ANNUAL REPORT 2012

FORWARD THINKING

FOR THE

FUTURE OF

DEVELOPMENT

"Limitless Innovation, ongoing success"

Arabian Gulf

Manama

Gulf of Bahrain

Doha

Qatar

Saudi Arabia

U. A. E.

His Highness
Sheikh Tamim Bin Hamad Al Thani
The Heir Apparent

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

"Nurturing a steady growth of Excellent Investments for a Better and Brighter Future"

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"Living with Class and Ethics Honed by Tradition and Culture"

Board of Directors

FROM LEFT **STANDING**

H.E. Abdul Rahman Bin Hamad Al-Attiyah
Director

Mr. Khalifa Abdulla Turki Al-Subai
Director

Mr. Khalil P. Sholy
Director

Mr. Omar Hussain Alfardan
Director

Mr. Abdulrahman Abdullah Abdulghani Nasser
Director

FROM LEFT **SITTING**

H.E. Sheikh Ahmed Bin Nasser Bin Faleh Al Thani
Director

H.E. Abdulla Bin Khalifa Al-Attiyah
Deputy Chairman

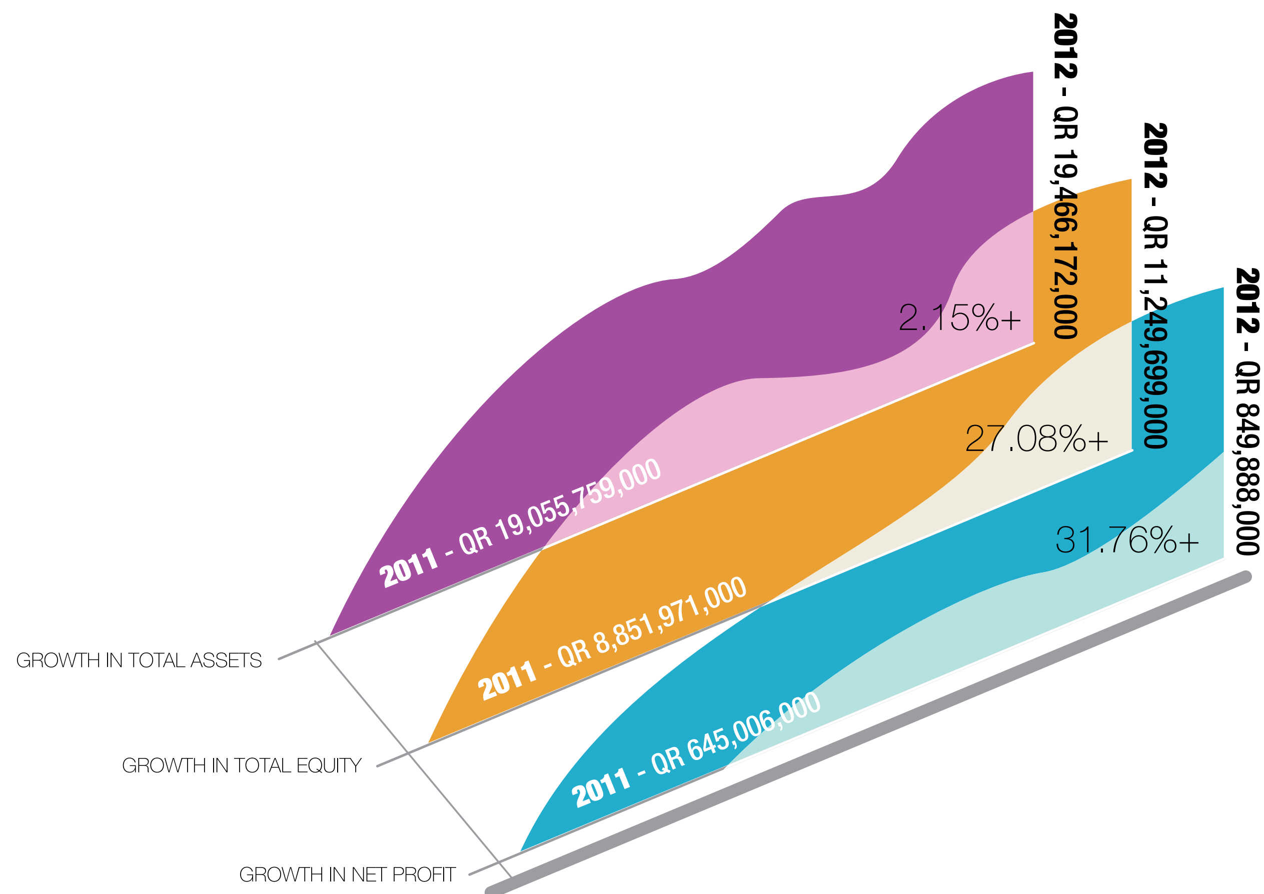
Mr. Hussain Ibrahim Alfardan
Chairman

Mr. Mohammed Hamad Abdulla Almana
Director

Financial Highlights

For the year ended 31 December 2012

	2012	2011	CHANGE %
Net Profit (excluding revaluation on investment properties)	QR 849,888,000	QR 645,006,000	31.76%
Total Equity	QR 11,249,699,000	QR 8,851,971,000	27.08%
Total Assets	QR 19,466,172,000	QR 19,055,759,000	2.15%



Chairman's Message

Mr. Hussain Ibrahim Alfardan

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report to you United Development Company's (UDC) activities and financial results for the year ending 31st December, 2012.

In 2012, we kept costs under control and increased revenue by more than 43%, helping profits to climb. Our sales income grew by 43% to QR 2.73 billion, while the Gross Profit saw an increase of 38% to QR1.08 billion. Beyond these solid figures, total assets climbed to QR19.466 billion at December 31, 2012 compared with QR 19.056 billion at December 31, 2011.

As we continue to benefit from the outstanding growth of Qatar's vibrant economy and from a more confident real estate market, we expect to do even better in 2013. Our confidence is particularly 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. While strong demand in 2012 for residential and retail properties at The Pearl-Qatar enabled us to reinforce our leading position in the key market area of real estate, the sustainable growth in the company's business activity and its solid results emanate from our continuing pursuit of the initial vision and mission the company's founders have set, as well as from honouring the values and objectives they had conceived.

When the UDC founders first floated the company's concept, their vision was to form a company that would become a cornerstone in the development of Qatar, creating lasting value and maximizing returns for partners and shareholders. This vision has been captured in our motto: "Creating Partnerships for Progress."

Inspired by the wise leadership of His Highness the Emir of the State of Qatar, Sheikh Hamad Bin Khalifa Al-Thani, and His Heir Apparent, His Highness Sheikh Tamim Bin Hamad Al-Thani, the solid growth of Qatar's economy and the expanding opportunities made possible by the stability seen in the country are the catalysts behind our progress. We are fortunate to be operating in a rapidly developing country and are, therefore, able to report solid operating results in 2012.

Based on our solid 2012 results, we look forward to continued progress in 2013. We are confident in our future and in the new leadership directing our progress since April 2012. This new management remains committed to operating United Development Company's investments and interests in a responsible, transparent and sustainable manner, laying the cornerstone for the many new plans we'd like to charter for our future.

In closing, and on behalf of the Board, I wish to extend my appreciation to our shareholders for their support, to the management and employees for their dedication and hard work and to our partners, clients and suppliers for everything they did to make 2012 a result-oriented year. Together, we look forward to another rewarding year ahead.

CEO's Message

Mr. Ebrahim Mubarak Al - Sulaiti

Dear Shareholders, Partners, Employees and Friends,

United Development Company moved forward during changing times in 2012, my first year as CEO. Our net profit increased 32% to QR 850 million for the year ending December 31, 2012, as compared to 2011, excluding revaluation gain on investment properties. Our company also reported a gross profit of QR 1.08 billion, compared to QR 783 million last year. Total assets climbed to QR 19.466 billion, marking a healthy increase over 2011's assets of QR 19.056 billion.

The good news is that we expect to do even better in 2013. Our confidence is based on our success at achieving three strategic imperatives that I had set out to realize upon joining the Company as its Chief Executive Officer in April 2012. These imperatives have impacted our performance in 2012 and will continue to drive our prospects in the months and years ahead.

Strategic Imperative #1: Attracting Investors

Our number one objective is profitable growth in investment in real estate plots and other properties on offer for sale at The Pearl-Qatar. Today, our revenues are 1.4 times higher than they were in 2011, with almost 20% coming from investments in the plots of land we have made available to investors from Qatar and abroad.

Revenue generated from the sales of land and Qanat Quartier precinct properties have strengthened our financial position in 2012. And as we launch new precincts in The Pearl-Qatar in the coming months, we will continue to attract new investors. The Pearl-Qatar represents a unique investment opportunity for investors looking to maximize their returns and diversify their investment portfolios, and we will tread this revenue growth stream further in 2013.

