A BUSINESS LEGEND, LEADING WITH GENUINE INNOVATION

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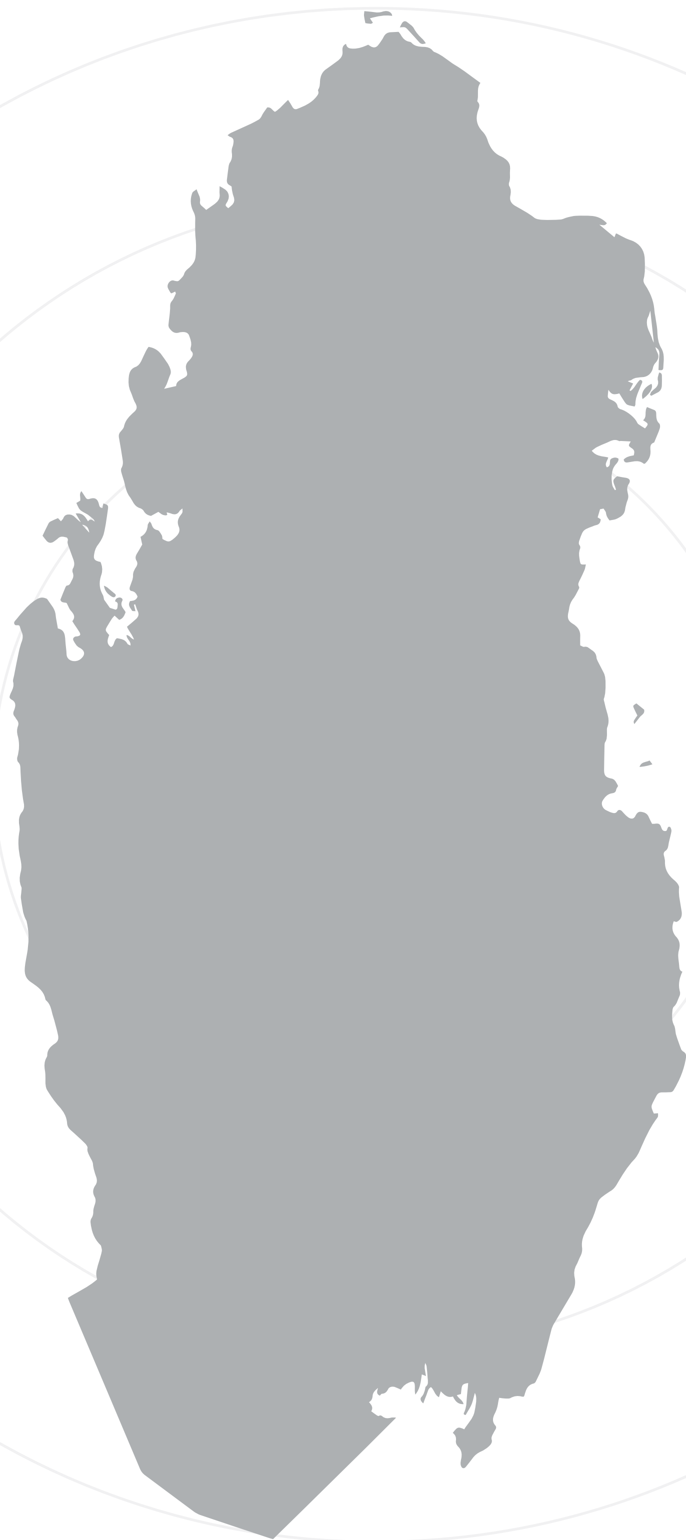
Annual Report 2013
United Development company (Q.S.C.)

UDC
المتحدة للتنمية
UNITED DEVELOPMENT CO.

"GOOD BUSINESS LEADERS CREATE
A VISION, ARTICULATE THE VISION,
PASSIONATELY OWN THE VISION,
AND RELENTLESSLY DRIVE IT TO
COMPLETION." ~ JACK WELCH ~

A LEADING COUNTRY WITH AN INNOVATIVE VISION



His Highness
Sheikh Tamim Bin Hamad Al Thani
Emir of the State of Qatar

"A GENUINE LEADER IS NOT A SEARCHER FOR CONSENSUS BUT A MOLDER OF CONSENSUS."

~ MARTIN LUTHER KING, JR.

CONTENT

BOARD OF DIRECTORS 7

CHAIRMAN'S MESSAGE 8-9

UNITED DEVELOPMENT COMPANY (UDC) 16-17

FLAGSHIP PROJECT 18-19

THE PEARL-QATAR (TPQ)

FULLY OWNED SUBSIDIARIES OPERATING IN TPQ 20-37

HOSPITALITY DEVELOPMENT COMPANY (HDC) 20
RONAUTICA MIDDLE EAST (RME) 22
ABRAJ QUARTIER COMPANY 24
MEDINA CENTRALE COMPANY 26
UNITED FASHION COMPANY (UFC) 28
SCOOP 30
GLITTER 32
MADINAINOVA 34
THE PEARL OWNERS CORPORATION (TPOC) 36

FULLY OWNED SUBSIADIRIES OPERATING OUTSIDE TPQ 38-45

UNITED FACILITIES MANAGEMENT COMPANY (UFMCO) 38
PRAGMATECH 40
INSURE PLUS 42
UNITED FACILITIES SOLUTIONS (UFS) 44

JOINT VENTURES 46-59

GULF FORMALDEHYDE COMPANY (GFC) 46
QATAR COOL 48
MIDDLE EAST DREDGING COMPANY (MEDCO) 50
SEEF LIMITED 52
UNITED READYMIX 54
ASTECO QATAR 56
GEKKO LLC 58

CONSOLIDATED FINANCIAL STATEMENTS 60-97

“LEADERSHIP IS THE ART OF GIVING PEOPLE A PLATFORM FOR SPREADING IDEAS THAT WORK.”

~ SETH GODIN

BOARD OF DIRECTORS

FROM LEFT SITTING

Abdulrahman Abdullah Al-Abdul ghani
Vice Chairman

Turki Mohamed Al-Khater
Chairman

Omar Hussain Alfardan
Board member

Sheikh Ali Bin Ghanem Al-Thani
Board member

FROM LEFT STANDING

Ali Hassan Al-Khalaf
Board member

Abdul Aziz Mohammed Al-Mana
Board member

Dr. Thani Abdul Rahman Al-Kuwari
Board member

Rashid Hamad Al-Meadadi
Board member

Moftah Jassim Al-Moftah
Board member

CHAIRMAN'S MESSAGE

Mr. Turki Al Khater, Chairman

"It is our endeavor to remain focused on our vision for expansion and operational excellence."

Dear Shareholders,

On behalf of the Board of Directors, I am honored to present the UDC 2013 Annual Report.

We should remember 2013 as a year that saw our flagship project, The Pearl-Qatar, increasingly become a living, functioning, dynamic entity – the first mixed-use urban development of its type in the region. Substantial resources were invested to complete the development of the new precincts of Medina Centrale and Qanat Quartier.

Total revenue in 2013 amounted to QR 2.081 billion. Net profit for the year ending December 31, 2013 reached QR 409 million, while the net profit attributable to owners of the company stood at QR323 million. The Company's Board of Directors recommend the distribution of 10% of the share's par value as cash dividends (one Qatari Riyal per share), in addition to five (5) percent bonus shares.

Progress on a yearly basis is what this company is all about; we achieve this by focusing our major business on growth and profitability, accelerating the development of new retail and residential districts in The Pearl-Qatar and committing resources to promising operations in other key business sectors.

The progressive growth UDC has achieved throughout its 14 years of business is primarily linked to the outstanding growth of Qatar's vibrant economy and also to a more confident real estate market. Therefore, we expect to do even better in 2014 as we move forward under the wise leadership of His Highness Sheikh Tamim bin Hamad Al Thani, Emir of the State of Qatar. Our confidence is equally based on our success at sustaining the key partnerships and strategic investments we have set out right from the start. They have transformed us into the leading company we are today. And they continue to drive our performance and our prospects.

We have started the year 2014 on a high note by signing new agreements to further develop The Pearl-Qatar, launch new precincts, attract more residents, expand the Island's investment offerings, improve our margins and ultimately increase profitability. The increase in sales and leasing seen by the beginning of the first quarter of 2014 crystallizes The Pearl-Qatar's potential for generating solid income in the upcoming period. These positive developments highlight The Pearl-Qatar's status as a unique and attractive destination for investors and retailers looking to maximize their returns and diversify their investment portfolios. Hard work by the company's dedicated management and staff will reflect positively on UDC's operations in 2014, particularly in the construction of mosques, schools, hospitals and other vital projects on the Island.

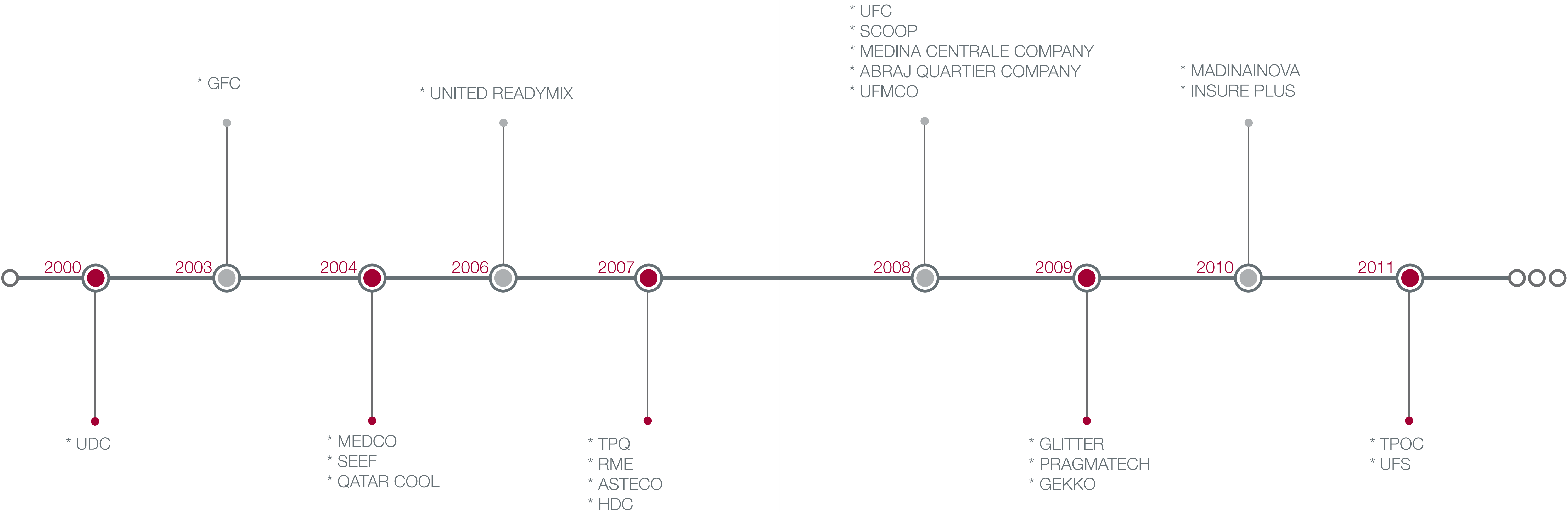
It is our endeavor to remain focused on our vision for expansion and operational excellence. Our priority in 2014 is to continue our focus on the development of The Pearl-Qatar, to attract more residents and investors to the Island and to examine new investment opportunities in line with the Company's vision. We aim to achieve these goals while remaining committed to meeting the expectations of our shareholders under a new management devoting its efforts and expertise to this end.

I would like to thank my fellow board members for their support and guidance and the management and employees of United Development Company for their hard work and dedication. This management team is skilled and empowered to manage this company to continuous prosperity, increasing UDC's contribution to the growth of Qatar and creating value for shareholders and partners.

"INNOVATION DISTINGUISHES BETWEEN A LEADER AND A FOLLOWER."
~ STEVE JOBS

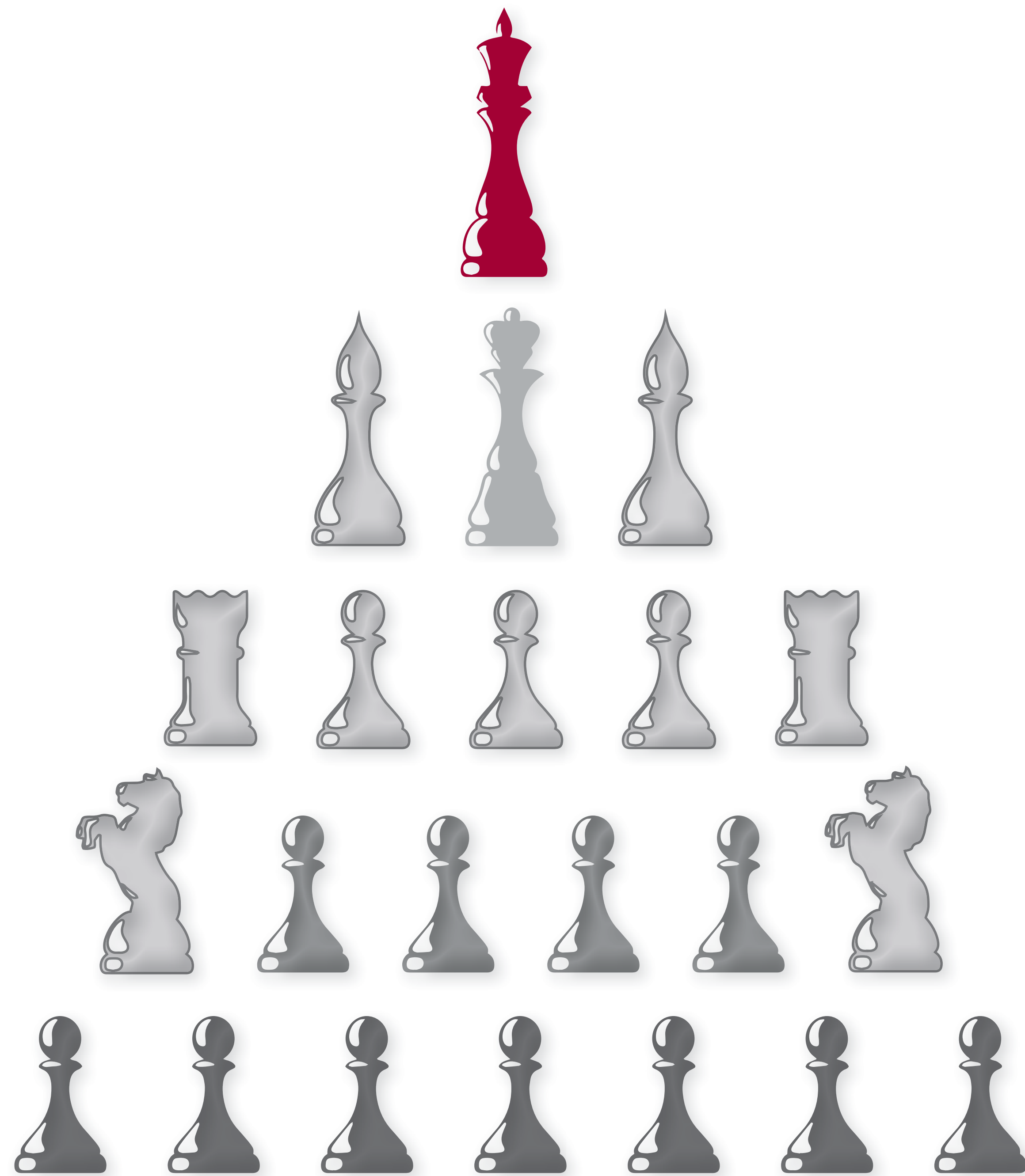
UDC GROWTH TIMELINE

Fourteen years of innovation
Twenty-one subsidiaries and partnerships



UDC GROUP OF COMPANIES

Fifteen fully owned companies,
seven joint ventures and more is yet to come...



