number of Shares Outstanding	<b>45,178,962</b>	36,505,392
<b>Basic and Diluted Earnings per Share</b>	<b>4.21</b>	<b>5.90</b>

Basic earnings per share for the prior year is stated after adjusting the weighted average number of shares for the effect of rights issue during the year. The weighted average numbers of shares have been calculated as follows:

	2012 (Audited)	2011 (Restated)
Qualifying Shares at the Beginning of the Year	<b>32,986,800</b>	32,986,800
Effect of Rights Issue	<b>12,192,162</b>	3,518,592
<b>Balance at End of the Year</b>	<b>45,178,962</b>	<b>36,505,392</b>

## 21. SEGMENT REPORTING

Based on the nature of core activities of the business, the Group is segmented into four major operating segments. The major operating segments are given below with their respective revenue and analysis of segment assets and liabilities:

- Financial Leasing
- Transportation
- Property Development
- Taxi Services (including Limousine)

The Group operates geographically in only one segment, being Doha-Qatar.

### Segment revenue and segment result:

Details	Revenue		Result	
	2012 QR	2011 QR	2012 QR	2011 QR
Financial Leasing	<b>96,530,416</b>	77,729,049	<b>53,427,356</b>	24,448,960
Transportation	<b>75,410,660</b>	59,609,744	<b>3,503,493</b>	994,839
Property Development	<b>513,296,320</b>	517,990,277	<b>151,146,870</b>	188,449,209
Taxi & Un-allocated	<b>2,091,685</b>	2,354,254	<b>(18,052,888)</b>	1,555,996
Inter Company	<b>(59,308,747)</b>	(39,231,992)	--	--
<b>Total</b>	<b>628,020,334</b>	<b>618,451,332</b>	<b>190,024,832</b>	<b>215,449,004</b>

## 21. SEGMENT REPORTING (Continued)

### Segment assets and liabilities:

Details	Assets		Liabilities	
	2012 QR	2011 QR	2012 QR	2011 QR
Financial Leasing	<b>636,587,909</b>	693,768,768	<b>150,522,732</b>	150,778,531
Transportation	<b>26,699,653</b>	73,865,680	<b>6,206,569</b>	3,633,809
Property Development	<b>997,547,886</b>	1,088,721,119	<b>649,708,679</b>	1,000,021,834
Taxi & Un-allocated	<b>502,112,509</b>	88,361,929	<b>36,874,159</b>	28,229,003
Inter company	<b>(300,015,339)</b>	(245,167,750)	<b>(300,015,339)</b>	(245,167,750)
<b>Total</b>	<b>1,862,932,618</b>	<b>1,699,549,746</b>	<b>543,296,800</b>	<b>937,495,427</b>

### Segment contingent liabilities:

Details	Letters of guarantees		Capital Commitments	
	2012 QR	2011 QR	2012 QR	2011 QR
Financial Leasing	--	--	--	--
Transportation	<b>8,200,000</b>	8,200,000	--	--
Property Development	--	--	<b>64,075,610</b>	439,170,000
Taxi & Un-allocated	<b>5,530,000</b>	1,000,000	<b>2,904,559</b>	1,000,000
<b>Total</b>	<b>13,730,000</b>	<b>9,200,000</b>	<b>66,980,169</b>	<b>440,170,000</b>

## 22. CONTINGENT LIABILITY

	31 Dec 2012 QR	31 Dec 2011 QR
Letter of Guarantees	<b>13,730,000</b>	9,200,000
Capital Commitments	<b>67 Million</b>	440 Million

## 23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

31 December 2012	Non-current	Current	Total
	QR	QR	QR
<b>ASSETS</b>			
Cash and Cash Equivalents	--	749,083,423	749,083,423
Installments and Dues from Customers	449,457,852	367,871,872	817,329,724
Available for Sale Financial Investments	104,125,023	--	104,125,023
Inventories	--	1,340,168	1,340,168
Prepayments and Other receivables	1,816,580	70,496,770	72,313,350
Property and Equipment	118,740,930	--	118,740,930
<b>Total Assets</b>	<b>674,140,385</b>	<b>1,188,792,233</b>	<b>1,862,932,618</b>
<b>LIABILITIES</b>			
Accounts Payables, Accruals and Other Payables	46,527,454	275,933,283	322,460,737
Islamic Financing under Wakalah Arrangements	69,917,264	79,602,737	149,520,001
Amounts Due on Construction Contracts	--	71,316,062	71,316,062
<b>Total Liabilities</b>	<b>116,444,718</b>	<b>426,852,082</b>	<b>543,296,800</b>
<b>31 December 2011</b>			
	Non-current	Current	Total
	QR	QR	QR
<b>ASSETS</b>			
Cash and Cash Equivalents	--	392,395,071	392,395,071
Installments and Dues from Customers	710,478,308	304,620,241	1,015,098,549
Available for Sale Financial Investments	97,070,077	--	97,070,077
Inventories	--	45,653,793	45,653,793
Prepayments and Other receivables	1,812,180	63,058,421	64,870,601
Property and Equipment	84,461,655	--	84,461,655
<b>Total Assets</b>	<b>893,822,220</b>	<b>805,727,526</b>	<b>1,699,549,746</b>
<b>LIABILITIES</b>			
Accounts Payables, Accruals and Other Payables	24,731,547	236,812,434	261,543,981
Islamic Financing under Wakalah Arrangements	71,877,531	76,986,860	148,864,391
Amounts Due on Construction Contracts	--	527,087,055	527,087,055
<b>Total Liabilities</b>	<b>96,609,078</b>	<b>840,886,349</b>	<b>937,495,427</b>