Strategic Imperative #2: Attracting new retailers

The extensive retail districts and corridors at The Pearl-Qatar are vital economic engines that can impact our financial results for years to come. Therefore, and ever since my appointment as CEO, I have aimed to find innovative ways to diversify retail offerings and attract new retailers to the Island.

Retail shops are the backbone of our Pearl community. Opening up The Pearl-Qatar to a wider range of retail offerings is in line with our new strategy calling for retail diversification by bringing in fashion, lifestyle, dining and other retail brands that cater to middle income customers and families. Implementing this strategy will attract new retailers to The Pearl-Qatar, subsequently allowing us to reach a whole new range of customers by drawing more visitors, shoppers, diners as well as residents to the Island.

The Pearl-Qatar is made up of unique and vibrant communities and neighbourhoods, and the key to continued growth and development in each of its major precincts is to revitalize its commercial and retail walkways and attract new retailers, customers and businesses. Only by positioning our Flagship Island to provide new retailers with the incentives to invest in The Pearl, including easing regulatory procedures, will we be ready as a company to reap the additional revenues that new retail growth brings. Retail growth is an economic development strategy, and I'm confident successful implementation of this strategy will present us with the opportunities to pull further ahead and, subsequently, increase profitability.

Strategic Imperative #3 Organizational Development

United Development Company is a successful Public Shareholding Company. To continue our success, we must reorganize our company to meet new challenges and sustain profitability. We must also attract, develop, retain and inspire the best people at every level across our company and its subsidiaries. This means we must develop the Qatari workforce at UDC through effective recruiting, education and training. Our objective is quality Qatarization that can only be reached through the proper placement and development of talented and qualified nationals.

Moving Ahead

We have ambitious goals for a brighter future, and we intend to make them real. Focusing on our three imperative strategies will bring us continued success. Therefore, we will remain attentive to them as we progress through a time of transition in leadership. We will continue our progress, anticipating to move forward in 2013 by increasing profits from sales and retail leasing as well as improving the performances of our various subsidiaries and partnerships.

I wish to thank our shareholders, partners, investors, suppliers and employees for their contributions in 2012. With their continued support, we are ready to extend our winning performance further in 2013 and beyond.

United Development Company (UDC)

Ownership: Public Shareholding Company
Incorporated: 1999
Sector: Projects Development and Investments

Established in 1999, United Development Company was listed on the Qatar Exchange in June 2003. It has an authorized share capital of QR 3.372 Billion, a market capitalization of QR 5.802 Billion and total assets of QR 19.466 Billion at 31 December 2012.

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

Through a combination of project activities and commercial enterprise, UDC 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. Companies recently established under the umbrella of United Development Company are: Madinainova, Resorts and Leisure Company and The Pearl Owners Corporation.

During its 14 years of activity, UDC has progressively moved from the project research stage into the development, production and operations stage. Project research has led to the creation of successful partnerships, companies and urban developments, including Qatar's only man-made Island, The Pearl-Qatar. Owned and developed by UDC, the Island is located 350 meters offshore of Doha's prestigious West Bay District and is one of the largest mixed-use real estate developments in the Gulf.

UDC's founders and current Board members are among Qatar's most successful investors and developers. While Qatari shareholders own 75 percent of the company's total shares, regional and international investors hold the remaining 25 percent.

The company continues to quest for excellence and progress by identifying and adding new investments and partnerships to its diversified portfolio of businesses.

UDC **2012** Annual Report

The Pearl-Qatar

Ownership: 100% - UDC

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 UDC's flagship development one of the most desirable addresses in the Gulf region.

The Island was the first development in Qatar to offer freehold and residential rights to international clients. From across the globe, buyers and investors have capitalized on the project's potential. 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 2012, Porto Arabia witnessed the grand openings of a multitude of internationally renowned outlets. These included fashion outlets L.K.Bennett (London), Toujouri, Alberta Ferretti, Zai, Kwanpen, The Vanity Room, Charriol, Football Team, and Billabong. Other lifestyle brands that had opened in 2012 include Grand Royal Furniture, Bisan Gallery, Gallery One, and Anima Gallery & Lounge. In the Food and Beverage sector, Sormani, Guy Savoy, Midori, Stick House, and Elevation Burger led the way in 2012, while more are scheduled to open in 2013.

Porto Arabia hosted in 2012 numerous exclusive events as well as seasonal live entertainment in the midst of Porto Arabia's award-winning 782-berth marina.

Key future hospitality openings at The Pearl-Qatar include:

- Nikki Beach Resort & Spa - 2013.
- The Four Seasons Hotel - 2014.
- Kempinski – 2015.

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

UDC **2012** Annual Report

Madinainova

Ownership: 100% - UDC
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. Two main divisions make up the Madinainova company: (1) The Pearl-Qatar Central Authority; (2) The Pearl-Qatar's Master Community Management.

The Pearl-Qatar Central Authority (TCAD)

TCAD is the regulatory body and service provider at The Pearl-Qatar. Its activities cover a broad range of services that include government relations, procedures and activities. TCAD also serves as the information hub, holding data related to properties operating on The Pearl-Qatar. It also acts as a focal contact point for the Island community, allowing connection to all services offered through a single window access.

Master Community Management

The Pearl-Qatar's Master Community Management strives to serve current and future property owners and residents by providing the highest standards of maintenance, management, administration and control of all aspects of community life and common use facilities on the Island.

Achievements in 2012 and Future Plans

- Sustainably provided five-star governmental and non-governmental services to The Pearl-Qatar residents, retailers and investors.
- Effectively enforced rules and regulations, contributing to quality living and working environment in The Pearl-Qatar.
- Provided insurance residency permits.
- Issued event and exhibition licenses.
- Cleared certification for reselling properties and/or obtaining title deeds.
- Reduced Master Community Charges.

While plans for 2013 call for further reductions in Master Community Service charges at The Pearl-Qatar, the year will also see the launching of new perks and services at the Island.

UDC **2012** Annual Report

Middle East Dredging Company (MEDCO)

Ownership: UDC - 45.9%; DEME - 44.1%; Government of Qatar - 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 (A state of Qatar Unit). MEDCO's first task was the establishment of The Pearl-Qatar's site where it completed dredging and land reclamation work for the Island in 2007. It owns several dredging equipment, including the state of the art dredger "ALJARRAF", which was commissioned in 2011.

MEDCO's portfolio includes major projects in Qatar, the region and internationally. The company led an international consortium as it completed dredging and reclamation work for the New Doha International Airport (NDIA) in 2008, and in late 2010, MEDCO completed the first initial two phases of the Qatar-Bahrain Causeway Project. In early 2011, MEDCO was awarded the construction of two artificial islands on the Sataah Al Razboot Oilfield (SARB), 120 kilometers offshore from Abu Dhabi.

While actively seeking and 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. Major projects in the UAE are currently underway in Ruwais Refinery Expansion and on the Sataah Al Razboot Oilfield.

Key Achievements in 2012 and Expected Growth for 2013

- Awarded New Port Project in Qatar at QAR 4.5 billion in March 2012.
- MEDCO's brand new 100 million Euros Cutter Suction Dredger "Al Jarraf" commenced operations in the UAE in 2012.
- Added to its fleet a brand new floating work shop pontoon and rock transport barge.
- Achieved an excellent safety record by exceeding five million man-hours on SARB project with "Zero Loss Time Injury."
- Achieved renewal of ISO 9001, ISO 14001 and OHSAS 18001 Certificates.
- Targeting new projects throughout the GCC and the Middle East, with specific focus on offshore/onshore oil and gas projects and major infrastructure projects.

Qatar Cool

Ownership: UDC - 51%; Tabreed UAE - 44%; Qatari Investors - 5%
Incorporated: 2003
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 65,597 tons of refrigeration to serve 45 towers. Additionally, Qatar Cool built a dedicated district cooling plant for AL Gassar Resort and St. Regis Hotel, providing 10,000 TR for the property.

Key Advantages of District Cooling

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

b. Energy efficient and environmentally sound:
   - *Conserves energy and improves operating efficiency.*
   - *Reduces CO_2 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.*

c. Easy to operate and maintain.

d. Comfort and convenience through significant reduction of vibration and noise.