ONE TEAM

LEGEND *

1	UNITED DEVELOPMENT COMPANY (UDC)
1	FLAGSHIP PROJECT THE PEARL-QATAR (TPQ)
9	FULLY OWNED SUBSIDIARIES OPERATING IN TPQ MADINAINOVA | HOSPITALITY DEVELOPMENT COMPANY (HDC) | UNITED FASHION COMPANY (UFC) | MEDINA CENTRALE COMPANY | ABRAJ QUARTIER COMPANY | RONAUTICA MIDDLE EAST (RME) | THE PEARL OWNERS CORPORATION (TPOC) | GLITTER | SCOOP
4	FULLY OWNED SUBSIDIARIES OPERATING OUTSIDE TPQ PRAGMATECH | UNITED FACILITIES SOLUTIONS (UFS) | UNITED FACILITIES MANAGEMENT COMPANY (UFMCO) | INSURE PLUS
7	JOINT VENTURES MIDDLE EAST DREDGING COMPANY (MEDCO) | SEEF LIMITED | QATAR COOL | UNITED READYMIX | ASTECO QATAR | GEKKO LLC | GULF FORMALDEHYDE COMPANY (GFC)

* The above color codes are used to distinguish the different subcategory to which each subsidiary belong. Please refer to this legend from page 14 to page 59.

UNITED DEVELOPMENT COMPANY (UDC)

Ownership: Qatari Shareholding Company
Incorporated: 2000
Sector: Projects Development and Investments

One of Qatar's leading shareholding companies, United Development Company was established in 2000 and listed on the Qatar Exchange in June 2003. It has an authorized share capital of QR 3.372 billion, a market capitalization of QR 7.625 billion and total assets of QR 18.764 billion at 31 December 2013.

Since day one, UDC has strived to become a cornerstone in the development of Qatar and the region by targeting investment and joint venture opportunities in infrastructure, real estate, energy-intensive industries, hydrocarbon downstream manufacturing, maritime and environment-related businesses, urban development, utilities, hospitality, retail and fashion, property management, security and other services.

Through a combination of project activities and commercial enterprise, the company has developed into the first-choice private sector and joint venture partner for international investors in Qatar, and has successfully established several new ventures and business operations in recent years. Wholly-owned subsidiaries under the umbrella of United Development Company include: Hospitality Development Company, United Fashion Company, Ronautica Middle East, Madinainova, Resorts and Leisure Company and The Pearl Owners Corporation.

One of UDC's landmark projects is the urban development of The Pearl-Qatar, Qatar's only man-made Island. Located some 350 meters offshore of Doha's prestigious West Bay District, The Pearl-Qatar Island is one of the largest mixed-use real estate developments in the Gulf.

Today, the company continues to quest for excellence and progress by identifying new investments and partnerships for its diversified portfolio of businesses.

THE PEARL-QATAR

Ownership: UDC – 100%
Incorporated: 2007
Sector: Island Development

The Pearl-Qatar is a unique and innovative mixed-use urban development in Doha, Qatar.

Owned and developed by United Development Company (UDC), the Island spans over four million square-meters of land that was meticulously developed into a masterpiece of private and modern living. Today, it offers residents and visitors a complete lifestyle experience that includes residential solutions of the highest international standards, a fantastic choice of retail, dining and hospitality offerings and a host of other amenities and facilities.

Admired as Doha's "Riviera Arabia," The Pearl-Qatar occupies a prime location off the coast of Doha's West Bay. An assortment of residential accommodations for every taste and style, balanced mixtures of retail and hospitality outlets, three world-class marinas and an impressive beachfront have made this man-made Island one of the most desirable addresses in the Gulf region.

World-class architecture, luxurious amenities and aesthetic nuances exude old-world charm and the best in modern living. The result is as much a destination as it is an experience, blending residential charm with the comfort of an exclusive resort.

The Pearl-Qatar's first phase and gateway to the Island houses the world's longest waterfront luxury retail walkway, the 3.5 kilometer marina-front pedestrian boardwalk "La Croisette", which is home to international hospitality brands and fashion boutiques.

In 2013, Porto Arabia witnessed the grand openings of a multitude of internationally renowned outlets. These included fashion outlets Nahle Fashion, The Closet, Ascots & Chapels, Lass, and DNA. Other lifestyle brands that had opened in 2013 include Altamoda Furniture, Poltrona Frau and Kaira Beauty.

In the Food and Beverage sector, Patagonia, Marble Slab, Caribou Coffee, Cake & Bake, Casa Paco and Al Mayass led the way in 2013, while more are scheduled to open in 2014.

Porto Arabia hosted in 2013 numerous exclusive events as well as seasonal live entertainment in the midst of Porto Arabia's award-winning 782-berth marina.

Development of The Pearl-Qatar's 10 precincts is well underway. Upon completion, approximately 19,000 residential dwellings will be in use.

HOSPITALITY DEVELOPMENT COMPANY (HDC)

Ownership: UDC – 100%
Incorporated: 2007
Sector: Hospitality

Hospitality Development Company (HDC) owns, develops and operates world-class hospitality projects and businesses. The Company's strategy revolves around UDC's vision of creating and managing a diverse portfolio of hospitality related businesses. Many of HDC's brands are entering the Middle East market for the first time at The Pearl-Qatar. They include internationally celebrated and recognized names in the food and beverage industry.

HDC brands:

HDC currently operates eight restaurants and cafés in The Pearl-Qatar. A ninth restaurant is located in the West Bay business district. These restaurants, most of which are joint ventures with international partners, are:

- Tse Yang: an elegant, high-end Chinese restaurant.
- Megu: the finest in modern Japanese cuisine.
- Pampano: this Latin American inspired restaurant was created by Chef Richard Sandoval and Maestro Placido Domingo.
- Liza: a Paris-based restaurant combining Levantine gastronomy with a modern twist.
- Burj Al Hamam: "The Art of Lebanese Cuisine" for over 50 years, this elegant restaurant offers a wide range of Lebanese traditional dishes and fresh seafood specialties.
- Alison Nelson's Chocolate Bar: a slick, chic and stylish café offering salads, desserts, chocolate and ice-cream.
- Al Tabkha: authentic home-like cooking Lebanese food.
- The Bread Basket: a café-like bakery offering fresh bakery products.
- Bistro 61: this stylish but casual eatery is located in the West Bay and boasts an extensive menu, including business lunch, popular international dishes as well as traditional Lebanese favorites.

Future plans

Social Club: anticipated to open soon.

RONAUTICA MIDDLE EAST

Ownership: UDC – 100%
Incorporated: 2007
Sector: Marine Industry and Services

A fully owned subsidiary of United Development Company, Ronautica Middle East has become a trusted name in marina management and nautical services. After its incorporation in 2007, the Company established itself as an authority in the marine industry, spearheading Qatar's luxury boating business.

Ronautica Middle East boasts a team of seasoned marina specialists and is charged with the management of The Pearl-Qatar's three world-class marinas. They include the marina at Porto Arabia, which can moor 782 vessels up to 100 meters in length. The marina is truly state-of-the-art, providing access to an innovative vacuum sewage system set at every super yacht berth.

In addition to developing and operating The Pearl-Qatar's marina infrastructure, Ronautica Middle East runs a water taxi service and provides the Island with yacht charters, limited fuel sales and boat cleaning services. Many super yachts in excess of 50 meters in length are permanently berthed at Porto Arabia Marina. The marina also regularly welcomes visiting super yachts that are considerably larger in size.

In 2013, Ronautica Middle East underwent a series of changes in structure and personnel to position the Company for growth in revenue and profit. Several unprofitable lines of business were exited, including large yacht charter, yacht sales, yacht repair and many of the nautical activities that were previously offered. Some support staff roles were eliminated and operations staff repositioned to concentrate on a core marina management function.

In 2014, Ronautica Middle East will continue to focus on streamlining operations with a move to smaller, better-located offices. The company also plans to launch an exciting new yacht club format and to open and operate two major fuel piers to better satisfy current berth holders and to aid in attracting new clients.

ABRAJ QUARTIER COMPANY

Ownership: UDC – 100%
Incorporated: 2008
Sector: Real Estate Investment and Development

The Abraj Quartier Company will develop the mixed-use district of Abraj Quartier, capitalizing on the substantial value resulting from its location immediately adjacent to the entrance of The Pearl-Qatar from the mainland.

The construction of the two main office towers commenced in 2013.

MEDINA CENTRALE COMPANY

Ownership: UDC – 100%
Incorporated: 2008
Sector: Real Estate Investment and Development

Medina Centrale Company is the development and investment arm of Medina Centrale, the vibrant Pearl-Qatar community centre. Nestled between the residential, shopping and dining district of Porto Arabia and the relaxed, family-oriented beachfront community of Viva Bahriya, Medina Centrale has been conceived from the outset as the heart of The Pearl-Qatar. The entire Medina Centrale district forms a single, mixed-use property development comprising residential apartments, ample retail space and ample car parking spaces.

Medina Centrale offers residents benefits that include:

- Parks, plazas, water features and on street parking.
- Retail facilities in open-air promenades as well as indoor shopping facilities.
- Centralized gathering place in the district's Central Piazza, well suited to host public activities and community events.

The Medina Centrale Company retains ownership of the development as an investment. Income is generated from leasing of the various residential and retail components of the property. The retail services are diverse, offering the following facilities:

- Spinneys, the only full-time supermarket in The Pearl-Qatar.
- A giant cinema complex.
- More than 100 quality retail units.
- Forty restaurants and cafes from around the world.

The demand to lease residential property in Medina Centrale is driven by the appeal of living in a central community characterized by low-rise buildings, abundant green space and the interesting variety of retail shops.

UNITED FASHION COMPANY (UFC)

Ownership: UDC – 100%
Incorporated: 2008
Sector: Fashion and Beauty

United Fashion Company brings world-class luxury fashion brands to The Pearl-Qatar. Its long-term strategy envisions a network of stores that branch from Internationally acclaimed luxury and mid to mid-upper brands across a variety of retail categories.

The Company owns and manages a wide range of boutiques. It also focuses on service-driven products such as beauty salons. UFC's brand portfolio to date includes: L.K.Bennett, Alberta Ferretti, Calvin Klein Collection, Etro, George Jensen, Harmont & Blaine, Missoni, Rene Caovilla, Salvatore Ferragamo, Santoni and Stefano Ricci, Hiref, Lancel, RonyNacouzi and Porto Salon.

UFC brings the best of fashion to Qatar at prices competitive with those charged at European retailers. Most of the Company's leading international brands had opened their flagship Middle East region stores at The Pearl-Qatar.

UFC's core customer market is diverse, reflecting the company's brand portfolio for men and women. Future strategies call for diversification by bringing in popular fashion and lifestyle brands catering to middle income customers and families.

SCOOP

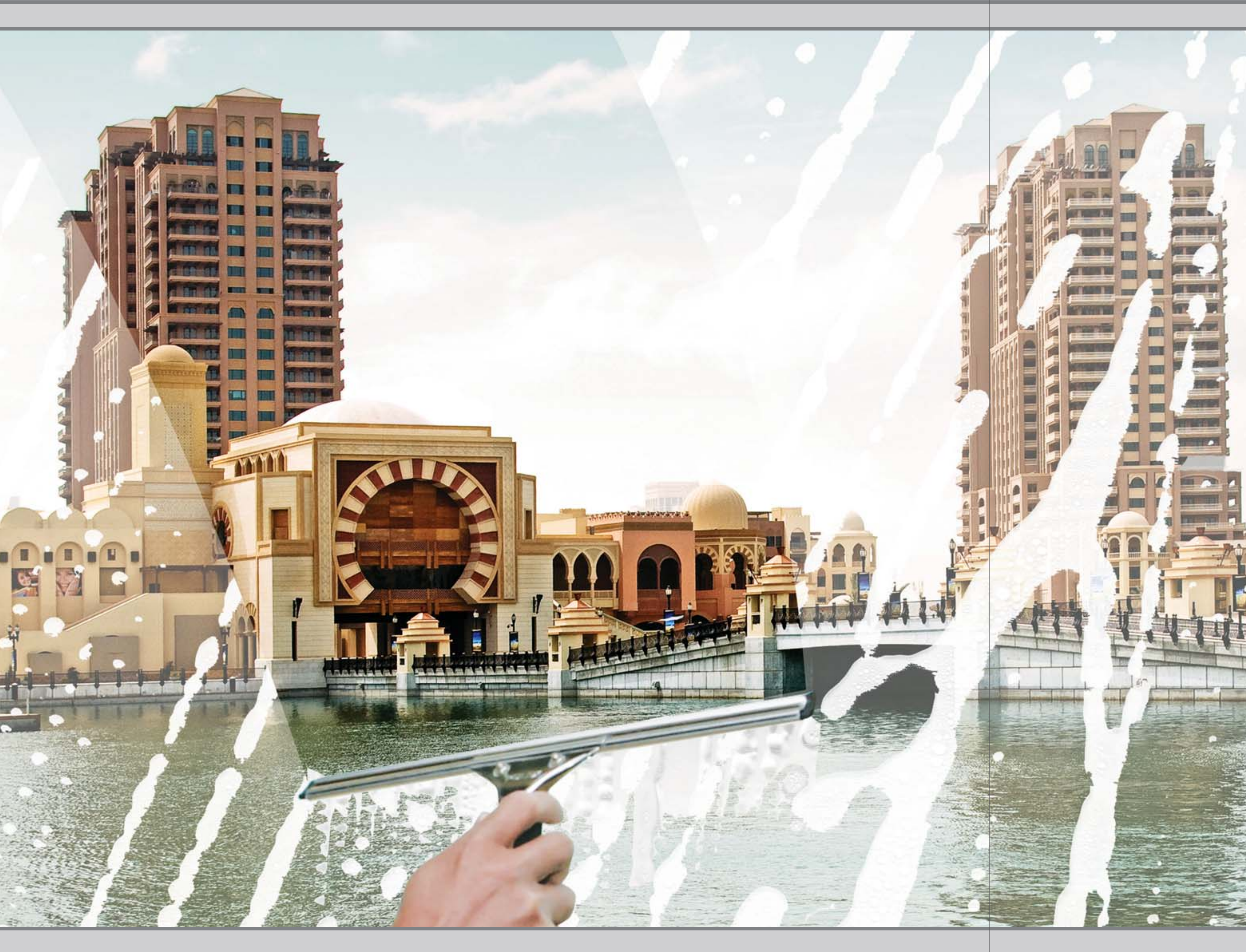
Ownership: UDC – 100%
Incorporated: 2008
Sector: Media and Advertising

Assigned as The Pearl-Qatar's exclusive Out-Of-Home media provider, SCOOP manages the vast potential of media and advertising space on the Island and offers an integrated range of specialized solutions incorporating tailor-made design concepts for indoor and outdoor media.

Within a relatively short period of time, SCOOP has positioned The Pearl-Qatar as an acknowledged Out-Of-Home advertising destination in Doha. Through an outstanding customer-centric approach and state of the art innovative media offerings, the Company was able to build an extensive client database, delivering campaigns to an array of blue-chip companies from diverse industries. SCOOP's list of past clients included: Qatar 2022 Supreme Committee, ExxonMobil, Qtel, Total, Vodafone, Barwa Bank, Doha Tribeca Film Festival, Mercedes-Benz, Qatar Football Association and others.