## 24. RISK MANAGEMENT

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

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is limited to the carrying amount of its financial assets which consist primarily of bank balances and financing facilities to customers. Credit risk on bank balance is limited to as deposits are placed with banks having good credit rating.

	31 Dec 2012 QR	31 Dec 2011 QR
Bank Balances	<b>749,048,634</b>	392,229,971
Installments and Dues from Customers	<b>817,329,724</b>	1,015,098,549
Other Receivables	<b>18,191,716</b>	11,592,431
<b>Total</b>	<b>1,584,570,074</b>	<b>1,418,920,951</b>

### **Equity price risk**

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of the developments in the local markets. The Group is subject to equity price risk in relation to its available for sale investments. The Group evaluates the current market and other factors including normal volatility in share price for quoted equities in order to manage its risk.

Change in equity price	Effect on Equity	
	31 Dec 2012 QR	31 Dec 2011 QR
Qatar Exchange +/- 10%	10,412,502	9,707,007

### **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity requirements are monitored on a periodic basis and the management ensures that sufficient funds are available to meet any future commitments. The Group also ensures liquidity by diversifying the Group's funding sources and entering into financial arrangements with reputable banks and financial institutions.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to pay or expect to receive.

## 24. RISK MANAGEMENT (Continued)

### *Liquidity Risk (Continued)*

Financial Liabilities At 31 Dec 2012	< 1 Year	1-5 Years	Without maturity	Total
	QR	QR	QR	QR
Accounts Payable and Accruals	275,933,283	46,527,454	--	322,460,737
Islamic Financing under Wakalah Arrangements	85,270,199	72,143,155	--	157,413,354
Amounts due on Construction Contracts	--	--	71,316,062	71,316,062

Financial Liabilities At 31 Dec 2011	< 1 Year	1-5 Years	Without maturity	Total
	QR	QR	QR	QR
Accounts Payable and Accruals	236,812,434	24,731,547	--	261,543,981
Islamic Financing under Wakalah Arrangements	76,986,860	75,060,823	--	152,047,683
Amounts due on Construction Contracts	--	--	527,087,055	527,087,055

### *Profit Rate Risk*

The Group's financing arrangements are solely through Islamic arrangements. Management of the Group believes that these financing arrangements are not sensitive to a change in market profit rates as they are fixed based on the rate applicable at the date of lending.

### *Capital Management*

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. To maintain or adjust the capital structure, the Company 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 2012 and 31 December 2011. Capital comprises share capital of QR 494.8 Million (2011: QR 329 Million).

## 25. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalent, installments and dues from customers and available for sale financial investments and certain other receivables. Financial liabilities consist of Islamic Financing under Wakalah Arrangements, accounts payable, amounts due on construction contracts and certain other accruals. Management believes that the fair values of financial assets and liabilities are not materially different from their carrying values.

## 26. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

### *Critical accounting estimates and assumptions*

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management uses estimates based on historical loss experience for assets with similar credit risks and characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

## 26. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### ***Impairment losses on installments and dues from customers.***

The Group reviews its financing portfolio to assess impairment at least on a semi-annual basis. In determining whether an impairment loss should be recorded in the Statement of Income, the Group makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of installments due from financing activities before the decrease can be identified with an individual financing in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Group, or national or local economic conditions that correlate with defaults on assets in the Group.

### ***Impairment of available-for-sale investments***

The Group considers that available-for-sale investments are impaired when there is objective evidence of impairment. Objective evidence for an investment includes information about significant changes with an adverse effect that have taken place in the economic market in which the Company operates and indicates that the investment may have suffered a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates amongst other factors, the volatility in share prices, the financial strength of related companies and the environment in which the Company operates and the industry.

### ***Useful lives of property and equipment***

The Group determines the estimated useful lives of its property 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.

### ***Going concern***

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

### ***Fair value of financial instruments***

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for similar instruments.

## 27. COMPARATIVE FIGURES

Certain of prior year amounts have been reclassified to conform to current year's presentation. Such reclassification has not resulted in any changes to previously reported net profit or equity.