Accomplishments and Milestones in 2012:

- Increased the connected capacity of its cooling plant at The Pearl-Qatar from 53,039 tons of refrigeration in 2011, serving 37 Energy Transfer Stations, to 62,393 tons of refrigeration in 2012, serving 45 Energy Transfer Stations.
- Increased the connected capacity of its West Bay plants from 63,786 tons of refrigeration in 2011, serving 43 towers, to 65,597 tons of refrigeration in 2012, serving 45 towers.
- Received the 2012 "System of the Year Award" and "Space Award" by the International District Energy Association (IDEA) at the Association's annual summit in Chicago. The awards recognize performance and energy efficiency, reliability and availability, environmental performance and community involvement.
- Participated in environmental events such as Earth Day 2012.
- Engaged in Corporate Social Responsibility (CSR) activities that included: organizing school tours, sustainability student awareness sessions, and sponsoring educational projects and events.

Plans for 2013:

- A new billing system to facilitate online payment by customers and ensure timely delivery and collection of bills.
- Targeting energy optimization for all Qatar Cool plants to ensure energy is stored during idle periods for future use in more demanding periods.
- A third plant in West Bay is in the design stage. Construction is expected to start in the fourth quarter of 2013.
- 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.

UDC **2012** Annual Report

SEEF Limited

Ownership: UDC – 20%; QP Intermediate Industries Holding Company – 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 Qatar Petroleum 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 environmentally 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. To achieve this, the Company continued its marketing expansion in 2012, supplying products to North and South American clients. It has also recently introduced CIF sales to augment its FOB sales. Moreover, SEEF has successfully increased its presence in international markets by developing sustainable business relationships with multinational detergent manufacturing companies throughout the world.

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. 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

United Readymix, a joint venture between United Development Company and "BESIX of Belgium", has been serving the construction needs of The Pearl-Qatar since 2006. More recently, United Readymix has also extended its new line of focus to secure and supply various prestigious development projects outside The Pearl-Qatar. During 2011, the Company established a production branch in Lusail, underlining its commitment to both its own growth and the growth of Qatar.

As the major supplier for contractors at The Pearl-Qatar, and with a strong presence in Qatar as well, United Readymix operates three state of the art batching plants located adjacent to The Pearl-Qatar.

These plants utilize over 40 mixer trucks to produce more than 60,000 cubic meters of concrete monthly.

Other equipment supporting the plants includes 10 static concrete pumps and placing booms and 12 mobile pumps. Moreover, United Readymix secured a plot of land in Lusail project area and erected two batching plants supported by additional 20 mixer trucks and 4 mobile pumps to produce another 50,000 cubic meters of concrete monthly.

Despite increasing competition in the market and a global economic downturn, 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 2013 as so far witnessed during the last quarter of 2012 and as construction projects in Qatar multiply following FIFA's choice of Qatar to host the 2022 World Cup.

UDC 2012 Annual Report

Hospitality Development Company (HDC)

Ownership: 100% - UDC
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 hospitality field.

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 Japanese cuisine.
- Pampano: this Latin American inspired restaurant was created by Chef Richard Sandoval and Maestro Placido Domingo.
- Liza Café: a Paris-based restaurant combining Levantine gastronomy with a modern twist.
- Burj Al Hamam: "The Art of Lebanese Cuisine" for over 40 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.

Achievement in 2012 and Future Plans

- Construction is underway on the Nikki Beach Resort & Spa – The Pearl-Qatar. Launch and opening is planned for end of 2013.
- Social Club: Anticipated opening in 2013.
- The Urban Resort and The Marina Resort: in the pipeline.

United Fashion Company (UFC)

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

United Fashion Company brings world-class luxury and a wide range of fashion and beauty 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 and department stores. 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, Domenico Vacca, Etro, George Jensen, Gianfranco Ferre, Harmont & Blaine, Missoni, Rene Caovilla, Salvatore Ferragamo, Santoni, 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. Expansion into other parts of the region will follow in future years.

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.

While 2012 saw United Fashion Company launch Alberta Ferretti and L.K.Bennett from the UK, 2013 will see continued focus on attracting brands that offer an alternative in the local market. One such brand is Tickles and Giggles, scheduled to open in Porto Arabia in 2013.

UDC 2012 Annual Report

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 for 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.
Achievements in 2012 and plans for 2013

- Completion of the development.
- Landscaping and water feature installation.
- Launch and move in of first residents planned for 2013.

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. Plans are underway for construction of the two main office towers to start in 2013.

Upon completion, this district will comprise two 40-storey office towers, five 36-storey residential towers and 187 townhouses.

UDC 2012 Annual Report

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 quickly established itself as an authority in the marine industry, spearheading the Qatar's luxury boating business.

Ronautica Middle East boasts a team of seasoned marina specialists and is charged with the creation and management of The Pearl-Qatar's three world-class marinas. They include the marina at Porto Arabia, which can moor 782 vessels and is able to accommodate yachts up to 100 meters long. More importantly, the marina provides access to an innovative vacuum sewage system set at every mega yacht's berth.

In addition to developing The Pearl-Qatar's marina infrastructure, Ronautica Middle East provides the Island with a full range of premier services. These services include marina management, nautical activities, yacht management, yacht sales, yacht charters, exhibitions and events and boat maintenance.

Many super yachts with ranges over 50 meters are permanently berthed at The Pearl-Qatar. The marinas also regularly welcome visiting super yachts that are larger in size.

In 2012, Ronautica Middle East actively organized boat exhibitions and events in coordination with the numerous retail, hospitality and entertainment activities taking place at The Pearl-Qatar.

These exhibitions show benefit Ronautica's regional boat dealers while simultaneously drawing attention to The Pearl-Qatar's spectacular waterfront living environment. 2012 also saw the expansion of water transportation services connecting Porto Arabia with key areas of The Pearl-Qatar and Doha.

Ronautica Middle East will continue in 2013 to connect Porto Arabia with the main sections of The Pearl-Qatar and Doha through an extensive network of water shuttles.

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 bought, sold or leased on behalf of clients more than 600 apartments at The Pearl-Qatar. Many of these transactions were closed in 2012. Additionally, the Company's Property Management Division currently boasts over one million sq. ft. of residential and commercial property under management throughout Doha. 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 2013 and Doha through an extensive network of water shuttles.

UDC **2012** Annual Report

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 provides full service Association Management that comprise four main activities:

- Administrative Management Services: These services include arranging and facilitating meetings of each association and providing comprehensive support to owners' representatives and boards.
- Financial Management services: Among these services are budgeting, issuing service charges, and debt recovery.
- Property Management services: This includes supervising common property contractors and monitoring the remedying of defects, managing the tender process for selection of contractors, and overseeing the enforcement of community rules.
- Transparent Record Keeping: The aim is to make owners' information available to owners in order to ensure accounts and decision-making transparency.

UDC 2012 Annual Report

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 compelling "smart" solutions for individuals and merchants in the fields of secure payments, loyalty and identification.

A GEKKO product, the Pearl Card is a multi-purpose concept developed exclusively for The Pearl-Qatar to allow the Island's merchants, property owners, residents and visitors a technologically compliant lifestyle.

In a rapidly changing world and in line with Qatar's National Vision 2030, GEKKO has established a mission to leverage its expertise, meet the demands in the market for smart technological products and contribute to good standards.

Achievements in 2012 and Future Plans

- Achieved drastic increases in the number of cards issued in 2012 compared to the number issued in 2011.
- The Company has established a partnership with the merchants at The Pearl-Qatar for the benefit of Cardholders.
- Plans are underway to deploy in 2013 The Pearl-Qatar's multipurpose ID card.
- Plans are underway to launch online payment services, introducing attractive loyalty features.

UDC 2012 Annual Report

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. They cover: 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.

Insure Plus has registered an impressive 25% growth in 2012, confirming once again its position as a leader among Qatar's largest Insurance Consultancy firms.

UDC 2012 Annual Report

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 fully integrated with the production facilities of Qatar Fertilizer Company (QAFCO), which is 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.

In line with QAFCO's expansion plans, GFC's new Plant, which will double its overall capacity, is in its final stage of commissioning.

UDC 2012 Annual Report

The Pearl-Qatar Real Estate Fund

Ownership: UDC – 53%; Fund – 47%
Incorporated: 2007
Sector: Real Estate Fund

The Pearl-Qatar Real Estate Fund was established to fund and develop The Pearl-Qatar's Qanat Quartier precinct.

The Massive Development Includes:

- 977 residential apartments in 31 buildings.
- 188 townhouses.
- 320,000 square feet of retail space.
- 1,130 car-parking spaces.

Qanat Quartier is one of the most attractive and recognized precincts in The Pearl-Qatar. Its design incorporates buildings and canals reminiscent of Venetian waterfront living.

Authenticity is a key ingredient to the success of Qanat Quartier. The development remains true to the city upon which it is based, down to the minute details that include use of the same brand of paint applied to buildings in Venice. Residents in Qanat Quartier are drawn to the beautiful architecture and "live on water" lifestyle that the precinct offers. Water taxis will transport visitors and residents to locations within Qanat Quartier as well as to other precincts throughout The Pearl-Qatar.