GLITTER

Ownership: UDC – 100%
Incorporated: 2009
Sector: Facility and Waste Management



Glitter was incorporated in 2009 to handle facilities and waste management services. Operating primarily in The Pearl-Qatar, its services are also offered to other UDC subsidiaries. The Company was founded on a vision aimed at meeting Qatar's growing needs in the facilities and waste management logistics.

MADINAINOVA

Ownership: UDC – 100%
Incorporated: 2010
Sector: Property Management and Services

The Madinainova Company was established to address the needs of property owners and residents of The Pearl-Qatar.

Madinainova is the central point of communication for the stakeholders, investors and residents of the Island. It coordinates with government agencies and related entities to resolve issues and develop further policies and procedures with the aim of ensuring that a five-star quality lifestyle is delivered at The Pearl-Qatar.

The Company is comprised of two main divisions:

The Pearl-Qatar Central Authority Directorate (TCAD), and The Master Community Management.

- TCAD is the "Municipality" or regulatory body and five-star service provider for The Pearl-Qatar registry, single window, helpdesk, and community relations services for the Island investors, retailers and residents.

- The Master Community Management ensures that appropriate mechanisms required to manage the high standards of maintenance and use of the shared facilities are in place, and that they are administered and preserved for the mutual benefit of current and future owners and residents.

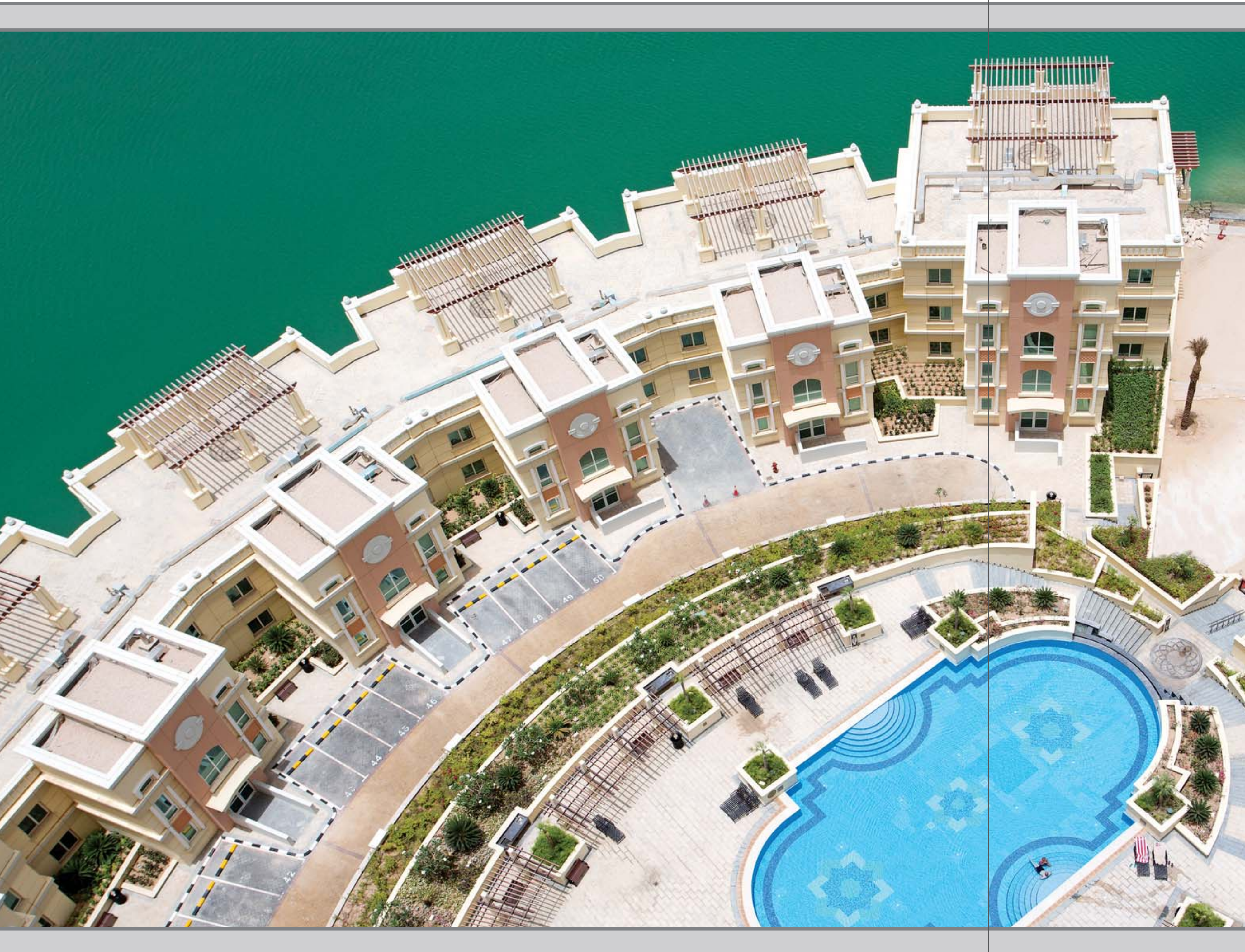
Madinainova Achievements in 2013 and Future Plans

- Sustainably provided five-star governmental and non-governmental services to Pearl-Qatar residents, retailers and investors.
- Effectively enforced rules and regulations, contributing to a quality living and working environment in The Pearl-Qatar.
- Processed the issuance of title deeds and various registry transactions.
- Issued event and exhibition licenses.
- Managed the clearance of certification prerequisite for reselling of properties and/or obtaining title deeds.
- Provided community based amenities such as playgrounds, tennis courts and walkways.
- Provided a single point of contact for The Pearl-Qatar through the Ittisal Help Desk initiative.
- Provided residents and owners, through its easily accessible offices in Porto Arabia, a single window for accessing the services offered by the Department.
- Provided a one-stop solution for easy access to applicable Qatar Government services.

Plans for 2014 include the introduction of new and efficient Madinainova customer-service offerings.

THE PEARL OWNERS CORPORATION (TPOC)

Ownership: UDC – 100%
Incorporated: 2011
Sector: Co-Owners Association Management Services



The Pearl Owners Corporation (TPOC) provides Co-Owners Association Management services to Co-Owned freehold property owners in Qatar.

TPOC's full service Association Management services comprise four main activities:

- Administrative Management Services: These services include arranging and facilitating meetings of each association and providing comprehensive support to Co-Owners' representatives.
- Financial Management Services: Included in these services are setting budgets for Co-Owned properties, issuing service charges and collection services as well as full management of the Co-Owners' budgets.
- Property Management Services: Covers the management of the Co-Owned Built Environment, including administering service providers and monitoring the planned maintenance to ensure the properties achieve their designated life cycle as well as overseeing the enforcement of community rules and regulations.
- Transparent Record Keeping: The management of the records, including all financial chronicles for the Co-Owners Associations to ensure accurate accounts as well as full transparency in decision-making.

Achievements in 2013 and Future Plans

- Providing consultancy for Qanat Quartier.
- Provision of Co-Owners Association Management Services for additional properties in Porto Arabia as more properties in TPQ are completed.
- The issuance of a fully output-based FM delivery model that innovates and permits efficient in-class service delivery.
- Benchmarking of services across Co-Owners Associations.
- Full compliance with TPQ Constitution.

The TPOC 2014 plans stipulate an increase in service platforms for all owners and residents of the Co-Owners Associations, as well as increasing customer satisfaction across all existing Co-Owners Associations.

UNITED FACILITIES MANAGEMENT COMPANY (UFMCO)

Ownership: UDC – 100%
Incorporated: 2008
Sector: Facilities Management Services

United Facilities Management Company was incorporated in March 2008 and currently employs 300 staff members. This number is forecast to exceed 350 during 2014.

UFMCO's core business is the delivery of integrated facilities management services. Geared initially to service The Pearl-Qatar, it presently manages the Master Community Area of The Pearl-Qatar along with retail and residential assets, notably in Porto Arabia, Medina Centrale, Viva Bahriya and Qanat Quartier.

Building on its 2012 momentum, UFMCO has reported in 2013 the conclusion and successful renewal of a number of facilities management agreements with companies located in West Bay, as well as in Mesaieed. Other developments are in the pipeline as the company expands its horizons throughout Qatar.

Range of facilities provided include municipal services, building fabric maintenance, waste management, pest control, helpdesk, building handover and inspections, as well as mechanical, electrical and plumbing system maintenance. UFMCO will continue to seek clients and to act as their head facilities management contractor, providing a single point of contact and taking responsibility for its clients' property portfolio maintenance and upgrade requirements.

UFMCO is an ISO certified company - ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

It uses these capabilities, as well as the Balanced Scorecard Strategic Management System, in order to execute its stated mission: *"We will focus relentlessly on solving our customers' facilities-related challenges, acting as a trusted partner and advisor to ensure that our customers' total cost of property ownership is kept to the minimum."*

PRAGMATECH

Ownership: UDC – 100%
Incorporated: 2009
Sector: Information Technology

Headquartered in Doha, Pragmatech was incorporated in 2009 with a mission to create and deliver innovative information technology services and products.

The Company's scope of operations included: development, consulting, research and training. It specializes in software engineering, computational linguistics, security and privacy, algorithms and artificial intelligence.

In addition to addressing the information technology requirements of today's modern businesses, Pragmatech commits substantial resources to research and development.

Solutions and Products by Pragmatech:

- Ctrl: a semantic engine for text analysis.
- Ctrl-News: a research solution that processes a number of online news sources and delivers to subscribers news articles related to their subject of interest.
- snagR: snagging and inspection management software for the MENA region.
- Proprietary CRM: targeting mainly the convention and visitors bureaus in the USA.

INSURE PLUS

Ownership: UDC – 100%
Incorporated: 2010
Sector: Insurance Consultancy and Risk Management

Insure Plus is an insurance consultancy firm incorporated in 2010 to fill a need in the Qatari insurance market for a professional and competent Insurance and Risk Management Consultancy.

The company offers services of the highest professional standards while remaining focused on delivering value to its clients and underwriting partners through expertise and innovation.

Insure Plus offers a comprehensive list of insurance products and services covering fire and burglary, motor and home care, marine hull, cargo and bulk oil, contractor's all risk and workmen's compensation, professional indemnity, directors' and officers' liability, electronic data and communication insurance, business interruption insurance and loss of profit and oil and gas.

The Consultancy
Insure Plus integrates expert insurance and alternate risk transfer. It increasingly helps in the application of finite and blended risk solutions to assist companies overcome the rising cost of insurance.

These advisory services make policies issued through Insure Plus tailor-made. The client will be properly protected and will save costs. Insure Plus supplies all necessary services to the insured throughout its contract period, including:

- Updating insurance policies
- Offering new insurance products
- Handling claim management

The Risk Management
Insure Plus innovates in the growing field of alternative risk transfer and management to create the detailed, effective and comprehensive structure needed to address risk inherent in its clients' business. An assembled risk management would be of high interest to the insured in order to avoid dispersion of actual from expected results.

Risk management starts by identifying and measuring risks of accidental loss through a pre-risk survey conducted by certified, internationally recognized surveyors. Insure Plus would then operate a selection of appropriate risk management techniques for resolving exposure problems by risk assumption, risk reduction, risk retention, risk transfer and other systems, including the purchase of insurance.

UNITED FACILITIES SOLUTIONS (UFS)

Ownership: UDC – 100%
Incorporated: 2011
Sector: Technical and Business Solutions & Services

United Facilities Solutions (UFS) is a knowledge-based Technical and Business Solutions and Services provider.

UFS delivers unparalleled solutions and services, aiming to establish SMART Business with a SMART Team, and to provide innovative, high quality 'Solutions and Services' designed to add value to clients.

UFS solutions and services are vendor-independent, enabling clients to mix and match leading products to meet business requirements rather than having a 'one fit all' approach that often results in a compromised quality and business innovation.

The Company's end-to-end solutions and services across various technically challenging vertical markets include:

1. Building Management systems – Solutions, Integration and Maintenance.
2. Home Automation Systems – Solutions, Integration and Maintenance.
3. Security Management Systems – Solutions, Integration and Maintenance.
4. Fire Alarm and Protection Systems – Solutions, Integration and Maintenance.
5. Digital Meters, AMR/ AMI Systems and Energy Management Systems.
6. IT and Network Infrastructure – Solutions, Integration and Maintenance.
7. Enterprise Resource planning systems (ERP) and Facilities Management Systems (FMS) – Solutions and Maintenance.
8. Command control centers and Data Centre Management and Establishment.
9. IPTV and Telecommunications Services – Solutions and Maintenance.
10. Project Management and PMO – Consultancy, Services and Solutions.

Achievements in 2013 and Future Plans

Within a short span of time, UFS has provided world-class business solutions and services, while offering the most professional systems integrations and project implementation services. The Company has recorded tangible growth in 2013, boasting a healthy financial performance and offering innovative customer solutions. UFS manages the IPTV system within The Pearl-Qatar with 'Free to Air' channels in several languages and paid channels from the leading content providers.

UFS will continue in 2014 to focus on existing projects within The Pearl-Qatar and will aim at larger new projects outside. The Company has an interest in a range of innovative solutions and services targeting specific market segments. To achieve this, UFS will remain vendor independent and will focus on strategic partnerships to provide value added services.

GULF FORMALDEHYDE COMPANY (GFC)

Ownership: UDC – 10%; QAFCO – 70%; QIMC – 20%
Incorporated: 2003
Sector: Industrial Manufacturing

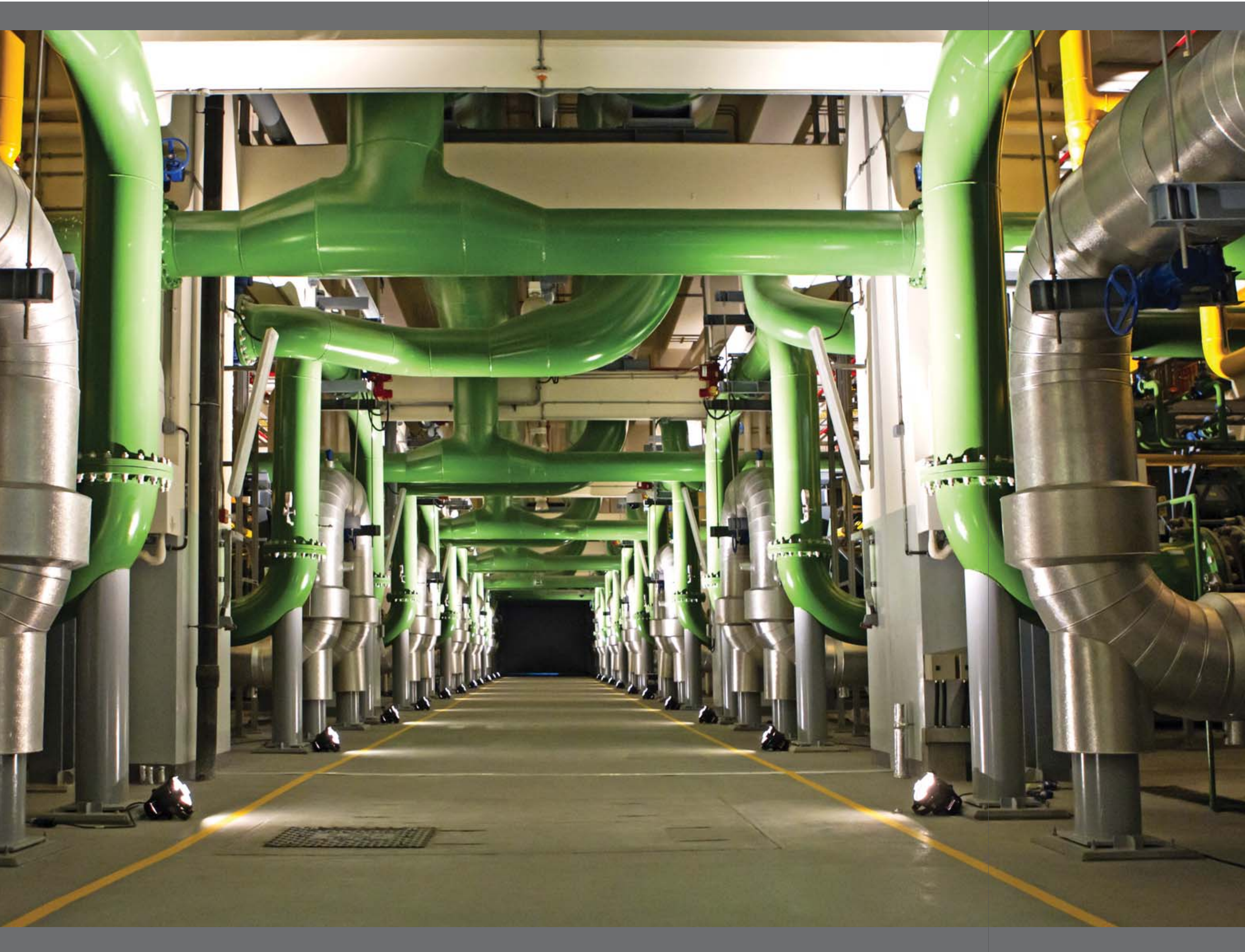
Gulf Formaldehyde Company (GFC) is a fast growing Qatari shareholding company with a paid up capital of QAR 40 Million. It is a joint venture between United Development Company (UDC), Qatar Fertilizer Company (QAFCO) and Qatar Industrial Manufacturing Company (QIMC).