Development work in Qanat Quartier was completed in 2012 and plans are under way to officially launch the district in 2013.

UDC 2012 Annual Report

United Facilities Management Company (UFMCO)

Ownership: UDC – 100%
Incorporated: 2011
Sector: Facilities Management Services

United Facilities Management Company was incorporated in March 2011 and currently employs 350 staff members. This number is forecast to exceed 500 during 2013.

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 and in Qanat Quartier.

During 2012, UFMCO also concluded facilities management agreements with a number of companies located off The Pearl in West Bay, as well as in Mesaieed. Other developments are in the pipeline in the company's pursuit to expand its horizons into the rest of Qatar in the immediate future.

Range of services provided include MEP and building fabric maintenance, waste management, specialist cleaning and pest control, helpdesk, building handover and inspections, as well as life safety system management.

UFMCO will continue to seek clients and 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's mission is to be a highly successful provider of facilities best practices and a sustainer of the work and living environment.

In pursuit of service excellence, the Company applied and obtained the ISO range of certifications for Integrated Management Services, including ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007.

UDC **2012** Annual Report

United Facilities Solutions (UFS)

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

United Facilities Solutions (UFS) is a knowledge based Technical and Business Solutions provider. Its mission is to serve as a one-stop shop and provide end-to-end enterprise technical and business solutions and services, with particular focus on the corporate real estate (CRE) market segment.

Services provided by UFS include:

Integrating, managing, operating and maintaining business and technical solutions, providing technical consultancy and project management services for Facilities Management Systems (FMS), billing systems, Enterprise Resource Planning (ERP) Systems, Project Management Systems, Building Management Systems (BMS), Home Automation Systems (HAS), Security Management Systems, Digital Meters, Automatic Meter Reading (AMR) Systems and Energy Management Systems, Command Control Centers, Telecom Services and providing managed IT services.

Achievements in 2012 and Future Plans

- Sustained commitment to high quality service management.
- Healthy financial performance.
- Innovative customer solutions.

UFS will continue in 2013 to focus on existing projects and services while tendering for larger new projects.

The Company has an interest also 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 partnership to provide value added services.

UDC 2012 Annual Report

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's vision includes plans aimed at meeting Qatar's growing needs in the facilities and waste management logistics.

Glitter's expansion plans call for rendering excellent services to all precincts in The Pearl-Qatar as well as to markets in the greater Doha area.

UDC 2012 Annual Report

Pragmatech

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

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

The Company's scope of operations in 2012 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(s) of interest.
- snagR: snagging and inspection management software for the MENA region.
- Proprietary CRM: targeting mainly the convention and visitors bureaus in the USA.

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 clients in 2012 included: Qatar 2022 Supreme Committee, ExxonMobil, Qtel, Total, Vodafone, Barwa Bank, Doha Tribeca Film Festival, Mercedes-Benz, Qatar Football Association and others.

UNITED DEVELOPMENT COMPANY P.S.C.

(Public Shareholding Company)

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Independent Auditors' Report to the Shareholders of United Development Company P.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of United Development Company (P.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 2012 and the consolidated statements of income, 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 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 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of the Group as at 31 December 2011 were audited by another auditor, whose report dated 25 Janaury 2012, expressed an unqualified audit opinion on those consolidated financial statements.

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 financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Group. 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: 6 February 2013
Doha

UDC 2012 Annual Report

Consolidated Financial Statements

For the year ended 31 December 2012

Consolidated statement of income
For the year ended 31 December 2012

In Qatari Riyals '000s

	Note	2012	2011 (Restated)
Revenue		2,730,925	1,906,678
Cost of revenue		(1,652,983)	(1,123,070)
Gross profit		1,077,942	783,608
Fair value gain on revaluation of investment properties	10	-	3,057,235
Dividend income		26,222	28,013
Other income	6	95,200	144,944
Impairment loss on available-for-sale investments		(33,633)	(69,285)
Sales and marketing expenses		(54,650)	(48,522)
General and administrative expenses	7	(209,960)	(184,716)
Results from operating activities		901,121	3,711,277
Finance income		40,800	14,200
Finance costs		(83,383)	(43,061)
Net finance income and cost		(42,583)	(28,861)
Net share of results of associates		(8,650)	19,825
Profit for the year		849,888	3,702,241
Profit attributable to:			
Equity holders of the parent		730,290	3,677,319
Non-controlling interest		119,598	24,922
Profit for the year		849,888	3,702,241
Earnings per share			
Basic and diluted earnings per share	8	2.17	16.32

Consolidated statement of comprehensive income
For the year ended 31 December 2012

In Qatari Riyals '000s

	Note	2012	2011 (Restated)
Profit for the year		849,888	3,702,241
Other comprehensive income			
Revaluation of property, plant and equipment		-	1,169,267
Net change in fair value of available-for- sale investments	21	(27,315)	10,221
Change in cash flow hedge reserve	21	(7,833)	(4,532)
Total comprehensive income for the year		814,740	4,877,197
Total comprehensive income attributable to:			
Equity holders of the parent		695,142	4,852,275
Non-controlling interest		119,598	24,922
Total comprehensive income for the year		814,740	4,877,197

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

Consolidated statement of financial position
As at 31 December 2012

In Qatari Riyals '000s

	Note	2012	2011 (Restated)
Assets			
Non-current assets			
Property, plant and equipment	9	4,027,647	4,033,134
Investment properties	10	6,401,173	6,318,835
Intangible assets	11	11,055	11,625
Investment in associates	12	619,955	676,439
Long term receivables	13	-	2,406
Available-for-sale investments	14	348,683	404,384
Total non-current assets		11,408,513	11,446,823
Current assets			
Inventories	15	2,342,024	2,803,570
Work in progress	16	1,540,874	2,316,832
Accounts and other receivables, net	17	1,770,005	1468,120
Cash and cash equivalents	18	2,404,756	1,020,414
Total current assets		8,057,659	7,608,936
Total assets		19,466,172	19,055,759
Equity and liabilities			
Equity			
Share capital	19	3,372,250	1,608,750
Legal reserve	20	1,357,404	804,375
Other reserves	21	1,581,334	1,616,482
Retained earnings		4,111,562	4,116,058
Equity attributable to equity holders of the parent		10,422,550	8,145,665
Non-controlling interest		827,149	706,306
Total equity		11,249,699	8,851,971
Liabilities			
Non-current liabilities			
Term loans	24	3,222,172	4,541,646
Retention payable	25	232,504	393,663
Employees' end of service benefits	26	26,925	22,602
Total non-current liabilities		3,481,601	4,957,911
Current liabilities			
Accounts and other payables	27	2,407,200	3,422,829
Term loans	24	2,128,959	1,594,810
Retention payable	25	198,713	228,238
Total current liabilities		4,734,872	5,245,877
Total liabilities		8,216,473	10,203,788
Total equity and liabilities		19,466,172	19,055,759

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 06 February 2013.

Hussain I. Al Fardan
Chairman of the Board

Ebrahim Mubarak Al Sulaiti
Chief Executive Officer

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

Consolidated statement of changes in equity
For the year ended 31 December, 2012

In Qatari Riyals '000s

	Attributable to the owners of the Company						
	Share Capital	Legal reserve	Other reserves (Note 21)	Retained earnings	Total	Non-controlling interest	Total equity
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 (note 35)	-	-	69,285	(69,285)	-	-	-
Balance at 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 investments	-	-	(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	643,500	-	-	(643,500)	-	-	-
Issue of ordinary shares	1,120,000	-	-	-	1,120,000	-	1,120,000
Share premium	-	480,000	-	-	480,000	-	480,000
Transfer to legal reserve	-	73,029	-	(73,029)	-	-	-
Contribution to social and sports fund (Note23)	-	-	-	(18,257)	(18,257)	-	(18,257)
Contribution from non-controlling interest	-	-	-	-	-	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**

	Attributable to the owners of the Company						
	Share Capital	Legal reserve	Other reserves (Note 21)	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	1,340,625	772,946	441,526	831,958	3,387,055	575,031	3,962,086
Total comprehensive income for the year							
Profit for the year (Restated)	-	-	-	3,677,319	3,677,319	24,922	3,702,241
Other comprehensive income							
Net change in fair value of available- for-sale investments	-	-	10,221	-	10,221	-	10,221
Change in cash flow hedge reserve	-	-	(4,532)	-	(4,532)	-	(4,532)
Revaluation surplus	-	-	1,169,267	-	1,169,267	-	1,169,267
Total other comprehensive income	-	-	1,174,956	-	1,174,956	-	1,174,956
Total comprehensive income for the year	-	-	1,174,956	3,677,319	4,852,275	24,922	4,877,197
Distribution of bonus shares	268,125	-	-	(268,125)	-	-	-
Transfer to legal reserve	-	31,429	-	(31,429)	-	-	-
Contribution to social and sports fund (Note 23)	-	-	-	(93,665)	(93,665)	-	(93,665)
Contribution from non-controlling interest	-	-	-	-	-	106,353	106,353
Total transactions with owners	268,125	31,429		(393,219)	(93,665)	106,353	12,688
Balance at 31 December 2011 (Restated)	1,608,750	804,375	1,616,482	4,116,058	8,145,665	706,306	8,851,971