The Company produces and sells Urea Formaldehyde Condensate (UFC). Its plant in Mesaieed is fully integrated with the production facilities of Qatar Fertilizer Company (QAFCO), the majority shareholder in GFC and its prime customer.

GFC produces 82 tons of Urea Formaldehyde (UFC-85) per day, a viscous liquid with 60 percent formaldehyde, 25 percent urea and 15 percent water. Eighty percent of the UFC-85 produced is consumed by QAFCO and is used as an anti-caking agent in the production of urea, a solid fertilizer and one of QAFCO's primary products. The remainder is exported internationally.

QATAR COOL

Ownership: UDC – 51%; Tabreed UAE – 44%; Qatari Investors – 5%
Incorporated: 2004
Sector: District Cooling



Now in its 10th year of operation, Qatar Cool has capitalized on UDC's strategic vision to create a centralized utility company dedicated to providing district cooling to both The Pearl-Qatar and Doha's growing industrial, commercial and residential developments.

District cooling entails the production and circulation of chilled water to multiple buildings through a network of insulated underground pipes.

In 2010, the Company inaugurated the world's largest district cooling plant 'The Integrated District Cooling Plant' (IDCP) at the Pearl-Qatar. IDCP will service more than 80 apartment towers, beachfront villas and townhouses, shopping complexes, offices, schools and hotels throughout the Island, ultimately supplying 130,000 tons of refrigeration to the Island's 45,000 residents.

Two other plants are fully-operational in West Bay, producing 66,609 Tons of Refrigeration (TR) and serving 46 towers. Additionally, a third plant in the West Bay area with a capacity of 40,000 TR will be operational in 2016.

Key Advantages of District Cooling

1. Reliability:
   - Higher energy utilization and substantially reduced energy consumption.
   - Continuous operations with a back-up system in case of emergency.

2. Energy efficient and environmentally sound:
   - Conserves energy and improves operating efficiency.
   - Reduces CO2 levels, resulting in cleaner air.
   - Reduces the need for huge capital investment for A/C equipment on developed sites, bringing cost down while making buildings safer and more environmentally friendly.
   - Easy to operate and maintain.
   - Comfort and convenience through significant reduction of vibration and noise.

Accomplishments and Milestones in 2013

- Increased the connected capacity of its cooling plant at The Pearl-Qatar from 65,105 tons of refrigeration in 2012, serving 55 Energy Transfer Stations to 76,964 tons of refrigeration in 2013, serving 65 Energy Transfer Stations.
- Increased the connected capacity of its West Bay plants from 64,967 tons of refrigeration in 2012, serving 45 towers, to 66,609 tons of refrigeration in 2013, serving 46 towers.
- Awarded the "Award of Excellence" at the 3rd Global District Energy Climate Awards in New York City, USA – organized by the International District Energy Association (IDEA) along with Euroheat and Power.
- Awarded the "Best District Cooling Utility Provider" at the Middle East Climate Control awards ceremony in Dubai.
- Accumulated various industry awards from the International District Energy Association (IDEA) for square footage served, number of buildings served, and a special recognition for innovation.
- Participated in environmental events such as Earth Day 2013.
- Engaged in Corporate Social Responsibility (CSR) activities that included: blood donation drive, educational tours at the world's largest district cooling plant, celebrating Earth Hour, among others.

Plans for 2014

- New improvements on online billing systems and customer self-service portal.
- Targeting energy optimization for all Qatar Cool plants to ensure energy is stored during idle periods for future use in more demanding periods.
- In light of Qatar's 2030 vision, Qatar Cool is actively coordinating with different agencies and authorities to find the optimum solutions for future infrastructure.
- Growth is expected at all levels of operation, including increase in the number of full-time staff, increases in plant capacities as well as increases in production levels.

MIDDLE EAST DREDGING COMPANY (MEDCO)

Ownership: UDC – 45.9%; DEME – 44.1%; Qatar Holding – 10%
Incorporated: 2004
Sector: Dredging and Land Reclamation

Middle East Dredging Company is a joint venture between United Development Company, Dredging, Environmental and Marine Engineering (DEME) of Belgium, and Qatar Holding. Incorporated in 2004, MEDCO's first project was the establishment of The Pearl-Qatar's site. It completed dredging and land reclamation work for the Island in 2007.

MEDCO was awarded several major projects in Qatar and the Gulf region. The Company led an international consortium as it completed dredging and reclamation work for the New Doha International Airport (NDIA) in 2008. In late 2010, MEDCO completed the first two phases for the Qatar-Bahrain Causeway Project, and discussions re-started in November 2013 for Phase-3 Causeway construction.

In March 2012, MEDCO was awarded the prestigious four-year, QR 4.5 billion New Port Project in Qatar, covering dredging of main access channel, reclamation of Naval Base, general reclamation, soil treatment and construction of outer breakwater.

While actively completing projects in Qatar, MEDCO also expanded its regional reach. In 2010, MEDCO completed a major project for Khalifa Port as well as construction of Ras Ghanada Channel Extension and dredging and reclamation works granted by the Department of Presidential Affairs in Abu Dhabi. In 2011, MEDCO completed a project on Boubyan Island (Kuwait); a major project in the UAE was handed over in 2012 to TAKREER in Ruwais Refinery Expansion, and another project involving dredging / backfilling of seawater intake pipe lines, also at Ruwais Refinery, was completed in 2013.

In early 2011, MEDCO was awarded the EPC contract for a challenging design and construction of two artificial islands on the Satah Al Razboot (SARB) ADNOC oilfield, built 120 km offshore of Abu Dhabi; first island, SARB-1, was handed over in December 2013, while the second island, SARB-2, will be handed over in January 2014. In 2013, MEDCO was awarded and completed the dredging of a navigation channel for ARAMCO in Saudi Arabia.

Key Achievements in 2013 and Expected Growth for 2014

- Growth in market share in Qatar, UAE (Abu Dhabi, Dubai), Bahrain and Saudi Arabia.
- Utilization of MEDCO-owned marine equipment, rock positioning spud barges, rock barges and the brand new self-propelled cutter suction dredger "Al Jarraf" at SARB Project in Abu Dhabi and at the New Port Project in Qatar. MEDCO deployed two mega cutter dredgers for dredging the very hard rock at access channel to New Port Project in Qatar.
- Execution with extreme precision of all rock installation of breakwaters, embankments, concrete quay walls, artificial concrete blocks accropodes for ports and shore protection at SARB Islands.
- Achievement of updated ISO 9001, ISO 14001 and OHSAS 18001 certificates.
- Our Branches in Abu Dhabi, Bahrain, Ras Al Khaimah are actively targeting new projects.
- Targeting new projects in Saudi Arabia, Oman and Kuwait.

SEEF LIMITED

Ownership: Ownership: UDC – 20%;
Qatar Intermediate Industries Co. Ltd (Al-Waseeta) – 80%
Incorporated: 2004
Sector: Petrochemical

SEEF Limited is a semi government Petrochemical Company. The Company was incorporated under the laws of the State of Qatar and was registered in July 2004. It is a joint venture between Al-Waseeta and United Development Company. The shareholders' paid up capital is QR one billion.

The Company owns a plant in Mesaieed Industrial City that produces Linear Alkyl Benzene (LAB), a hydrocarbon based petrochemical used as the main feedstock to manufacture commercial detergents. The plant produces 100,000 metric tons of LAB per year, as well as heavy Alkyl Benzene (HAB), a by-product used as feed stock for the production of lubricant oil.

SEEF adheres to environmental policies by following strict national and international production standards. It employs the latest environmental friendly UOP DETAL process, using a solid bed catalyst alkylation process that abolishes the use of hazardous liquid acid in the plant. The UOP process is an effective method of continuously separating Normal Paraffin from a stream of co-boiling hydrocarbons by means of physically selective absorption.

SEEF's vision is to be world leader in the production of LAB and its sales worldwide. Consequently, SEEF products today are well established in the market place, and the company has earned the goodwill of its customers through a professional and customer focused approach adopted over the years.

Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) holds exclusive rights to purchase, market, distribute and sell Qatar's production of chemical and petrochemical regulated products to the global market. Linear Alkyl Benzene (LAB) and Heavy Alkyl Benzene (HAB), which are produced by SEEF, are part of the regulated chemical and petrochemical products Muntajat will purchase, market distribute and sell to customers in over 120 countries worldwide. Muntajat will operate through up to 36 offices spread around the globe in addition to a number of logistic establishments and warehouses that will support its activities of marketing, sales and distribution.

Muntajat started taking orders for Linear Alkyl Benzene and Heavy Alkyl Benzene as of 1st of April 2013. Muntajat and SEEF have completed the regulatory consultation process in order to secure a seamless transition of the current marketing, sales and associated operations activities to Muntajat, ensuring smooth continuous supply to the existing valuable customers.

Through its stake in SEEF, United Development Company leverages its presence in the petrochemical sector, a strategically and economically reliable industry.

UNITED READYMIX W.L.L.

Ownership: UDC – 32%; BESIX – 40%; Six Construct – 9%; Qatari Investors – 19%
Incorporated: 2006
Sector: Ready Mixed Concrete

A joint venture between United Development Company and BESIX of Belgium as major shareholders, United Readymix has served the construction needs of The Pearl-Qatar since 2006. More recently, United Readymix extended its new line of focus to secure and supply various prestigious development projects outside The Pearl-Qatar, including Lusail, where the company had underlined its commitment to expansion and growth by establishing there a production branch in 2011.

United Readymix operates three state-of-the-art batching plants adjacent to The Pearl-Qatar, and two batching plants in the Lusail Project. These plants utilize over 60 mixer trucks to produce more than 60,000 cubic meters of concrete monthly. Other equipment supporting the plants include 10 static concrete pumps and placing booms and 14 mobile pumps.

Despite increasing competition in the market, the Company was able to achieve a good turnover compared to last year.

United Readymix strives to deliver the highest quality of concrete, and its production capacity is likely to go up substantially in 2014 as so far witnessed during the last quarter of 2013 and as construction projects in Qatar multiply following FIFA's choice of Qatar to host the 2022 World Cup. Moreover, the ambitious infrastructure and other industrial development plans embarked by the State of Qatar are expected to boost the demand for readymix concrete over the next decade.

ASTECO QATAR

Ownership: UDC – 30%; CBQ – 30%; QIC – 20%; Asteco Property Management – 20%
Incorporated: 2007
Sector: Real Estate

Asteco Qatar is a joint venture between United Development Company, Commercial Bank of Qatar, Qatar Insurance Company and Asteco Property Management. It offers property management, residential sales and leasing, commercial leasing, valuation, research and property consultancy services.

Through efficient property management systems and ongoing consultation with developers and owners, the Company facilitates consistent property operations and focuses on client satisfaction throughout the Doha real estate market.

Key Advantages

- Asteco Qatar is one of the leading real estate services providers in Qatar.
- The Company is connected to operations in Dubai, Abu Dhabi, Al Ain, Saudi Arabia, Jordan and Bahrain through Asteco Property Management LLC. As a group, Asteco Property Management LLC is the largest real estate services provider in the Gulf Region.

Asteco Qatar's clients include developers, institutions, corporations, private investors, high net-worth individuals, government bodies and sovereign wealth funds. The Company also represents landlords and tenants of apartment units and villas.

Asteco Qatar has leased in excess of 700 units and sold over 315 units on behalf of clients at The Pearl-Qatar. The Company's Property Management Division currently boasts over one million sq. ft. of residential and commercial property under management throughout Doha. Asteco Qatar's portfolio of residential properties managed on behalf of clients enjoyed an impressive 97% average occupancy rate during 2013, demonstrating Asteco's market-leading approach to leasing and property management. Its RICS-qualified professionals provide valuation and consultancy services to some of Qatar's largest and most prestigious buildings.

Future Plans

- Asteco will continue to play an integral role in the success of The Pearl-Qatar through providing professional management, leasing and sales solutions to an expanding list of clients.
- Asteco's expansion strategy includes additional property advisory and consultancy services to further positively impact the Qatar property landscape.
- The choice of Qatar to host the 2022 FIFA World Cup will continue to create unlimited growth opportunities in the real estate market, and Asteco will capitalize on this potential in 2014.

GEKKO LLC

Ownership: UDC – 50%; CBQ – 50%
Incorporated: 2009
Sector: Business Solutions

GEKKO LLC is a joint venture set up in 2009 between United Development Company and Commercial Bank of Qatar. The company was founded to operate "smart" solutions for individuals and merchants in the fields of secure payments, loyalty and identification.

GEKKO's shareholders have recently decided to wound up the company in a voluntary move to liquidate its assets.

UNITED DEVELOPMENT COMPANY (Q.S.C.)
31 CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2013

Table of Contents

62 Independent auditors' report to the shareholders

Consolidated financial statements

63 Consolidated statement of profit or loss
63 Consolidated statement of comprehensive income
64 Consolidated statement of financial position
65 Consolidated statement of changes in equity
66 Consolidated statement of cash flows
67 Notes to the consolidated financial statements

"THE SECRET OF SUCCESS IS CONSISTENCY OF PURPOSE."
~ BENJAMIN DISRAELI ~

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED DEVELOPMENT COMPANY Q.S.C.

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of United Development 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 2013 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

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 the Board of Directors 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 about 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 for 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 of 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on legal and other regulatory matters
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 a material effect on the business of the Group or on its financial position.

Firas Qoussous
Ernst and Young
Auditor's Registration No. 236

Date: 25 February 2014
Doha

Consolidated Statement of Profit and Loss
For the year ended 31 December 2013

	Note	2013 QR'000	2012 QR'000
Revenue		2,081,258	2,730,925
Cost of revenue		(1,215,874)	(1,652,983)
Gross profit		865,384	1,077,942
Dividend income		26,044	26,222
Other income	6	229,829	95,200
Impairment loss on available-for-sale financial assets		(2,910)	(33,633)
Sales and marketing expenses		(76,394)	(54,650)
General and administrative expenses	7	(336,844)	(209,960)
Operating profit		705,109	901,121
Finance income		21,955	40,800
Finance costs		(84,234)	(83,383)
Net finance cost		(62,279)	(42,583)
Net share of results of associates	12	(233,841)	(8,650)
Profit for the year		408,989	849,888
Profit attributable to:			
Equity holders of the parent		322,766	730,290
Non-controlling interests		86,223	119,598
Profit for the year		408,989	849,888
Earnings per share			
Basic and diluted earnings per share	8	0.96	2.17

Consolidated Statement Of Comprehensive Income
For the year ended 31 December 2013

	Notes	2013 QR'000	2012 QR'000
Profit for the year		408,989	849,888
Other comprehensive income			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Net change in fair value of property, plant and equipment	21	(66,697)	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Net change in fair value of available-for- sale financial assets	21	91,942	(27,315)
Change in cash flow hedge reserve	21	6,048	(7,833)
Total comprehensive income for the year		440,282	814,740
Total comprehensive income attributable to:			
Equity holders of the parent		354,059	695,142
Non-controlling interests		86,223	119,598
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		440,282	814,740

*The attached notes 1-35 form an integrated part of these consolidated financial statements

Consolidated Statement Of Financial Position

As at 31 December 2013

	Notes	2013 QR'000	2012 QR'000
Assets			
Non-current assets			
Property, plant and equipment	9	3,823,522	4,027,647
Investment properties	10	7,290,596	6,401,173
Intangible assets	11	6,097	11,055
Investment in associates	12	342,162	619,955
Accounts and other receivables - long term	17	18,071	14,835
Available-for-sale financial assets	13	436,862	348,683
Total non-current assets		11,917,310	11,423,348
Current assets			
Inventories, net	14	3,096,329	2,342,024
Assets held for sale	15	20,357	-
Work in progress	16	-	1,540,874
Accounts and other receivables, net	17	1,728,912	1,755,170
Cash and cash equivalents	18	2,001,915	2,404,756
Total current assets		6,847,513	8,042,824
Total assets		18,764,823	19,466,172
Equity and liabilities			
Equity			
Issued capital	19	3,372,250	3,372,250
Legal reserve	20	1,389,682	1,357,404
Other reserves	21	1,612,627	1,581,334
Retained earnings		4,057,140	4,111,562
Equity attributable to equity holders of the parent		10,431,699	10,422,550
Non-controlling interest		315,386	827,149
Total equity		10,747,085	11,249,699
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	24	4,048,320	3,222,172
Retention payable	25	122,409	232,504
Accounts and other payables – long term	27	42,554	18,024
Employees' end of service benefits	26	29,475	26,925
Total non-current liabilities		4,242,758	3,499,625
Current liabilities			
Accounts and other payables	27	2,313,018	2,389,176
Interest bearing loans and borrowings	24	1,191,450	2,128,959
Retention payable	25	270,512	198,713
Total current liabilities		3,774,980	4,716,848
Total liabilities		8,017,738	8,216,473
Total equity and liabilities		18,764,823	19,466,172

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 25 February 2014.

Turki Mohammed Khaled Al Khater
Chairman of the Board

Badr Mohammed Al Meer
Acting Chief Executive Officer

*The attached notes 1 to 35 form an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2013

	Attributable to the owners of the Parent						
	Issued Capital QR'000	Legal reserve QR'000	Other reserves (Note 21) QR'000	Retained earnings QR'000	Total QR'000	Non-controlling interests QR'000	Total equity QR'000
Balance as at 1 January 2013	3,372,250	1,357,404	1,581,334	4,111,562	10,422,550	827,149	11,249,699
Total comprehensive income for the year							
Profit for the year	-	-	-	322,766	322,766	86,223	408,989
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	91,942	-	91,942		91,942
Net change in fair value of property, plant and equipment	-	-	(66,697)	-	(66,697)	-	(66,697)
Change in cash flow hedge reserve	-	-	6,048	-	6,048	-	6,048
Total other comprehensive income	-	-	31,293	-	31,293	-	31,293
Total comprehensive income for the year	-	-	31,293	322,766	354,059	86,223	440,282
Transfer to legal reserve (Note 20)	-	32,278	-	(32,278)	-	-	-
Dividend proposed (Note 22)	-	-	-	(337,225)	(337,225)	(16,170)	(353,395)
Contribution to social and sports fund (Note 23)	-	-	-	(8,069)	(8,069)	-	(8,069)
Change in non-controlling interest	-	-	-	384	384	(384)	-
Net contribution, distribution and dividend paid to non-controlling interests	-	-	-	-	-	(581,432)	(581,432)
Total transactions with owners	-	32,278	-	(377,188)	(344,910)	(597,986)	(942,896)
Balance at 31 December 2013	3,372,250	1,389,682	1,612,627	4,057,140	10,431,699	315,386	10,747,085
Balance at 1 January 2012	1,608,750	804,375	1,547,197	4,185,343	8,145,665	706,306	8,851,971
Prior year adjustment	-	-	69,285	(69,285)	-	-	-
Balance 1 January 2012 (restated)	1,608,750	804,375	1,616,482	4,116,058	8,145,665	706,306	8,851,971
Total comprehensive income for the year							
Profit for the year	-	-	-	730,290	730,290	119,598	849,888
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	(27,315)	-	(27,315)	-	(27,315)
Change in cash flow hedge reserve	-	-	(7,833)	-	(7,833)	-	(7,833)
Total other comprehensive income	-	-	(35,148)	-	(35,148)	-	(35,148)
Total comprehensive income for the year	-	-	(35,148)	730,290	695,142	119,598	814,740
Distribution of bonus shares (Note 19)	643,500	-	-	(643,500)	-	-	-
Issue of ordinary shares (Note 19)	1,120,000	-	-	-	1,120,000	-	1,120,000
Share premium (Note 20)	-	480,000	-	-	480,000	-	480,000
Transfer to legal reserve (Note 20)	-	73,029	-	(73,029)	-	-	-
Contribution to social and sports fund (Note 23)	-	-	-	(18,257)	(18,257)	-	(18,257)
Contribution from non-controlling interests	-	-	-	-	-	1,245	1,245
Total transactions with owners	1,763,500	553,029	-	(734,786)	1,581,743	1,245	1,582,988
Balance at 31 December 2012	3,372,250	1,357,404	1,581,334	4,111,562	10,422,550	827,149	11,249,699

*The attached notes 1 to 35 form an integral part of these consolidated financial statements.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2013

	Notes	2013 QR'000	2012 QR'000
Operating activities			
Profit for the year		408,989	849,888
Adjustments for:			
Net share of results of associates		233,841	8,650
Depreciation and amortisation		99,029	78,914
Impairment of property, plant and equipment	7 & 9	45,100	-
Impairment of assets held for sale	7 &15	29,754	-
Impairment of intangible assets	11	3,479	-
Gain on sale of available-for-sale financial assets	6	(176)	-
(Reversal)/provision for slow moving inventory		(2,598)	1,240
Impairment of accounts receivable	17.1	22,982	5,367
Impairment loss on available-for-sale financial assets		2,910	28,386
Loss on disposal of assets		3,171	299
Net finance cost		62,279	42,583
Dividend income		(26,044)	(26,222)
Provision for employees' end of service benefits	26	8,016	10,397
		890,732	999,502
Working capital adjustments			
Long term receivables		(3,236)	(12,429)
Inventories		(801,996)	423,147
Work in progress		1,540,874	775,958
Accounts and other receivables		436	(283,867)
Accounts and other payables		(380,827)	(1,000,209)
Retention payable		(38,296)	(190,684)
Cash from operating activities		1,207,687	711,418
Employees' end of service benefits paid	26	(5,154)	(6,074)
Finance cost paid		(82,125)	(90,105)
Net cash from operating activities		1,120,408	615,239
Investing activities			
Additions to property, plant and equipment	9	(494,418)	(118,306)
Proceeds from sale of property, plant and equipment		1,826	710
Proceeds from sale of available-for-sale financial assets		1,023	-
Time deposits with maturities more than three months		27,877	(78,913)
Acquisition of intangible assets	11	(427)	(2,484)
Additions to investment properties	10	(91,754)	(25,021)
Interest received		24,795	35,049
Dividend received from associates		50,000	40,000
Dividend received from other investee companies	33	26,044	26,222
Net cash used in investing activities		(455,034)	(122,743)
Financing activities			
Proceeds from issue of ordinary shares		-	1,600,000
Proceeds from interest bearing loans and borrowings		2,405,697	4,566
Repayment of interest bearing loans and borrowings		(2,519,425)	(792,878)
Dividend paid		(345,178)	-
Net contribution, distribution and dividend paid to non-controlling interests		(581,432)	1,245
Net cash (used in)/ from financing activities		(1,040,338)	812,933
Net (decrease) / increase cash and cash equivalents		(374,964)	1,305,429
Cash and cash equivalents at 1 January		2,265,843	960,414
Cash and cash equivalents at 31 December	18	1,890,879	2,265,843

*The attached notes 1 to 35 form an integral part of these consolidated financial statements.

Notes To The Consolidated Financial Statements

At 31 December 2013

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

United Development Company Q.S.C. (the "Company") was incorporated as a Qatari Shareholding Company in accordance with the Emiri Decree number (2) on 2 February 1999. The registered office of the Company is situated in Doha, State of Qatar. The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. Information regarding the Group's structure is provided in Note 4.

The principal activity of the Group is to contribute and invest in infrastructure and utilities, hydrocarbon and energy, urban development, environment related businesses, marina and related services, fashion, hospitality and leisure, business management, advertising, providing information technology solutions, E-payment protocol activities, cleaning activities and insurance agency activities.

Pursuant to the Emiri Decree No 17 of 2004, the Company has been provided with a right to develop an island off the shore of Qatar for the sale and/or lease of properties. The Company is presently engaged in the development of this area known as "Pearl Qatar project". The Pearl Qatar project involves reclamation of land covering an area of 985 acres (4.2 million square meters) into a manmade island and the development of the island into various districts comprising housing beachfront villas, town homes, luxury apartments, retail shopping complex, penthouse, five star hotels, marinas and schools with related infrastructure and community facilities. The reclamation and the development of the land is being performed on a mix use development basis which was substantially completed in 2011.

The consolidated financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2014.

2 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for land, investment properties, assets held for sale and available-for-sale financial assets that are presented at fair value in accordance with IFRS.

These consolidated financial statements are presented in Qatari Riyals, which is the Group's functional currency. All financial information is presented in Qatari Riyals and all values are rounded to the nearest thousands unless and otherwise indicated.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Impairment of available-for-sale financial assets
The Group treats available-for-sale financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment.

Classification of property
The Group determines whether a property is classified as investment property or inventory:

- Investment property comprises of land and buildings which are not occupied, substantially for the use by or in the operation of the Group, nor for sale in the ordinary course of business, but held primarily to earn rental income and capital appreciation;
- Inventory comprises of land and residential properties that are held for sale in the ordinary course of business. Principally these residential properties represent those that the Group develops and intends to sell before or on completion of construction.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Sale of properties (land)
An estimate of the ability of the buyers to meet financial commitments in respect of properties is made in determining the amount of revenue recognised from the sale of properties using the percentage of completion method. The percentage of completion is determined by comparing the actual costs incurred and the estimated cost to complete at the end of the reporting period.

Fair value of property (land classified as property plant and equipment and investment property)
The fair value of land and investment property is determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. 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.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013:

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013 and has had no effect on the Group's financial position, performance or its disclosures.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2013, and is to be applied retrospectively for joint arrangements held at the date of initial application. The standard has no material impact on the Group's financial position, performance or its disclosures.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2012)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013 and has no material impact on the Group's financial position, performance or its disclosures.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. For example, where a subsidiary is controlled with less than a majority of voting rights. The standard has no material impact on the Group's financial position, performance or its disclosures.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

The application of IFRS 13 has not materially impacted the fair value measurements of the Group.

IAS 19 Employee Benefits (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The standard had no impact on the Group's financial position, performance or its disclosures.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified (for example, net loss or gain on available-for-sale financial assets). The amendment affects presentation only and is effective for annual periods beginning on or after 1 July 2012.

The amendments clarify that the opening statement of financial position, presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. The amendments affect presentation only and have no impact on the Group's financial position or performance.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Group is currently considering the implications of the new IFRSs and has not early adopted any of the new standards as listed below:

IFRS 9 Financial Instruments
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2012, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments are effective for annual periods beginning on or after 1 January 2014 and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment is not expected to have any impact on the Group's financial statements.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets
These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. The Group does not expect that IFRIC 21 will have a material financial impact on future financial statements.

IFRIC Interpretation 21 Levies (IFRIC 21)
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have a material financial impact in future financial statement.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

Annual Improvements May 2012

These improvements will not have an impact on the Group, but include:

IAS 1 Presentation of Financial Statements
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting
The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Basis of consolidation

The consolidated financial statements comprise the financial statements of United Development Company Q.S.C. and all its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

The consolidated financial statements include the financial statements of United Development Company Q.S.C. and its subsidiaries listed in the following table:

	Country of incorporation	% equity interest	
		2013	2012
Qatar District Cooling Company Q.C.S.C	Qatar	51	51
Ronautica Middle East O.M.C.	Qatar	100	100
The Pearl Qatar Company O.M.C.	Qatar	100	100
Hospitality Development Company O.M.C.	Qatar	100	100
United Fashion Company O.M.C.	Qatar	100	100
Madina Centrale Company O.M.C.	Qatar	100	100
Abraj Quartier Company O.M.C.	Qatar	100	100
The Pearl Qatar Real Estate Development Fund	Cayman Island	53	53
United Facilities Management Company O.M.C	Qatar	100	100
Scoop Media and Communication Company O.M.C.	Qatar	100	100
Pragmatech Company O.M.C.	Qatar	100	100
Gekko L.L.C	Qatar	50	50
Glitter O.M.C	Qatar	100	100
Enterprise Development Company	Republic of Turkey	100	100
Insure Plus O.M.C.	Qatar	100	100
Madina Innova O.M.C	Qatar	100	100
The Pearl Owners Corporation O.M.C	Qatar	100	100
United Development Investment Company	Cayman Island	100	100
United Facility Solution Management Company O.M.C	Qatar	100	100
Porto Arabia Retail Company 1	Cayman Island	100	100
Leisure and Resorts O.M.C	Qatar	100	100

Qatar District Cooling Company Q.C.S.C is engaged in the construction, owning and operation of district cooling systems and it consolidates Installation Integrity 2006 W.L.L. (51%) and Cool Tech Qatar W.L.L. (51%) in its consolidated financial statements.

Ronautica Middle East O.M.C. is involved in the development, operation and sale of marina and marine related equipment. During 2008, the capital of Ronautica Middle East O.M.C. was increased from QR 30 million to QR 100 million. The increase in capital was fully paid by the Group, which increased its equity interest from 60% to 88%. During 2009, the Group has purchased the non-controlling interest of Ronautica Middle East O.M.C., which increased its equity interest from 88% to 100%.

The Pearl Qatar Company O.M.C activity in the real estate sector.

Hospitality Development Company O.M.C. (HDC) is engaged in the investment and management of restaurants, hotels and resorts development and sales / purchase of fast moving consumer goods in the hospitality sector. HDC consolidates Lebanese Restaurants Development L.L.C (84%), China Square L.L.C (80.01%), Flavour of Mexico L.L.C (90%), Modern Lebanese Restaurant L.L.C (90%), The Rising Sun L.L.C (95.68%) and Urban Restaurant Development L.L.C (90%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.25 million to QR 50 million.

United Fashion Company O.M.C. (UFC) is engaged in fashion retailing. The mandate of the Company is to acquire top international names for brand franchising in the Middle East. UFC consolidates Hiref (51%) and Rony Nacouzi (60%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.25 million to QR 80 million.