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

Consolidated statement of cash flows
For the year ended 31 December 2012

In Qatari Riyals '000s

	Note	2012	2011 (Restated)
Cash flows from operating activities			
Profit for the year		849,888	3,702,241
Adjustments for:			
Net share of results of associates		8,650	(19,825)
Depreciation and amortisation	9 & 11	78,914	56,208
Provision for slow moving inventory		1,241	2,525
Provision for accounts receivable		5,366	(703)
Impairment loss on available-for-sale investments		28,386	69,285
Loss on disposal of assets		299	138
Net amortized finance cost		3,688	1,163
Revaluation gain on investment properties	10	-	(3,057,235)
Net finance cost		42,583	28,861
Dividend income		(26,222)	(28,013)
Provision for employees' end of service benefits	26	10,397	8,256
		1,003,190	762,901
Working capital changes			
Long term receivables		2,406	3,566
Inventories		480,464	(863,521)
Work in progress		775,958	(1,473,734)
Accounts and other receivables		(298,702)	(584,996)
Accounts and other payables		(1,003,897)	1,557,146
Retention payable		(190,684)	39,505
Cash from (used in) operating activities		768,735	(559,133)
Employees' end of service benefits paid	26	(6,074)	(1,969)
Finance cost paid		(90,105)	(59,196)
Net cash from (used in) operating activities		672,556	(620,298)
Cash flows from investing activities			
Additions to property, plant and equipment		(118,306)	(237,836)
Proceeds from sale of property, plant and equipment		710	29,793
Time deposits with maturities more than three months		(78,913)	(15,000)
Acquisition of intangible assets		(2,484)	(3,155)
Additions to investment properties		(82,338)	(325,606)
Interest received		35,049	14,200
Dividend received from associates		40,000	44,800
Dividend received from other investee companies		26,222	28,013
Net cash used in investing activities		(180,060)	(464,791)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		1,600,000	-
Proceeds from term loans		4,566	1,775,691
Repayment of term loans		(792,878)	(163,994)
Contribution from non-controlling interest		1,245	106,353
Net cash from financing activities		812,933	1,718,050
Net increase in cash and cash equivalents		1,305,429	632,961
Cash and cash equivalents at 1 January		960,414	327,453
Cash and cash equivalents at 31 December	18	2,265,843	960,414

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

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

United Development Company (P.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 for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

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 are being performed on a mix use development basis with substantial completion in 2011

The consolidated financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 6 February 2013.

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 property and available-for-sale investments 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 presented in Qatari Riyals has been 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 financial statements:

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

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

- Investment property comprises land and building which are not occupied, substantially for the use by,or In the operation of, the group, nor for sale in the ordinary cause of business, but held primarily to earn rental income and capital appreciation;

- Inventory comprise of land and residential property 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 the financial commitment 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 2012:

IFRS 7 *Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements*
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

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:

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 (for example revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

IAS 28 *Investments in Associates and Joint Ventures (as revised in 2011)*
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.

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". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 7 *Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 *Financial Instruments: Classification and Measurement*
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 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address 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 financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 *Consolidated Financial Statements, 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.

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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

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 when fair value is required or permitted. This Standard becomes effective for annual periods beginning on or after 1 January 2013.

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.

These improvements are effective for annual periods beginning on or after 1 January 2013.

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 P.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 P.S.C. and its subsidiaries listed in the following table:

	Country of incorporation	% equity interest	
		2012	2011
Qatar District Cooling Company QCSC	Qatar	**51**	51
Millenya Inc.	Republic of Turkey	**100**	100
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 LLC	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	Cayman Island	**100**	100
Leisure and Resorts O.M.C	Qatar	**100**	-

Qatar District Cooling Company QCSC is engaged in the construction, ownershio 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.

Millenya Inc. is specialised in waste water treatment facilities apart from representing reputed companies in the field of construction and health sectors. As part of the liquidation process, the Group acquired the non-controlling interest of 40% on 26 October 2009, which increased its equity interest from 60% to 100%. The management of the Group is in the process of determining the operating strategy of this subsidiary company.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. is engaged in the planning, development and operation of the Pearl Qatar.

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 LLC (84%), China Squre LLC (80%), Flavor of Mexico LLC (90%), Modern Lebanese Liza Restaurant LLC (90%), The Rising Sun LLC (95.68%) and Urban Restaurant Development LLC (90%) in its consolidated financial statements. During the year 2011, the capital of the company was increased from QR 18.250 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 18.250 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 is engaged in sale of real estate properties in the Pearl Qatar. The Fund's tenure was three years (with the option to extend by another two periods of 12 months each). The Fund's tenure was extended in 2011 and 2012 for one year each respectively and will now expire on 19 February 2013.

The Pearl Management and Operations Company O.M.C. was renamed as United facilities Management Company and is engaged in facility management activity.

Scoop Media and Communication Company O.M.C. is engaged in advertising activity.

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

Gekko LLC is engaged in the E-payment protocol activities.

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

Enterprise Development Company is involved in real estate activities.

Insure Plus O.M.C is involved in the insurance agency activities.

Innovative Investment O.M.C was renamed as Madina Innova O.M.C. The Company is engaged in registry and master community services at the Pearl-Qatar.

The Pearl Owners Corporation 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 still under incorporation and will be engaged in providing information technology solutions.

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

Leisure and Resorts O.M.C is under incorporation and will engage 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.

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 parent shareholders' equity.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, 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 the profit and loss. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 anynon-controlling interest in the acquiree. For each business combination, the Group elects whether to measurethe non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree'sidentifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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 acquire. 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 theamount 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 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 circumstance 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 acquoision 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 recognized either in profit or loss or as a change to other comprehensive income. If the contigent considerationthat is classified as equity is not remeasured and subsequtn 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 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 associates is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value.

The consolidated statement of income 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 significant influence over associate, the Company stop using the equity method and transfer the investment from investments in associate to available-for –sale investments and recognised with the fair value at the date of transfer or loss of significant influence.

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 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 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 following conditions should be satisfied to recognise a sale;

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the Group consider 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 sale of goods and chilled water
Revenue from 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 sale of chilled water, revenue comprise of available capacity and variable output provided to customers and recognized when services are provided.

Service charges and expense recoverable from tenants
Income arising from expense 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 investments
On sale of available-for-sale investments, gain is recognised as the difference between the carrying amount and the sum of i) consideration received and ii) any cumulative gain previously recognised directly in equity.

Interest income
Interest income is recognised using the effective interest 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.

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

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

Rental income
Rental income from investment property & lease of berth is recognised in the 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 revaluation decrease of the same asset previously recognized in the profit or loss, in which case the increase is recognized in the statement of income. A revaluation deficit is recognized in the statement of income, except that deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 income.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 remeasured 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 remeasurement 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 the 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. The costs of the day-to-day servicing of property, plant and equipment are recognised in the 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 the 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 improvement	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 an intangible asset arising from corporate branding, a brand strategy development arrangement when it has a 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. Subsequent to initial recognition the intangible asset is measured at cost, less accumulated amortisation. 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.

The computer software which is not an integral part of the hardware recognised as intangible asset 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 8 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 that property 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 subsequently to the initial recognition, investment property is stated at fair value, gains or losses arising from changes in the fair value are included in the income statement in the year which they arises.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, 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 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, evidence by the end of the owner occupation or commencement of an operating lease.
Transfers are made from investment or commencement of an operating lease. Transfer are made from investment property when and only when, there is a change in use, evidence by commencement of owner occupation or commencement of development with a view to sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that 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 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 discounted at the original effective interest rate. All impairment losses are recognized in the 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 amortised 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 in profit or loss, whenever the carrying amount of an asset exceeds its recoverable amount.

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 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. Any profit in transferred financial asset that is created or retained by the group is recognized as a separate asset or liability.

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

Available-for-sale investments
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 investments (see note 21), are recognised directly in equity.

On derecognition 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 selling expenses.

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 cost include direct material, direct labour, contract related overheads and all other directly attributable cost of the development.