Madina Centrale Company O.M.C. is engaged in the investment of real estate properties.

Abraj Quartier Company O.M.C is engaged in the development of real estate properties.

The Pearl Qatar Real Estate Development Fund was engaged in the sale of real estate properties in the Pearl Qatar. The Fund's original tenure was three years (with the option to extend for another two periods of 12 months each). The Fund's tenure was extended in 2011 and 2012 for one year each respectively and expired on 19 February 2013. The assets of the Fund were sold with proceeds being distributed to the partners on 5 August 2013 based on their respective contribution towards the Fund after settling the Fund liabilities at current values.

United Facilities Management Company O.M.C is engaged in facility management activity.

Scoop Media and Communication Company O.M.C operates in the advertising sector.

PragmaTech Company O.M.C. is engaged in providing information technology solutions. During the year 2012, a decision was taken to close this company's branch in Lebanon.

Gekko L.L.C is engaged in E-payment protocol activities and during the year, a decision was taken to liquidate the company. The liquidation process is currently being carried out.

Glitter O.M.C. is engaged in cleaning services and related activities.

The Enterprise Development Company operates in the real estate sector and during the year, a decision was taken to liquidate the company. The liquidation process is currently being carried out.

Insure plus O.M.C acts as an insurance agent and provides technical services and risk related services of an insurance nature to the Group.

Madina Innova O.M.C is engaged in providing registry and master community services at the Pearl Qatar.

The Pearl Owners Corporation O.M.C is engaged in property management support services.

United Development Investment Company is engaged in development related activities.

United Facility Solution Management O.M.C is engaged in providing information technology solutions.

Porto Arabia Retail Company 1 is engaged in real estate rental activities.

Leisure and Resorts O.M.C engages in resort operations and development activities.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full on consolidation.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group consolidates all the entities where it has the power to govern the financial and operating policies.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary including any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit recognised on the loss of control is recognised in profit or loss and the Group recognises the fair value of any consideration received. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending of the level of the influence retained.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. It is then considered in determination of goodwill.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of its assets acquired and all of the liabilities assumed and reviews the procedures used to measure amounts to be recognised at the acquisition date. If

the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 - Financial Instrument: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration that is classified as equity is not remeasured, subsequent settlement is accounted for within equity.

Investment in associates

Associates are those entities in which the Group has the significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. The Group's investments in its associates are accounted for under the equity method of accounting.

Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the change in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of its associates after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

Upon loss of the significant influence over the associate, the Group measures and recognizes any retained investments at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of retained investments and proceeds from disposal is recognized in the statement of profit or loss.

Transactions eliminated on consolidation

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

Revenue recognition

Revenue from the sale of completed properties (land, townhouses, apartments and villas)
The Group applies IAS 18 revenue recognition principles to recognise the revenue from the sale of properties and accordingly the following conditions should be satisfied to recognise a sale:

a. the entity has transferred to the buyer the significant risks and rewards of ownership of the properties
b. the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
c. the amount of revenue can be measured reliably;
d. it is probable that the economic benefits associated with the transaction will flow to the entity; and
e. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of property under development
Where property is under development and an agreement has been reached to sell such property when construction is complete, the Group considers whether the contract comprises:

- A contract to construct a property, or
- A contract for the sale of a completed property

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied and revenue is recognised as work progresses.

Revenue from the sale of goods and chilled water
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods and services have passed to the buyer and the amount of revenue can be measured reliably.

For the sale of chilled water, revenue comprises of available capacity and variable output provided to customers and is recognized when services are provided.

Service charges and expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable.

Revenue from services
Revenue from rendering services is recognized by reference to the stage of completion of the transaction at the reporting date when the outcome of the transaction can be reliably estimated.

Profit on sale of available-for-sale financial assets
On sale of available-for-sale financial assets, a gain is recognised as the difference between the carrying amount and the sum of:
a. consideration received and
b. any cumulative gain previously recognised directly in equity.

Interest income
Interest income is recognised using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividend income
Dividend income is recognised when the right to receive the dividend is established which is generally when shareholders approve the dividends.

Fee income
Fee income is recognised on a time proportion basis when realized.

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

Revenue from sale of goods (retail fashion and restaurant sales)
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the buyer; recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is measured at fair value.

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any revaluation surplus is recognized in other comprehensive income and presented in the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in the statement of profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except where the deficit directly offsets a previous surplus on the same asset which is directly offset against the surplus in the asset revaluation reserve.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Valuations are performed frequently enough to ensure that the fair value of the revalued assets do not differ materially from its carrying value.

Reclassification to investment properties

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on re-measurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings, plant and facilities	20 –25 years
Building improvements	3 – 7 years
Furniture, fixtures, equipment and instruments	3 – 7 years
Motor vehicles and boats	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets

The Group recognises intangible assets arising from corporate branding, a brand strategy development arrangement where it has the right to charge for usage of brand strategy, development cost of technical know-how and computer software. These intangible assets are measured at cost upon initial recognition. Following initial recognition, the intangible asset is measured at cost, less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

Computer software which is not an integral part of hardware is recognised as an intangible asset and is amortised over its estimated useful life of 5 years as determined by the Group's management. Corporate branding and brand strategy development cost is amortised over its estimated useful life of between 8 and 12 years as determined by the Group's management. Development cost of technical know-how is amortised over its estimated useful life of 5 years as determined by the Group management.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work–in-progress

The cost of capital work-in-progress consists of the contract value, directly attributable costs of developing and bringing the project assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The costs of capital work-in-progress will be transferred to tangible and intangible non-current asset classifications when these assets reach their working condition for their intended use. The carrying values of capital work in progress 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.

Investment properties

Investment property comprises completed property and property under construction or re-development held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequent to the initial recognition, investment property is stated at fair value with gains or losses arising from changes in fair value included in the statement of profit or loss in the year which they arises.

Cost includes expenditure that is directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and any other costs directly attributable to bringing the investment property to a working condition for their intended use. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Transfers are made to investment property when and only when, there is a change in use, evidenced by the end of the owner occupation or commencement of an operating lease. Transfers are made from investment or commencement of an operating lease. 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 sale.

Borrowing costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. For the purpose of determining interest available for capitalization, the costs related to these borrowings are reduced by any investment income on the temporary investment of the borrowings.

The capitalization of borrowing costs will cease once the asset is ready for its intended use. All other interest is recognised in the statement of profit or loss.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events that has occurred after the initial recognition of the asset, has a negative effect on the estimated future cash flows of that asset and can be estimated reliably.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the original effective interest rate. All impairment losses are recognized in the statement of profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets other than investment property and inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then asset's recoverable amount is estimated.

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

Financial instruments

Non-derivative financial assets
The Group initially recognises accounts and other receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Non-derivative financial assets comprise investments in equity securities, accounts and other receivables, cash and cash equivalents.

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

The Group derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of the financial asset are transferred.

Non-derivative financial assets are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Available-for-sale financial assets
The Group's investments in equity securities are classified as available-for-sale financial assets. After initial recognition, investments which are classified "available-for-sale – quoted" are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale financial assets (refer to note 21), are recognised directly in equity.

On de-recognition or impairment, the cumulative gain or loss previously reported in equity is included in the profit or loss for the year.

Due to the nature of the cash flows arising from the Group's unquoted investments, the fair value of investments cannot be reliably measured and consequently, these investments are carried at cost, less provision for impairment losses, if any.

Available-for-sale instruments are recognised and derecognised on a trade date basis, when the Group becomes or ceases to be a party to the contractual provisions of the instrument.

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

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank balances and short term original deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities
All the financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

Non-derivative financial liabilities comprise term loans, accounts and other payables and retention payable.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

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

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

Work-in-progress

The work-in-progress represents the development and construction cost related to land, apartments, town houses and villas for which revenue has not been recognised by the Group. The development and construction costs include direct material, direct labour, contract related overheads and all other directly attributable costs of the development.

Interest bearing loans and borrowings

All the term loans are initially recognised at the fair value of the consideration received plus directly attributable transaction costs.

After initial recognition, interest bearing term loans are subsequently measured at amortised cost using the effective interest rate method.

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and the length of service, subject to the completion of a minimum service period, calculated under the provisions of the Qatar Labour Law and is payable upon resignation or termination of employment. The expected costs of these benefits are accrued over the period of employment.

Accounts and other payables

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 reliably measured.

Foreign currency translation

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. Transactions in foreign currencies are initially recorded at the functional currency rate 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 reporting date. All differences are recognised in the profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction.

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. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading; or
- Expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale.

Assets and liabilities of discontinued operations are considered as disposal groups and classified as held-for-sale. Impairment loss on initial classification to held-for-sale and subsequent gain or loss on re-measurement are recognised in profit or loss.

The disposal group is remeasured in accordance with the Group's accounting policies immediately before classification as held-for-sale. Therefore, generally the disposal group is measured at the lower of its carrying amount and fair value less costs to sell. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

Derecognition of financial assets and financial liabilities

Financial assets
A financial asset is primarily derecognised where:

- the right to receive cash flows from the asset have expired or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and
- either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Determination of fair values

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

Available-for-sale financial assets
For investments actively traded in organised financial markets, fair value is determined by reference to quoted market bid prices at the close of business at the reporting date.

Where the investments are not traded in an active market, traded in small volumes or where there is no quoted market price, a reasonable estimate of fair value is determined by reference to current market value of a similar investment or is based on the expected discounted cash flows. Investments whose fair value cannot be reliably measured are carried at cost less any impairment in value.

Accounts and other receivables
The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Investment property
The Group values its investment property portfolio at each reporting date. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

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

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

5 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, accounts and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management frame work.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Accounts and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The majority of the Group's revenue is attributable to customers originating from the Gulf cooperative Council States.

There is no concentration of credit risk attributable to a single customer.

Properties sold are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of accounts and other receivables.

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.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Currency risk
The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities. The majority of the Group's transactions are denominated in the functional currency of the Group's entities or currencies with a fixed exchange rate to the functional currency.

Equity price risk
The Group monitors equity securities based on the market indices. Material investments are managed by the Group on individual basis and all buy and sell decisions are approved by the Board of Directors. The equity securities performance is actively monitored and managed on a fair value basis.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of change in the market interest rate relates primarily to the Group's interest bearing loans and borrowings. The Group adopts a policy of ensuring that interest rate exposures are reviewed quarterly.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plan;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board of Directors and senior management of the Group.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board 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 Group objectives when managing capital are:

- To safeguard the Group's ability to continue as going concern, so that it can continue to provide return for shareholders and benefits for other stakeholders;
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- To ensure that it meets financial covenants attached to the interest bearing loans and borrowings.

6 OTHER INCOME

	2013 QR'000	2012 QR'000
Fee income	28,205	36,825
Sundry income	100,376	7,421
Reversal of Board of Directors remuneration	22,586	-
Miscellaneous	78,486	50,954
Gain on sale of available-for-sale financial assets	176	-
	229,829	95,200

7 GENERAL AND ADMINISTRATIVE EXPENSES

	2013 QR'000	2012 QR'000
Staff costs	120,342	76,191
Depreciation (Note 9)	28,294	28,839
Rent	8,902	7,528
Professional charges	16,470	2,092
Directors remuneration (Note a)	9,982	22,586
Asset write off and impairment (Note b)	78,333	-
Other general and administrative expenses	74,521	72,724
	336,844	209,960

Notes

(a) The proposed Directors' remuneration for the year 2012 was not approved by the shareholders at the AGM held on 24 February 2013 and subsequently reversed in the year 2013, disclosed under other income.

(b) Asset write off and impairment	2013 QR'000	2012 QR'000
Write off of property, plant and equipment (Note 9)	41,881	
Impairment of property, plant and equipment (Note 9)	3,219	-
Impairment of intangible assets (Note 11)	3,479	-
Impairment of boats (Note 15)	29,754	-
	78,333	-

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year.

	2013 QR'000	2012 QR'000
Profit attributable to equity holders of the parent	322,766	730,290
Weighted average number of shares outstanding during the year	337,225	337,225
Basic and diluted earnings per share (QR)	**0.96**	2.17

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

9 PROPERTY, PLANT AND EQUIPMENT

	Land QR'000	*Building* QR'000	*Boats* QR'000	*Plant facilities* QR'000	*Furniture, fixture, equipment, instruments and building improvements* QR'000	*Motor vehicles* QR'000	*Capital work in progress* QR'000	*Total 2013* QR'000	*Tota 2012* QR'000
Cost or valuation:									
At 1 January	1,928,858	179,607	46,179	459,221	425,909	31,466	1,272,992	4,344,232	4,260,919
Revaluation gain	10	-	-	-	-	-	-	10	-
Additions	-	-	13	704	9,934	1,028	482,739	494,418	118,306
Transfers	-	(76,299)	(25,803)	880,364	2,099	(79)	(1,261,152)	(480,870)	(30,639)
Written off	-	-	-	-	(8,410)	-	(37,370)	(45,780)	-
Disposals	-	-	(5,319)	-	(5,756)	(1,910)	(1,098)	(14,083)	(4,354)
At 31 December	1,928,868	103,308	15,070	1,340,289	423,776	30,505	456,111	4,297,927	4,344,232
Depreciation and impairment:									
At 1 January	-	35,022	14,019	79,803	120,513	19,479	47,749	316,585	227,785
Depreciation charge for the year	-	6,100	3,961	25,333	50,373	4,242	21,791	111,800	99,825
Transfers	-	(7,907)	(2,856)	69,540	(261)	105	(69,540)	(10,919)	(7,680)
Impairment including revaluation loss	-	-	22	-	69,265	105	-	69,392	-
Written off	-	-	-	-	(3,899)	-	-	(3,899)	-
Disposals	-	-	(4,649)	-	(2,650)	(1,255)	-	(8,554)	(3,345)
At 31 December	-	33,215	10,497	174,676	233,341	22,676	-	474,405	316,585
Net carrying amount:									
At 31 December 2013	**1,928,868**	**70,093**	**4,573**	**1,165,613**	**190,435**	**7,829**	**456,111**	**3,823,522**	
At 31 December 2012	1,928,858	144,585	32,160	379,418	305,396	11,987	1,225,243		4,027,647

The depreciation charge has been disclosed in the consolidated financial statements as follows:

	2013	2012
	QR'000	QR'000
Cost of revenue	67,450	45,182
Sales and marketing expenses	1,379	1,839
General and administrative (Note 7)	28,294	28,839
Capital work in progress	-	1,553
Others	14,677	22,412
	111,800	99,825

i. The district cooling system plant and related facilities are being constructed on the freehold land owned by the Group.
ii. The revaluation of the lands in the West Bay area and Pearl Qatar was carried out by an independent external valuator in 2011. The cost of the land which was subject to revaluation amounted to QR 109,500 thousands. The Group believes that the carrying value of revalued assets net of impairment as at 31 December 2013 approximates its fair value.
iii. Capital work in progress comprises the costs incurred in respect of the following:

	2013	2012
	QR'000	QR'000
Cooling plants – Qatar District Cooling Company Q.C.S.C	13,292	836,817
Properties under development	440,465	387,792
Others	2,354	634
	456,111	1,225,243

iv. The impairment loss of QR 69,392 thousands was as a result of a review carried out by the Group where the recoverable amount of the items of property, plant and equipment was found to be lower than the carrying amount of such assets, of which certain assets were previously revalued.

The recoverable amounts were determined as the higher of fair value less cost to sell or value in use.