Term loans
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 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 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 the employment. The expected costs of these benefits are accrued over the period of employment.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 considered as disposal group 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 the profit or loss.

This disposal group is remeasured in accordance with Group's accounting policies immediately before classification as held-for-sale. Therefore, generally the disposal group is measured at the lower of their carrying amount and fair value less cost 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 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 the 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 investments
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.

Trade 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, trade 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
- iquidity 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 on credit risk attributable to a single customer.

Goods are sold 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 Groups entities or currencies with a fixed exchange rate to the functional currency.

Equity price risk
The Group monitors the 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
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.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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; and,
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

6. OTHER INCOME

	QR'000 2012	QR'000 2011
Fee income	31,362	13,776
Miscellaneous	63,838	131,168
	95,200	144,944

7. GENERAL AND ADMINISTRATIVE EXPENSES

	QR'000 2012	QR'000 2011
Staff costs	76,191	73,767
Depreciation (Note 9)	28,839	8,058
Rent	7,528	10,560
Professional charges	2,092	3,292
Directors remuneration (Note a.)	22,586	39,286
Other general and administrative expenses	72,724	49,753
	209,960	184,716

Note (a)

The Directors' remuneration for the year 2011 includes QR 17,911 thousands paid relating to the year 2010.

8. BASIC AND DILUTED EARNINGS PER SHARE

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

	QR'000 2012	QR'000 2011 (Restated)
Profit attributable to owners of the company	730,290	3,677,319
Weighted average number of shares outstanding during the year	337,225	225,225
Basic and diluted earnings per share (QR)	2.17	16.32

8. BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

During the year, the Company has increased the share capital by issuing bonus shares of 64,350,000 (QR 643.5 million), accordingly the previously reported earnings per share have been restated for the bonus share issue made during the year.

During the year, the Company's share capital was increased by QR 1.12 billion by way of a private placement of 112 million shares allotted to the Pension and Social Insurance Authority.

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	Building	Boats	Plant facilities	Furniture, fixture, equipment, instruments and building improvements	Motor vehicles	Capital work in progress	QR'000 Total 2012	QR'000 Total 2011
Cost or revaluation:									
At 1 January	1,928,858	211,636	17,786	457,630	403,201	32,151	1,209,657	4,260,919	3,215,976
Additions	-	20,343	-	1,546	20,303	3,074	73,040	118,306	238,145
Transfers	-	(52,372)	28,393	45	3,643	(1,116)	(9,232)	(30,639)	(284,491)
Revaluation	-	-	-	-	-	-	-	-	1,169,267
Disposals	-	-	-	-	(1,238)	(2,643)	(473)	(4,354)	(77,978)
At 31 December	1,928,858	179,607	46,179	459,221	425,909	31,466	1,272.992	4,344,232	4,260,919
Depreciation:									
At 1 January	-	28,205	9,854	61,397	79,502	17,198	31,629	227,785	166,273
Depreciation charge for the year	-	10,637	4,165	18,406	44,584	5,913	16,120	99,825	83,085
Transfers	-	(3,820)	-	-	(2,763)	(1,097)	-	(7,680)	(5,156)
Disposals	-	-	-	-	(810)	(2,535)	-	(3,345)	(16,417)
At 31 December	-	35,022	14,019	79,803	120,513	19,479	47,749	316,585	227,785
Net carrying amount:									
At 31 December 2011	**1,928,858**	**144,585**	**32,160**	**379,418**	**305,396**	**11,987**	**1,225,243**	**4,027,647**	
At 31 December 2011	1,928,858	183,431	7,932	396,233	323,699	14,953	1,178,028		4,033,134

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

	QR'000 2012	QR'000 2011
Cost of sales	45,182	44,730
General and administrative	28,839	8,058
Sales and marketing expenses	1,839	1,956
Capital work in progress	1,553	309
Others	22,412	28,032
	99,825	83,085

1. The District Cooling System plant and related facilities are being constructed on the freehold land owned by the Group.
2. The revaluation of the lands in west bay area and Pearl Qatar was carried out by an independent external valuer. 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 as at 31 December 2012 approximates its fair value.

Capital work in progress comprises the costs incurred in respect of the following:

	QR'000 2012	QR'000 2011
Cooling plants – Qatar Cool	836,817	823,374
Properties under development	301,698	283,864
Others	86,728	70,790
	1,225,243	1,178,028

The above capital work in progress as of 31 December 2012 includes capitalised borrowing costs amounting to QR 84,862 thousands (2011: QR 77,560 thousands). The depreciation was charged on the estimated operational portion of the construction work in progress.

10. INVESTMENT PROPERTIES

	QR'000 2012	QR'000 2011
Balance at 1 January	6,318,835	1,346,528
Additions - development costs incurred during the year	82,338	325,606
Transfers	-	1,589,466
Fair value gain on valuation	-	3,057,235
Balance at 31 December	6,401,173	6,318,835

The cost of investment properties as of 31 December 2012 includes capitalised borrowing costs amounting to QR 112,742 thousands (2011: QR 106,050 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 2012 approximates its fair value.

11. INTANGIBLE ASSETS

	Branding	Goodwill	Operating software	Others	QR'000 Total
Cost:					
Balance at 1 January 2011	4,413	8,867	5,656	2,790	21,726
Additions during the year	1,762	-	1,393	-	3,155
Balance at 31 December 2011	6,175	8,867	7,049	2,790	24,881
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**

Amortisation and impairment losses	**Branding**	**Goodwill**	**Operating software**	**Others**	QR'000 **Total**
Balance at 1 January 2011	1,031	8,867	1,848	46	11,792
Amortisation for the year	69	-	837	558	1,464
Balance at 31 December 2011	1,100	8,867	2,685	604	13,256
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**
Carrying amounts:					
At 31 December 2012	**5,502**	**-**	**3,914**	**1,639**	**11,055**
At 31 December 2011	5,075	-	4,364	2,186	11,625

12. INVESTMENT IN ASSOCIATES

The Group has the following investments in associate companies:

	Country of incorporation	Shareholding	Carrying Value QR'000 2012	Carrying Value QR'000 2011
Middle East Dredging Company Q.S.C.	Qatar	45.9%	263,823	321,227
Al-Seef Limited Q.S.C.	Qatar	20%	317,225	315,973
United Readymix W.L.L.	Qatar	32%	36,942	36,924
ASTECO Qatar	Qatar	30%	1,965	2,315
			619,955	676,439

12. INVESTMENT IN ASSOCIATES (CONTINUED)

Notes:

1. Middle East Dredging Company Q.S.C. is involved in project related dredging and reclamation activities in the Gulf States and other neighbouring countries.
2. Al-Seef Limited Q.S.C. is engaged in production and selling of Linear Alkyl Benzene (LAB), downstream petrochemical products and essential feedstock to the worldwide detergent manufacturing industries.
3. United Readymix W.L.L. is engaged in the production and sale of readymix concrete and other building materials.
4. ASTECO Qatar is involved in property management activity.

Net share of results of associates represent share of the associates' net profits for the year belonging to the Group.
The following table represents the summarized financial information of the Group's investments in associates.

Share of associates' statement of financial position:

	QR'000 2012	QR'000 2011
Non-current assets	617,666	554,168
Current assets	856,334	463,248
Non-current liabilities	(152,760)	(128,294)
Current liabilities	(701,285)	(212,683)
Net assets	619,955	676,439
Share of associates' revenue and results:		
Revenue	664,937	442,651
Results	(8,650)	19,825

13. LONG TERM RECEIVABLES

	QR'000 2012	QR'000 2011
Long term receivables	-	3,745
Less: Unearned finance income	-	(1,339)
	-	2,406

These represent the amounts receivable from customers over a period of 2-7 years on sale of equipment.

14. AVAILABLE-FOR-SALE INVESTMENTS

	QR'000 2012	QR'000 2011
Available for sale investments – quoted shares	344,683	400,384
Available for sale investments – unquoted shares	4,000	4,000
	348,683	404,384

15. INVENTORIES

	QR'000 2012	QR'000 2011
Land and properties held for sale	2,276,175	2,701,219
Spare parts	4,148	2,912
Construction work in progress – equipment	19,831	-
Boat stock	27,679	53,456
Fashion items	5,161	7,802
Food, beverage and consumables	7,785	2,419
Material and chemical items	1,136	35,112
Goods in transit	109	650
	2,342,024	2,803,570

16. WORK IN PROGRESS

	QR'000 2012	QR'000 2011
Qanat Quartier / The Pearl Qatar	1,540,874	2,316,832

The work in progress for the current year consists of the costs incurred for the development of Qanat Quartier project in the Pearl Qatar. The work in progress primarily represents costs incurred for the development which are not billed as of 31 December 2012 or transferred to inventories.

17. ACCOUNTS AND OTHER RECEIVABLES, NET

	QR'000 2012	QR'000 2011
Accounts receivable	136,089	158,531
Accrued income	5,752	1,981
Advances to contractors	72,863	109,482
Amounts due from customers	972,400	697,934
Amounts due from related parties	23,188	16,442
Prepaid expenses and other assets	559,713	483,750
	1,770,005	1,468,120

As at 31 December 2012, accounts receivable amounting to QR 5,366 thousands (2011: nil) were impaired and fully provided for.

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

	QR'000 2012	QR'000 2011
United Readymix W.L.L.	7,259	3,747
China Square LLC	3,945	3,945
Lebanese Restaurants Development LLC	3,200	3,200
Middle East Dredging Company Q.S.C.	2,739	2,037
Flavors of Mexico LLC	1,264	1,264
Urban Restaurant Development LLC	1,116	-
Lavantine SAS	1,105	1,105
Food Scope America	1,097	1,097
ASTECO	679	-
Resorts Development Co LLC	536	-
National Central Cooling Company P.J.S.C	147	-
Installation Integrity Cooling Co	98	-
Cooltech Energy Water Treatment Co	3	47
	23,188	16,442

As at 31 December 2012, 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 2012	Past due but not impaired 2012	QR'000 Total 2012	QR'000 Total 2011
Accounts receivable	69,719	66,370	136,089	158,531
Amounts due from customers	557,395	415,005	972,400	697,934
	627,114	481,375	1,108,489	856,465

18. CASH AND CASH EQUIVALENTS

	QR'000 2012	QR'000 2011
Cash on hand and bank balances	1,041,404	308,961
Time deposits	1,363,352	711,453
Total cash and cash equivalents	2,404,756	1,020,414
Less: Reserves / Time deposits maturing after 90 days	(138,913)	(60,000)
Cash and cash equivalents as per statement of cash flows	2,265,843	960,414

Time deposits carry interest at commercial rates.

19. SHARE CAPITAL

	QR'000 2012	QR'000 2011
Authorised, issued and fully paid up capital: 337,225,000 ordinary shares of QR 10 each (2011 : 160,875,000 shares of QR 10 each)	3,372,250	1,608,750
Number of shares		
On issue at 1 January	160,875	160,875
On issue at 31 December	337,225	160,875

19. SHARE CAPITAL (CONTINUED)

At 31 December 2012, the authorised share capital comprised 337,225,000 ordinary shares (2011:160,875,000 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 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 the year, the authorised, issued and fully paid up capital was increased by QR 1.7635 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 have to be 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 553,029 thousands were transferred to the legal reserve including an amount of QR 480,000 thousands received as share premium from the ordinary share issue (2011: 31,429 thousands).

21. OTHER RESERVES

	Fair value reserve	Cash flow hedge reserve	Asset revaluation reserve	QR'000 Total 2012	QR'000 Total 2011
Balance at 1 January	17,144	(4,532)	1,603,870	1,616,482	441,526
Increase/decrease	(27,315)	(7,833)	-	(35,148)	1,105,671
Prior year adjustment (Note 35)	-	-	-	-	69,285
Balance at 31 December	**(10,171)**	**(12,365)**	**1,603,870**	**1,581,334**	1,616,482

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 investments.

Cash flow hedge reserve
The cashflow hedge reserve represent the group's share of other comprehensive income of an associate.

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 decrease relates to an increase on the same asset previously recognised in equity.

22. PROPOSED DIVIDENDS

The Board of Directors proposed a cash dividend of 10% of share capital amounting to QR 337,225 thousands for the year 2012 which will be subject to the approval of shareholders at the Annual General Meeting (2011: 40% of share capital amounting to QR 643,500 thousands as bonus shares)

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 18,257 thousands representing 2.5% of the net profit attributable to the owners of Company for the year ended 31 December 2012 (2011: QR 93,665 thousands).

24. TERM LOANS

	QR'000 2012	QR'000 2011
Loan 1	799,236	887,464
Loan 2	23,550	47,106
Loan 3	855,988	855,988
Loan 4	909,389	1,091,514
Loan 5	881,623	881,623
Loan 6	-	149,969
Loan 7	-	285,000
Loan 8	728,000	728,000
Loan 9	-	64,000
Loan 10	350,000	350,000
Loan 11	780,000	780,000
Loan 12	60,834	56,267
	5,388,620	6,176,931
Less: Unamortised finance cost associated with raising finance	(37,489)	(40,475)
Balance at 31 December	5,351,131	6,136,456
Presented in the consolidated statement of financial position as:		
Current liability	2,128,959	1,594,810
Non-current liability	3,222,172	4,541,646
	5,351,131	6,136,456

24. TERM LOANS (CONTINUED)

Notes:
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 tangible 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 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.

(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 making the loan balance to be US $ 210 million. The partial settlement is intended to be made in 2013.

(iv) Loan 4: In February 2008, The Pearl Qatar Real Estate Development Fund signed a Musharaka agreement of US$ 300 million for the construction of 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 & 2012 and will now expire on 19th February 2013. The loan was amended during the year stating a partial settlement of US$ 50 million making the loan balance to be US $ 250 million. The balance as of 31 December 2012 represents the outstanding amount of the facility.

(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 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 revolving facility. The loan was amended and restated on 30 December 2012 stating a partial settlement of QR 148.35 million, making the loan balance to QR 765 million and keeping the US$ portion the same. The partial settlement is intended to be made in 2013. The repayment of this loan commences from August 2014. The outstanding balance as of 31 December 2012 represents the drawn amount of such corporate facility.

(vi) Loan 6: In January 2008, the subsidiary Ronautica Middle East Company signed a loan agreement for the construction of the Pearl Marina. The initial loan agreement granted a total facility of QR 132.5 million which the Company refinanced into a new loan facility during the year 2010, to QR 208 million. This refinanced loan is repayable in twenty eight quarterly instalments commencing from January 2011. The loan was fully settled during the year.

(vii) Loan 7: This represent a corporate banking facility obtained by the Company for QR 285 million in April 2009. The loan was fully drawn by the Company and is a revolving facility repayable over a period of 3 years. The loan was fully settled during the year.

(viii) Loan 8: This represents a corporate banking facility obtained by the Company in March 2010 for QR 728 million. The loan was fully drawn by the Company. This facility is repayable over a period of 3 years.

(ix) Loan 9: This represent a loan facility obtained by the subsidiary Hospitality Development Company in January 2010 for the construction of its restaurants. The facility limit is QR 80 million and repayable over a period of 4 years. The repayment commenced from January 2011. The loan was fully settled during the year.

(x) Loan 10: 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 and payable semi annually commencing from February 2013 to August 2018. The facility was fully drawn by the Company.

(xi) Loan 11: This represents a general corporate facility obtained by the Company in September 2011. The facility limit is QR 780 million and payable quarterly commencing from January 2013 to October 2021.

(xii) Loan 12: This facility was obtained by the subsidiary United Development Investment Company in February 2011. The facility limit is QR 400 million and payable in full in June 2015. The outstanding balance as at 31 December 2012 represents the draw down amount of the facility.

The maturity profiles of the term loans are as follows:

31 December 2012	1 year	2-5 years	Over 5 years	QR'000 Total
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	-	-	-	-
Loan 7	-	-	-	-
Loan 8	728,000	-	-	728,000
Loan 9	-	-	-	-
Loan 10	52,500	227,500	70,000	350,000
Loan 11	86,658	346,632	346,710	780,000
Loan 12	-	60,834	-	60,834
	2,132,926	2,761,138	494,556	5,388,620

24. TERM LOANS (CONTINUED)

31 December 2011	1 year	2-5 years	Over 5 years	QR'000 Total
Loan 1	88,227	441,137	358,100	887,464
Loan 2	23,556	23,550	-	47,106
Loan 3	-	855,988	-	855,988
Loan 4	1,091,514	-	-	1,091,514
Loan 5	46,419	835,204	-	881,623
Loan 6	41,400	108,569	-	149,969
Loan 7	285,000	-	-	285,000
Loan 8	-	728,000	-	728,000
Loan 9	20,000	44,000	-	64,000
Loan 10	-	280,000	70,000	350,000
Loan 11	-	433,290	346,710	780,000
Loan 12	-	56,267	-	56,267
	1,596,116	3,806,005	774,810	6,176,931

This note provides information about 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, see note 31.