Impairment loss and write offs amounting to QR 69,392 thousands and QR 41,881 thousands respectively are disclosed in the consolidated financial statements as follows:

	2013	2012
	QR'000	QR'000
Impairment loss		
Asset revaluation reserve (Note 21d)	66,173	-
General and administration expenses (Note 7b)	3,219	-
	69,392	-
Write off		
General and administration expenses (Note 7b)	41,881	-
	111,273	-

10 INVESTMENT PROPERTIES

	2013	2012
	QR'000	QR'000
Balance at 1 January	6,401,173	6,318,835
Additions - development costs incurred during the year	91,754	25,021
Transfers	797,669	57,317
Balance at 31 December	**7,290,596**	6,401,173

The cost of investment properties as of 31 December 2013 includes capitalised borrowing costs amounting to QR 194,272 thousands (2012: QR 160,322 thousands).

The investment properties, which include properties under development, located in The Pearl Qatar were revalued by independent professional valuers and the resulting gain amounting to QR 3,057,235 thousands has been recognised in the profit or loss in the year 2011. The Group believes that the carrying value of investment properties as at 31 December 2013 approximates its fair value.

The Pearl Marina is recognised at cost as of 31 December 2013 amounting to QR309,219 thousand (2012: QR306,098 thousand) and based on management's estimate, the carrying amount approximates its fair value.

11 INTANGIBLE ASSETS

	Branding	Goodwill	Operating software	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Cost:					
Balance at 1 January 2012	6,175	8,867	7,049	2,790	24,881
Additions during the year	1,159	-	1,301	24	2,484
Balance at 31 December 2012	7,334	8,867	8,350	2,814	27,365
Balance at 1 January 2013	7,334	8,867	8,350	2,814	27,365
Additions during the year	427	-	-	-	427
Impairment (Note 7b)	(1,851)	-	(1,628)	-	(3,479)
Balance at 31 December 2013	**5,910**	**8,867**	**6,722**	**2,814**	**24,313**

	Branding	Goodwill	Operating software	Others	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Amortisation					
Balance at 1 January 2012	1,100	8,867	2,685	604	13,256
Amortisation for the year	732	-	1,751	571	3,054
Balance at 31 December 2012	1,832	8,867	4,436	1,175	16,310
Balance at 1 January 2013	1,832	8,867	4,436	1,175	16,310
Amortisation for the year	772	-	121	1,013	1,906
Balance at 31 December 2013	**2,604**	**8,867**	**4,557**	**2,188**	**18,216**
Net carrying amounts:					
At 31 December 2013	**3,306**	**-**	**2,165**	**626**	**6,097**
At 31 December 2012	5,502	-	3,914	1,639	11,055

12 INVESTMENT IN ASSOCIATES

The Group has the following investments in associate companies:

	Country of incorporation	Shareholding	2013 QR'000 Carrying Value	2012 QR'000 Carrying Value
Middle East Dredging Company Q.S.C. (Note a)	Qatar	45.9%	-	263,823
Al-Seef Limited Q.S.C (Note b)	Qatar	20%	302,360	317,225
United Readymix W.L.L. (Note c)	Qatar	32%	38,056	36,942
ASTECO Qatar (Note d)	Qatar	30%	1,746	1,965
			342,162	619,955

Notes:

a. Middle East Dredging Company Q.S.C. (the associate) is involved in project related dredging and reclamation activities in the Gulf states and other neighbouring countries.

The associate sustained losses relating to the Satah Al Razboot (SARB) Project. The project has been characterised by various delays and difficulties resulting in a cost overrun on the part of the associate. The management of the associate has submitted a claim to the counterparty in an effort to recover a portion of the cost overruns and the settlement amount is under negotiation. As a result the 45.9% equity holding in the associate is impaired in full as at 31 December 2013.

b. Al-Seef Limited Q.S.C. is engaged in production and selling of Linear Alkyl Benzene (LAB), downstream petrochemical products and essential feedstock to worldwide detergent manufacturing industries.

c. United Readymix W.L.L. is engaged in the production and sale of ready-mix concrete and other building materials.

d. ASTECO Qatar is involved in property management activity.

The net share of results of associates represents the Group's share of the associates' net loss for the year.

The following table represents the summarized financial information of the Group's investments in associates.

Share of associates' statement of financial position:	2013	2012
	QR'000	QR'000
Non-current assets	684,794	617,666
Current assets	700,457	856,334
Non-current liabilities	(297,068)	(152,760)
Current liabilities	(746,021)	(701,285)
Net assets	**342,162**	619,955
Associates' share of revenue and results:		
Group's share of revenue	**990,956**	664,937
Group's share of loss for the year	**(233,841)**	(8,650)

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013	2012
	QR'000	QR'000
Available for sale financial assets – quoted shares	432,862	344,683
Available for sale financial assets – unquoted shares	4,000	4,000
	436,862	348,683

As of 31 December 2013, unquoted equity investments are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of fair value.

14 INVENTORIES, NET

	2013	2012
	QR'000	QR'000
Land and properties held for sale	3,053,438	2,276,175
Spare parts	5,120	4,148
Construction work in progress – equipment	23,124	19,831
Boat stock	343	27,679
Fashion items	6,297	5,161
Food, beverage and consumables	954	7,785
Material and chemical items	7,053	1,136
Goods in transit	-	109
	3,096,329	2,342,024

15 ASSETS HELD FOR SALE

During the year, the Directors of the Company passed a resolution to dispose of certain yachts owned by Ronautica Middle East, a 100% owned subsidiary of the Company. Accordingly, as at 31 December 2013, the yachts are classified as assets held for sale.

As of 31 December 2013, assets held for sale amounting to QR 29,754 thousands were impaired and fully provided for.

	2013	2012
	QR'000	QR'000
As at 1 January	50,111	-
Impairment loss (Note 7b)	(29,754)	-
	20,357	-

16 WORK IN PROGRESS

	2013	2012
	QR'000	QR'000
Qanat Quartier	-	1,540,874

Work-in-progress primarily represents costs incurred for the Qanat Quartier Project Development up to end of year 2012 which were not billed or transferred to inventories as of 31 December 2012. The Company purchased the remaining inventory as part of the Fund's liquidation process which occurred in 2013.

17 ACCOUNTS AND OTHER RECEIVABLES

	2013	2012
	QR'000	QR'000
Accounts and other receivables, net - current (Note 17.1)	1,728,912	1,755,170
Accounts and other receivables - long term (Note 17.2)	18,071	14,835
	1,746,983	1,770,005

17.1 ACCOUNTS AND OTHER RECEIVABLES, NET - CURRENT

	2013	2012
	QR'000	QR'000
Accounts receivable	110,099	136,089
Accrued income	2,831	5,752
Advances to contractors	97,457	72,863
Amounts due from customers	963,783	972,400
Amounts due from related parties (Note a)	27,398	23,188
Prepaid expenses and other assets	527,344	544,878
	1,728,912	1,755,170

As at 31 December 2013, accounts receivable amounting to QR 30,798 thousands (2012: QR 7,993 thousands) were impaired and fully provided for.

	2013	2012
	QR'000	QR'000
Balance as of 1 January	7,993	2,626
Provision made during the year	22,982	5,367
Written off during the year	(177)	-
Balance as of 31 December	30,798	7,993

a. Included in the amounts due from related parties are the following balances:

	2013 QR'000	2012 QR'000
United Readymix W.L.L.	11,148	7,259
China Square L.L.C	3,945	3,945
Lebanese Restaurants Development L.L.C	3,201	3,200
Middle East Dredging Company Q.S.C.	3,524	2,739
Flavour of Mexico L.L.C	1,264	1,264
Urban Restaurant Development L.L.C	970	1,116
Lavantine SAS	1,105	1,105
Food Scope America	1,097	1,097
ASTECO Qatar	-	679
Resorts Development Co L.L.C	-	536
National Central Cooling Company P.J.S.C	1,042	147
Installation Integrity 2006 W.L.L	102	98
Cooltech Qatar W.L.L	-	3
	27,398	23,188

Accounts receivable is non-interest bearing and as at 31 December 2013, the analysis of accounts receivables and amounts due from customers that were past due but not impaired is set out below:

	Neither past due nor impaired 2013 QR'000	Past due but not impaired 2013 QR'000	Total 2013 QR'000	Total 2012 QR'000
Accounts receivable	22,535	87,564	**110,099**	136,089
Amounts due from customers	552,651	411,132	**963,783**	972,400
	575,186	498,696	**1,073,882**	1,108,489

Refer to Note 31, on credit risk of accounts receivable, which explains how the Group manages and measures credit quality of accounts receivable that are neither past due nor impaired.

17.2 ACCOUNTS AND OTHER RECEIVABLES - LONG TERM

This amount represents the deposit paid for the purpose of obtaining utilities services by the subsidiary, Qatar Cool District Cooling Company Q.C.S.C. This deposit will be released upon the discontinuation of the service provided for each cooling plant.

18 CASH AND CASH EQUIVALENTS

	2013 QR'000	2012 QR'000
Cash on hand and bank balances	675,262	1,041,404
Time deposits	1,326,653	1,363,352
Total cash and cash equivalents	**2,001,915**	2,404,756
Less: Reserves / Time deposits maturing after 90 days	(111,036)	(138,913)
Cash and cash equivalents as per the statement of cash flows	**1,890,879**	2,265,843

Time deposits carry interest at commercial rates.

19 ISSUED CAPITAL

	2013 QR'000	2012 QR'000
Authorised, issued and fully paid up capital:		
337,225,000 ordinary shares of QR 10 each		
(2012 : 337,225,000 ordinary shares of QR 10 each)	**3,372,250**	3,372,250
Number of shares		
On issue at 1 January (thousands)	**337,225**	160,875
On issue at 31 December(thousands)	**337,225**	337,225

At 31 December 2013, the authorised share capital comprised of 337,225,000 ordinary shares (2012: 337,225,000 ordinary shares), all shares have a par value of QR 10. All issued shares are fully paid. The holders of ordinary shares are entitled to receive a dividend, as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets.

During 2012, the authorised, issued and fully paid up capital was increased by QR 1.76 billion by way of an issue of 64,350,000 bonus shares worth QR 643.5 million and a private placement of 112,000,000 shares worth QR 1.12 billion allotted to the Pension and Social Insurance Authority.

20 LEGAL RESERVE

In accordance with Qatar Commercial Companies' Law No. 5 of 2002, 10% of the profits for the year are transferred to a legal reserve. Transfers may cease when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution, except in the circumstances stipulated by the Qatar Commercial Companies' Law No. 5 of 2002. In 2006, the Company capitalized QR 57,280 thousands from legal reserve in order to issue bonus shares for 2005.

During the year, an amount of QR 32,278 thousands were transferred to the legal reserve (2012: QR 553,029 thousands including share premium amounting to QR 480,000 thousands).

21 OTHER RESERVES

	Fair value reserve QR'000	Cash flow hedge reserve QR'000	Asset revaluation reserve QR'000	Total 2013 QR'000	Total 2012 QR'000
Balance at 1 January	(10,171)	(12,365)	1,603,870	1,581,334	1,616,482
Increase/(decrease)	91,942	6,048	(66,697)	31,293	(35,148)
Balance at 31 December	**81,771**	**(6,317)**	**1,537,173**	**1,612,627**	1,581,334

Notes

a. Fair value reserve

The fair value reserve is used to record the changes, other than impairment losses in the fair value of available-for-sale financial assets.

b. Cash flow hedge reserve

The cash flow hedge reserve represents the Group's share of other comprehensive income of associates.

c. Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of property, plant and equipment that were subject to fair valuation and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

d. Asset revaluation reserve

The movement in asset revaluation reserve during the year is as follows;

	2013	2012
	QR'000	QR'000
Revaluation gain	10	-
Impairment loss taken to asset revaluation reserve (Note 9)	(66,173)	-
Relating to disposals	(534)	-
	(66,697)	-

22 PROPOSED DIVIDENDS

The Board of Directors proposed a cash dividend of 10% of share capital amounting to QR 337,225 thousands and a bonus shares of 5% of issued share capital amounting to QR 168,612.5 thousands for the year 2013 which will be subject to the approval of the shareholders at the Annual General Meeting (2012: 10% of share capital amounting to QR 337,225 thousands as cash dividend).

23 SOCIAL AND SPORTS FUND

Qatar Law No. 13 of 2008 requires all Qatari listed shareholding companies to pay 2.5% of net profit to a social and sports fund. In pursuant to this Law and further clarifications for the Law issued in 2010, the Group has made an appropriation of QR 8,069 thousands representing 2.5% of the net profit attributable to the owners of Company for the year ended 31 December 2013 (2012: QR 18,257 thousands).

24 INTEREST BEARING LOANS AND BORROWINGS

	2013	2012
	QR'000	QR'000
Loan 1	705,820	799,236
Loan 2	-	23,550
Loan 3	764,925	855,988
Loan 4	-	909,389
Loan 5	864,970	881,623
Loan 6	728,000	728,000
Loan 7	297,500	350,000
Loan 8	693,342	780,000
Loan 9	60,834	60,834
Loan 10	1,159,500	-
	5,274,891	5,388,620
Less: Unamortised finance cost associated with raising finance	(35,121)	(37,489)
Balance at 31 December	**5,239,770**	5,351,131
Presented in the consolidated statement of financial position as:		
Current liability	**1,191,450**	2,128,959
Non-current liability	**4,048,320**	3,222,172
	5,239,770	5,351,131

The loans carry interest at variable rates of Qatar Central Bank repo rate and/or LIBOR plus a percentage. The finance costs associated with raising funds represent arrangement fee, agency and participation fees.

i. Loan 1: In May 2007, the subsidiary, Qatar District Cooling Company signed a loan agreement with a consortium of banks to provide loan facilities. This loan agreement grants a total facility of US$ 285 million available for drawdown to repay the existing debt facility in full, fund the completion of the construction of the existing and new project facilities and to pay the interest, fees and other costs and expenses under the finance documents. The loan is repayable in nineteen semi-annual instalments commencing 36 months after the agreement date i.e. May 2010 and ending on May 2019. The loan is secured against the project assets and other tangibles of the chilling plants of the company. Additionally, all revenues from the chilling plants and insurance proceeds have been assigned in favour of the lenders.

ii. Loan 2: This represents a project finance loan obtained by the Company for US$ 38.8 million in May 2006. The loan was fully drawn down in 2006. It is repayable in six annual instalments commencing from April 2008 and ending in April 2013. The loan was fully settled in 2013.

iii. Loan 3: In September 2006, the Company signed a syndicated loan agreement of US$ 225 million with a group of local, regional and international banks for corporate purposes available for 5 years as a revolving facility. In August 2011, the Company had refinanced the facility to increase the loan amount by an additional US$ 10 million. The facility was fully drawn by the Company and available for three additional years from August 2011. The facility was amended on 24 December 2012 stating a partial settlement of US$ 25 million amending the loan balance to US $ 210 million. The partial settlement was made in 2013.

iv. Loan 4: In February 2008, the subsidiary The Pearl Qatar Real Estate Development Fund signed a Musharaka agreement of US$ 300 million for the construction of the Qanat Quartier precinct at the Pearl Qatar project. The loan is available for 3 years and renewable for two more additional years. The facility was renewed for one year in 2011 and 2012 and expired on 19th February 2013. The loan was amended during 2012 stating a partial settlement of US$ 50 million amending the loan balance to US $ 250 million. The loan was fully settled in 2013.

v. Loan 5: In August 2008, the subsidiary, Medina Centrale Company signed a syndicated loan agreement of QR 940 million and US$ 27.4 million with a group of local, regional and international banks for the construction of Medina Centrale precinct at the Pearl Qatar project .The facility is available for 9 years as a revolving facility. The loan was amended and restated on 30 December 2012 stating a partial settlement of QR 148.35 million amending the loan balance to QR 765 million and keeping the US$ portion the same. A partial settlement was made in 2013. The repayment of this loan commences from August 2014. The facility was fully drawn by the Company.

vi. Loan 6: This represents a corporate banking facility obtained by the Company in March 2010 for QR 728 million payable over a period of three years. The loan was fully settled by the Company during the year to the initial lender. However, the Company obtained a new loan of the same amount and purpose in March 2013 from a different lender. The loan was fully drawn by the Company during the year and repayable over a period of 3 years.

vii. Loan 7: This represents a general corporate facility obtained by the subsidiary, Porto Arabia Retail Company 1 in August 2011. The facility limit is QR 350 million payable semi-annually commencing from February 2013 to August 2018. The facility was fully drawn by the Company.

viii. Loan 8: This represents a general corporate facility obtained by the Company in September 2011. The facility limit is QR 780 million payable quarterly commencing from January 2013 to October 2021.

ix. Loan 9: This facility was obtained by the subsidiary United Development Investment Company in February 2011. The facility limit is QR 400 million payable in full in June 2015. The outstanding balance as at 31 December 2013 represents the drawn amount of the facility.

x. Loan 10: This represents a project finance loan obtained by the Company amounting to QR 1.54 billion in July 2013 for the purpose of financing the purchase of residential units at the Qanat Quartier Project in the Pearl-Qatar Island from the Pearl-Qatar Real Estate Fund. The loan is repayable in quarterly instalments commencing from September 2013 and ending in October 2022. The loan was fully drawn down by the Company during the year.