25. RETENTION PAYABLE

The retention payable represents the 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:

	QR'000 2012	QR'000 2011
Current portion	198,713	228,238
Non-current portion	232,504	393,663
	431,217	621,901

26. EMPLOYEES' END OF SERVICE BENEFITS

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

	QR'000 2012	QR'000 2011
Provision at 1 January	22,602	16,315
Provided during the year	10,397	8,256
End of service benefits paid	(6,074)	(1,969)
Provision at 31 December	26,925	22,602

27. ACCOUNTS AND OTHER PAYABLES

	QR'000 2012	QR'000 2011
Accounts payable	124,606	157,820
Accrued contract costs	1,276,653	1,908,158
Advances received from customers	455,241	796,002
Amounts due to related parties	-	420
Other accrued expenses	165,547	270,766
Other payables	385,153	289,663
	2,407,200	3,422,829

Included in the above amounts due to related parties are the following balances:

	QR'000 2012	QR'000 2011
ASTECO	-	420
	-	420

28. RELATED PARTIES

A. 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:

	QR'000 **2012**	*QR'000* 2011
Other related parties:		
Revenue	102,588	60,414
Associates:		
Management fee received	43	36
Rent income	2,214	2,180

Amounts due from and to related parties are disclosed in notes 17 and 27 respectively.

B. COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	QR'000 **2012**	*QR'000* 2011
Short term benefits	23,698	15,850
Employees' end of service benefits	1,267	1,106
	24,965	16,956

The Company has provided for Directors' remuneration for the year 2012 amounting to QR 22,586 thousands which is subject to the approval by the shareholders at the Annual General Meeting.

29. CONTINGENT LIABILITIES

	QR'000 **2012**	*QR'000* 2011
Bank guarantees	7,600	6,802
Letters of credit	10,282	10,693

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

	QR'000 **2012**	*QR'000* 2011
Contractual commitments to contractors/suppliers	156,643	244,275

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.

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 customer, due from related parties and bank balances. Accounts receivable, amounts due from customers and 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	
	QR'000 **2012**	*QR'000* 2011
Accounts and other receivables	1,204,540	982,389
Bank balances	2,404,240	1,019,951
	3,608,780	2,002,340

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 (see 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, including estimated interest payments and excluding term loans and the impact of netting agreements:

31 December 2012	**Carrying amount**	**Contractual cash flows**	**Less than 12 months**	**1 – 2 years**	**2- 5 years**	*QR'000* **More than 5 years**
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)	(965,000)	-	-	-
	1,423,142	**(1,423,142)**	**(1,163,713)**	**(123,586)**	**(108,918)**	**(26,925)**

31 December 2011	Carrying amount	Contractual cash flows	Less than 12 months	2 – 1 years	2- 5 years	*QR'000* More than years 5
Non derivative financial liabilities						
Retention payable	621,901	(621,901)	(228,238)	(222,631)	(171,032)	-
Employees' end of service benefits	22,602	(22,602)	-	-	-	(22,602)
Due to related parties	420	(420)	(420)	-	-	-
Accounts and other payables	1,243,485	(1,243,485)	(1,243,485)	-	-	-
	1,888,408	(1,888,408)	(1,472,143)	(222,631)	(171,032)	(22,602)

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk

Interest rate risk

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

	Carrying Amount	
	QR'000 **2012**	QR'000 2011
Fixed rate instruments		
Balances held with the banks	1,363,352	711,453
Term loans	-	(149,969)
	1,363,352	561,484
Variable rate instruments		
Term loans	(5,388,620)	(6,026,962)

Sensitivity analysis

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

31 December 2012		
Change in variable	QR'000 **Impact on net profit**	QR'000 **Impact on equity**
+100 basis points	(53,886)	(53,886)
-100 basis points	53,886	53,886
31 December 2011		
Change in variable	Impact on net profit	Impact on equity
+100 basis points	(60,269)	(60,269)
-100 basis points	60,269	60,269

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes on foreign exchange rates. All time deposits are designated in Qatar Riyals and United States Dollar (USD) which is pegged against the Qatari Riyal, therefore 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. The currency risk relating to discontinued operations is minimal.

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 equity of the Group.

	Changes in variables	Impact on equity	
		QR'000 **2012**	QR'000 2011
Qatar market	+10%	**24,368**	28,236
International markets	+10%	**10,100**	11,802
Qatar market	-10%	**(24,368)**	(28,236)
International markets	-10%	**(10,100)**	(11,802)

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 assets consist of cash and bank balances, available-for-sale investments 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 investments carried at cost, are not materially different from their carrying values.

32. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Change in fair value recognised directly in equity	QR'000 **2012**	QR'000 2011 (Restated)
Net change in fair value of available-for-sale investments	(27,315)	10,221

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).

31 December 2012	**Level 1**	**Level 2**	**Level 3**	QR'000 **Total**
Available-for-sale investments	344,683	-	-	344,683
	344,683	-	-	**344,683**
31 December 2011				
Available-for-sale investments	400,384	-	-	400,384
	400,384	-	-	400,384

33. FINANCE INCOME AND EXPENSE

	QR'000 **2012**	QR'000 2011
Interest income on bank deposits	40,800	14,200
Dividend income on available-for-sale investments	26,222	28,013
Finance income	**67,022**	42,213
Interest expense on financial liabilities measured at amortised cost	(83,383)	(43,061)
Finance expense	**(83,383)**	(43,061)
Net finance income recognised in profit or loss	**(16,361)**	(848)

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 Management reviews internal management reports on 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 & Leiure: 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.

34. OPERATING SEGMENTS (CONTINUED)

Geographical segments

The group has not diversified its activities out side the State of Qatar except for Millenya Inc. (established in Republic of Trukey), 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 inside Qatar. Accordingly there are no distinctly identifiable geopraphical segments in the Group for the year ended 31 December 2012.

	Urban Development		Hydro Carbon & Energy		Hospitality & Leisure		Infrastructure & Utilities		Others		QR'000 Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
External revenue	2,424,758	1,573,690	-	-	69,031	67,868	193,066	263,187	44,070	1,933	2,730,925	1,906,678
Inter segment revenue	35,962	84,327	-	-	5,134	-	103,095	7,583	115,041	32,082	259,232	123,992
Interest income	38,688	10,658	-	-	317	2,219	1,666	1,323	129	-	40,800	14,200
Interest expense	69,273	24,754	-	-	672	250	13,438	18,057	-	-	83,383	43,061
Depreciation	48,338	39,353	-	-	7,385	5,835	39,847	37,490	4,255	407	99,825	83,085
Profit/(loss) for the year	851,901	3,744,457	-	-	(29,280)	5,982	92,975	72,172	2,061	2,383	917,657	3,824,994
Share of profit of associates	(49,552)	(39,953)	41,252	59,703	-	-	-	-	(350)	75	(8,650)	19,825
Reportable segment assets	16,658,393	16,314,592	-	-	185,212	155,212	1,900,407	1,902,866	102,205	7,471	18,846,217	18,379,320
Investment in associates	300,765	358,151	317,225	315,973	-	-	-	-	1,965	2,315	619,955	676,439
Reportable segment liabilities	7,128,213	8,958,124	-	-	23,193	23,193	1,024,745	1,219,096	40,322	7,193	8,216,473	10,203,788

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

Revenue

	QR'000 **2012**	QR'000 2011
Total revenue for reportable segments	2,990,157	2,030,670
Elimination of inter-segment revenue	(259,232)	(123,992)
Consolidated revenue	2,730,925	1,906,678

Profit or loss

	QR'000 **2012**	QR'000 2011
Total profit or loss for reportable segments	917,657	3,824,994
Elimination of inter-segment profits	(59,119)	(142,578)
Net share of results of associates	(8,650)	19,825
Consolidated profit for the year	849,888	3,702,241

34. OPERATING SEGMENTS (CONTINUED)

Assets

	QR'000 **2012**	QR'000 2011
Total assets for reportable segments	18,846,217	18,379,320
Investments in associates	619,955	676,439
Consolidated total assets	19,466,172	19,055,759

Liabilities

	QR'000 **2012**	QR'000 2011
Total liabilities for reportable segments	8,216,473	10,203,788
Consolidated total liabilities	8,216,473	10,203,788

36. COMPARATIVE INFORMATION

Comparative information has been reclassified 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 previously reported period except for the adjustment relating to the impairment of available-for-sale investments disclosed below.

At 31 December 2011, the Group did not recognise impairment loss on its quoted available-for-sale investments amounting to QR 69,285 thousand. The financial statements for the year ended 31 December 2011 have been restated to conform to this correction. The effect of the restatement on those financial statements is summarised below.

Effect on 31 December 2011 (QR'000)

Increase in impairment of available-for-sale investments	69,285
Decrease in net profit for the year ended 31 December 2011	69,285
Increase in cumulative change in fair values due to recycling of impairment loss through the statement of income	69,285
Decrease in retained earnings	(69,285)
Net effect on equity	-