The maturity profiles of the term loans are as follows:

31 December 2013	1 year	2-5 years	Over 5 years	Total
	QR'000	QR'000	QR'000	QR'000
Loan 1	102,492	603,328	-	**705,820**
Loan 2	-	-	-	**-**
Loan 3	764,925	-	-	**764,925**
Loan 4	-	-	-	**-**
Loan 5	45,734	552,976	266,260	**864,970**
Loan 6	-	728,000	-	**728,000**
Loan 7	52,500	245,000	-	**297,500**
Loan 8	86,658	346,631	260,053	**693,342**
Loan 9	-	60,834	-	**60,834**
Loan 10	139,141	579,749	440,610	**1,159,500**
	1,191,450	**3,116,518**	**966,923**	**5,274,891**

Loan 1	93,418	627,972	77,846	799,236
Loan 2	23,550	-	-	23,550
Loan 3	91,062	764,926	-	855,988
Loan 4	909,389	-	-	909,389
Loan 5	148,349	733,274	-	881,623
Loan 6	728,000	-	-	728,000
Loan 7	52,500	227,500	70,000	350,000
Loan 8	86,658	346,632	346,710	780,000
Loan 9	-	60,834	-	60,834
	2,132,926	2,761,138	494,556	5,388,620

This note provides information regarding the contractual terms of the Group's term loans, which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risk, refer to note 31.

25 RETENTION PAYABLE

Retention payable represents amounts withheld from the payments to contractors. These amounts will be settled upon completion of the maintenance period subject to satisfactory discharge of the obligations of the contractors. This has been disclosed in the consolidated statement of financial position as follows:

	2013	2012
	QR'000	QR'000
Current portion	270,512	198,713
Non-current portion	122,409	232,504
	392,921	431,217

26 EMPLOYEES' END OF SERVICE BENEFITS

The movements in the provision recognised in the consolidated statement of financial position are as follows:

	2013	2012
	QR'000	QR'000
Provision at 1 January	26,925	22,602
Transfers	(312)	-
Provided during the year	8,016	10,397
End of service benefits paid	(5,154)	(6,074)
Provision at 31 December	**29,475**	26,925

27 ACCOUNTS AND OTHER PAYABLES

	2013	2012
	QR'000	QR'000
Accounts and other payables - current (Note 27.1)	2,313,018	2,389,176
Accounts and other payables - long term (Note 27.2)	42,554	18,024
	2,355,572	2,407,200

27.1 ACCOUNTS AND OTHER PAYABLES - CURRENT

	2013	2012
	QR'000	QR'000
Accounts payable	84,509	124,606
Accrued contracts costs	1,340,666	1,276,653
Advances received from customers	402,428	442,614
Other accrued expenses	105,482	165,547
Other payables	379,933	379,756
	2,313,018	2,389,176

27.2 ACCOUNTS AND OTHER PAYABLES – LONG TERM

	2013	2012
	QR'000	QR'000
Master community reserve fund	10,488	5,397
Customer deposits	32,066	12,627
	42,554	18,024

28 RELATED PARTY DISCLOSURES

Related party transactions

During the year, certain transactions have occurred with related parties on the same commercial basis and conditions as other non-related parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated statement of income are as follows:

	2013	2012
	QR'000	QR'000
Other related parties:		
Revenue	**85,100**	102,588
Associates:		
Management fee	**44**	43
Rent income	**2,548**	2,214

Amounts due from related parties are disclosed in note 17 to these financial statements.

Compensation of key management personnel

The details of compensation and remuneration to key management personnel are as follows:

	2013	2012
	QR'000	QR'000
Short term benefits	**23,818**	23,698
Employees' end of service benefits	**798**	1,267
	24,616	24,965

The Group has provided for Directors' remuneration for the year 2013 amounting to QR 9,982 thousands which is subject to the approval by the shareholders at the Annual General Meeting.

29 CONTINGENT LIABILITIES

	2013	2012
	QR'000	QR'000
Bank guarantees and bonds	8,008	7,600
Letters of credit	5,694	10,282

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

30 CAPITAL COMMITMENTS

	2013	2012
	QR'000	QR'000
Contractual commitments to contractors/suppliers	802,209	156,643

31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Accounting policies for financial assets and liabilities are set out in note 4.

Financial instruments comprise of cash and bank balances, time deposits, accounts receivable, other receivables, due from / to related parties and accounts and other payables.

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 as indicated by the carrying amount of its financial assets which consist principally of accounts receivable, amounts due from customers, due from related parties and bank balances. Accounts receivable, amounts due from customers and amounts due from related parties are shown net of provision for doubtful receivables and bank balances are with reputed banks.

As at the reporting date, there were no significant concentrations of credit risk. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

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

	Carrying amount	
	2013	2012
	QR'000	QR'000
Accounts and other receivables	1,198,737	1,204,540
Bank balances	2,001,740	2,404,240
	3,200,477	3,608,780

The maximum exposure to credit risk for accounts and other receivables at the reporting date by geographic region was equal to accounts receivable amount disclosed in the consolidated statement of financial position.

Considering prevailing market conditions, the Group has mutually agreed with some of its customers to revise the terms of its receivables. Included in the Group's receivables are customer balances which are past due but not impaired at the end of the reporting date (refer to note 17) for which no allowance has been provided for as there was no significant change in the credit quality of the customers and the amounts are still considered recoverable.

Impairment losses

Except as disclosed in note 17 to these financial statements, based on the management's assessment and historic default rates, the Group believes that no impairment allowance is necessary in respect of accounts receivables and amounts due from customers.

Liquidity risk

The following are the contractual maturities of financial liabilities and the impact of netting agreements:

	Carrying amount	Contractual cash flows	Less than 12 months	1 – 2 years	2- 5 years	More than 5 years
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
31 December 2013						
Non derivative financial liabilities						
Retention payable	392,921	(392,921)	(270,512)	(122,409)	-	-
Employees' end of service benefits	29,475	(29,475)	-	-	-	(29,475)
Accounts and other payables	909,424	(909,424)	(866,870)	-	-	(42,554)
Interest bearing loans and borrowings	5,274,891	(5,274,891)	(1,191,450)	-	(3,116,518)	(966,923)
	6,606,711	**(6,606,711)**	**(2,328,832)**	**(122,409)**	**(3,116,518)**	**(1,038,952)**
31 December 2012						
Non derivative financial liabilities						
Retention payable	431,217	(431,217)	(198,713)	(123,586)	(108,918)	-
Employees' end of service benefits	26,925	(26,925)	-	-	-	(26,925)
Accounts and other payables	965,000	(965,000)	(946,976)	-	-	(18,024)
Interest bearing loans and borrowings	5,388,620	(5,388,620)	(2,132,926)	-	(2,761,138)	(494,556)
	6,811,762	(6,811,762)	(3,278,615)	(123,586)	(2,870,056)	(539,505)

Market risk

Interest rate risk

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

	Carrying Amount	
	2013	2012
	QR'000	QR'000
Fixed rate instruments		
Time deposits	1,326,653	1,363,352
Term loans	(297,500)	(350,000)
	1,029,153	1,013,352
Variable rate instruments		
Term loans	4,977,391	5,038,620

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

Change in variable	Impact on net profit	Impact on equity
	QR'000	QR'000
31 December 2013		
+100 basis points	**(49,774)**	**(49,774)**
-100 basis points	**49,774**	**49,774**
31 December 2012		
+100 basis points	(50,386)	(50,386)
-100 basis points	50,386	50,386

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. All time deposits are designated in Qatar Riyals and United States Dollar (USD) which is pegged against the Qatari Riyal. The Group's exposure towards currency risk is minimal as majority of the foreign currency financial assets and liabilities are denominated in currencies that have a fixed exchange rate with its functional currency.

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), where those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on the equity of the Group.

	Changes in variables	Impact on equity	
		2013	2012
		QR'000	QR'000
Qatar market	+10%	**26,118**	24,368
International markets	+10%	**17,168**	10,100
Qatar market	-10%	**(26,118)**	(24,368)
International markets	-10%	**(17,168)**	(10,100)

The method used for deriving sensitivity information and significant variables did not change from the previous period.

32 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial instruments consist of cash and bank balances, available-for-sale financial assets and receivables. Financial liabilities consist of term loans, payables, and accrued expenses.

The fair values of financial instruments, with the exception of certain available-for-sale financial assets carried at cost, are not materially different from their carrying values.

Change in fair value recognised directly in equity

	2013	2012
	QR'000	QR'000
Net change in fair value of available-for-sale financial assets	91,942	(27,315)

Fair values

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments as at 31 December 2013 and 31 December 2012:

	Carrying amounts		Fair values	
	31 December 2013	31 December 2012	**31 December 2013**	31 December 2012
	QR'000	QR'000	**QR'000**	QR'000
Financial assets				
Cash and cash equivalents	**2,001,915**	2,404,756	**2,001,915**	2,404,756
Accounts and other receivables, net	**1,746,983**	1,770,005	**1,746,983**	1,770,005
Available-for-sale financial assets	**436,862**	348,683	**436,862**	348,683
	4,185,760	4,523,444	**4,185,760**	4,523,444
Financial liabilities				
Accounts and other payables	**2,355,572**	2,407,200	**2,355,572**	2,407,200
Interest bearing loans and borrowings	**5,239,770**	5,351,131	**5,239,770**	5,351,131
Retentions payable	**392,921**	431,217	**392,921**	431,217
	7,988,263	8,189,548	**7,988,263**	8,189,548

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Assets	Date of valuation	Level 1	Level 2	Level 3	Total
		QR'000	QR'000	QR'000	QR'000
31 December 2013					
Available-for-sale financial assets	31 Dec 2013	432,862	-	-	432,862
		432,862	**-**	**-**	**432,862**
31 December 2012					
Available-for-sale financial assets	31 Dec 2012	344,683	-	-	344,683
		344,683	-	-	344,683

33 FINANCE INCOME AND EXPENSE

	2013	2012
	QR'000	QR'000
Interest income on bank deposits	21,955	40,800
Dividend income on available-for-sale financial assets	26,044	26,222
Finance income	**47,999**	67,022
Interest expense on financial liabilities	(84,234)	(83,383)
Finance expense	**(84,234)**	(83,383)
Net finance expense	**(36,235)**	(16,361)

34 OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

Urban development: This includes real estate development and constructions activities.
Hydrocarbon & energy: This includes production and sale of chemicals and hydrocarbon materials.
Hospitality & leisure: This includes investment and development of hotel, leisure facilities and selling of luxurious items.
Infrastructure & utilities: This includes construction and management of district cooling systems and marina activities.

Other operations include providing advertising and information technology solution services, real estate brokering services, insurance agency services, cleaning and e-payment protocol services. The accounting policies of the reportable segments are the same as described in note 4.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Geographical segments

The Group has not diversified its activities outside of the State of Qatar except for Enterprise Development Company (established in Republic of Turkey), Pearl Qatar Real Estate Development Fund (established in Cayman Island), United Development Investment Company (established in Cayman Island) and Porto Arabia Retail Company 1 (established in Cayman Island). However these companies do not have any material operations outside Qatar and therefore majority of the Group assets are located in Qatar. Accordingly there are no distinctly identifiable geographical segments in the Group for the year ended 31 December 2013.

	Urban Development		Hydro Carbon & Energy		Hospitality & Leisure		Infrastructure & Utilities		Others		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	QR'000	QR'000	**QR'000**	QR'000	**QR'000**	QR'000	**QR'000**	QR'000	**QR'000**	QR'000	**QR'000**	QR'000
External revenue	**1,625,244**	2,424,758	**-**	-	**64,285**	69,031	**323,900**	193,066	**67,829**	44,070	**2,081,258**	2,730,925
Inter segment revenue	**1,579,483**	35,962	**-**	-	**444**	5,134	**13,377**	103,095	**77,264**	115,041	**1,670,568**	259,232
Interest income	**18,857**	38,688	**-**	-	**316**	317	**2,373**	1,666	**409**	129	**21,955**	40,800
Interest expense	**69,531**	69,273	**-**	-	**-**	672	**14,703**	13,438	**-**	-	**84,234**	83,383
Depreciation	**36,771**	48,338	**-**	-	**16,636**	7,385	**54,385**	39,847	**4,008**	4,255	**111,800**	99,825
Profit/(loss) for the year	**678,318**	851,901	**-**	-	**(41,714)**	(29,280)	**83,338**	92,975	**(7,641)**	2,061	**712,301**	917,657
Share of profit of associates	**(267,878)**	(49,552)	**34,256**	41,252	**-**	-	**-**	-	**(219)**	(350)	**(233,841)**	(8,650)
Reportable segment assets	**16,293,962**	16,658,393	**-**	-	**110,772**	185,212	**1,880,074**	1,900,407	**137,853**	102,205	**18,422,661**	18,846,217
Investment in associates	**38,056**	300,765	**302,360**	317,225	**-**	-	**-**	--	**1,746**	1,965	**342,162**	619,955
Reportable segment liabilities	**7,065,422**	7,128,213	**-**	-	**18,142**	23,193	**877,960**	1,024,745	**56,214**	40,322	**8,017,738**	8,216,473

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

Revenue

	2013	2012
	QR'000	QR'000
Total revenue for reportable segments	**3,751,826**	2,990,157
Elimination of inter-segment revenue	**(1,670,568)**	(259,232)
Consolidated revenue	**2,081,258**	2,730,925

Profit or loss

	2013	2012
	QR'000	QR'000
Total profit or loss for reportable segments	**712,301**	917,657
Elimination of inter-segment profits	**(69,471)**	(59,119)
Net share of results of associates	**(233,841)**	(8,650)
Consolidated profit for the year	**408,989**	849,888

Assets

	2013	2012
	QR'000	QR'000
Total assets for reportable segments	**18,422,661**	18,846,217
Investments in associates	**342,162**	619,955
Consolidated total assets	**18,764,823**	19,466,172

Liabilities

	2013	2012
	QR'000	QR'000
Total liabilities for reportable segments	**8,017,738**	8,216,473
Consolidated total liabilities	**8,017,738**	8,216,473

35 COMPARATIVE INFORMATION

Comparative information has been rearranged wherever necessary to conform to the current year's presentation. Such reclassifications did not have any effect on the reported profit or the retained earnings of the previous year.

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