Consolidated Financial Statements

December 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

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

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

Sh. Falah Bin Jassim Bin Jabr Al-Thani
Chairman

Hamad Shareef Al-Emadi
A/ Chief Executive Officer

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

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	31 Dec 2012 QR	31 Dec 2011 QR
PROFIT FOR THE YEAR	**190,024,832**	215,449,004
Other comprehensive income:		
Net Gain on revaluation AFS investments	**1,205,788**	1,990,429
Total other comprehensive income	**1,205,788**	1,990,429
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**191,230,620**	217,439,433

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	31 Dec 2012 QR	31 Dec 2011 QR
Cash flows from Operating Activities		
Profit for the year	**190,024,832**	215,449,004
Adjustments for:		
Depreciation (Note 8)	**19,032,807**	17,354,635
Dividend income	**(5,085,425)**	(2,430,000)
Loss on sale/disposal of property and equipment	**211,856**	103,583
Allowance for Impairment on installments and dues from customers (Note 4)	**30,000,000**	40,000,000
Gain on sale of available for sale investments	**--**	(1,105,326)
Finance income	**(10,201,302)**	(12,512,706)
Finance charges	**9,480,968**	10,943,472
	233,463,736	267,802,662
Changes in operating assets and liabilities		
Installments and due from customers	**167,768,825**	(138,224,126)
Prepayments and other receivables	**(7,442,749)**	16,030,129
Inventories	**44,313,624**	314,454,053
Amounts due on Construction Contracts	**(455,770,993)**	(446,226,540)
Accounts payables, accruals and other payables	**56,166,135**	(6,682,358)
Net cash from operating activities	**38,498,578**	7,153,820
Cash flows from Investing Activities		
Finance income received	**10,201,302**	12,512,706
Dividend income received	**5,085,425**	2,430,000
Purchase of Property and Equipment	**(54,306,937)**	(10,086,318)
Proceeds from the disposal of Property and Equipment	**783,000**	25,000
Purchase of available-for-sale investments	**(5,849,156)**	(56,821,311)
Proceeds from disposal of available for sale investments	**--**	10,352,110
Net movement in Bank Term Deposits	**(700,000,000)**	395,000,000
Net cash (used in) from investing activities	**(744,086,366)**	353,412,187

Continued . . .

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

	31 Dec 2012	31 Dec 2011
	QR	QR
Cash flow from financing activities		
Proceeds from rights issue (Note 12)	486,555,300	--
Dividends paid (Note 14)	(115,453,800)	(98,960,400)
Proceeds from financing under Wakalah arrangements	84,490,186	83,602,336
Repayment of financing under Wakalah arrangements	(83,834,578)	(76,461,325)
Finance charges paid	(9,480,968)	(10,943,472)
Net cash from (used in) financing activities	362,276,140	(102,762,861)
Net (decrease) increase in cash and cash equivalents	(343,311,648)	257,803,146
Cash and cash equivalents at the beginning of the year	392,395,071	134,591,925
Cash and cash equivalents at the end of the year	49,083,423	392,395,071

Notes:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

Statement of compliance

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

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

Basis of consolidation

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

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

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

Name of subsidiaries	Country of incorporation	Principal activity
Alijarah Leasing Company	Qatar	Islamic leasing
Alijarah Equipment Company	Qatar	Transportation
Alijarah Limousine Company	Qatar	Taxi services
Alijarah Property Development Company	Qatar	Property Development

2.2 Changes in accounting policies and disclosures

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

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

IAS 12 Income Taxes – Recovery of underlying assets
IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies

Segment reporting

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

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

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Cash and Cash Equivalents

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments – Initial Recognition and Subsequent Measurement

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

(a) Installments and due from customers

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

(b) Available-for-sale Financial Investments ("AFS")

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

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

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

(c) Islamic Financing under Wakalah Arrangements

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of Financial Assets and Financial Liabilities

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

Inventory Property

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

Cost includes:

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

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

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

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

Leasing

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Group as a lessee

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

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

Group as a lessor

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

Fair values

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

Offsetting financial instruments

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

Impairment of financial assets

(a) Financial assets carried at amortized cost

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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

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

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

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

(b) Financial assets classified as Available for Sale

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

Property and Equipment

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

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

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

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

Accounts payable and accruals

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

Contract Work in Progress and Amounts Due on Construction Contracts

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

Provisions

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

Employee benefits

Defined benefit plan

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

Defined contribution plans

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

Revenue Recognition

Construction contracts

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

Leasing Income

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

Sale of completed property

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

Transportation Income

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Taxi Income

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

Income from Deposits

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

Dividend Income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012 (continued)

3. CASH AND CASH EQUIVALENTS

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

4. INSTALLMENTS AND DUES FROM CUSTOMERS

	31 Dec 2012	31 Dec 2011
	QR	QR
Gross Installments due from Leasing	**169,131,413**	150,060,090

	2012	2011
	QR	QR
Morabaha	**157,727,821**	141,923,319
Ijarah	**11,403,592**	8,136,771

	31 Dec 2012	31 Dec 2011
Less: Deferred Profits of future Installments	**(15,692,429)**	(15,817,323)

	2012	2011
	QR	QR
Morabaha	**14,827,362**	14,263,370
Ijarah	**865,067**	1,553,953

	31 Dec 2012	31 Dec 2011
Net Installments due from Leasing	**153,438,984**	134,242,767
Gross Installments due from Property Sales	**812,876,198**	1,046,527,761
Less: Deferred Finance Income	**(72,824,413)**	(117,212,361)
Net Installments due from Property Sales	**740,051,785**	929,315,400
Other trade related receivables	**8,272,979**	5,974,406
Allowance for Impairment	**(84,434,024)**	(54,434,024)
Total Installments and dues from customers	**817,329,724**	1,015,098,549
Maturity profile of installments and dues from customers		
Less than one year	**367,871,872**	304,620,241
> 1 year and < 5 years	**436,443,863**	710,478,308
> 5 years	**13,013,989**	--
Total	**817,329,724**	1,015,098,549

4. INSTALLMENTS AND DUES FROM CUSTOMERS (continued)

Analysis of past dues but not impaired

	31 Dec 2012	31 Dec 2011
	QR	QR
1-30 days	**1,080,145**	1,679,078
31-90 days	**1,979,198**	4,698,641
91-180 days	**3,984,198**	8,828,456
Over 180 days	**28,924,505**	23,616,218
Total	**35,968,046**	38,822,393

	31 Dec 2012	31 Dec 2011
	QR	QR
Total amount of impaired receivables	**84,434,024**	54,434,024
Movement in Allowance for Impairment		
Balance at 1 January	**54,434,024**	14,434,024
Charge for the year	**30,000,000**	40,000,000
Balance at 31 December	**84,434,024**	54,434,024

5. AVAILABLE FOR SALE FINANCIAL INVESTMENTS

	31 Dec 2012	31 Dec 2011
	QR	QR
Quoted Equity Investments	**104,125,023**	97,070,078

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

6. INVENTORIES

	31 Dec 2012 QR	31 Dec 2011 QR
Property Inventory (Note)	--	44,175,156
Spares and consumables	**1,340,168**	1,478,636
Total	**1,340,168**	45,653,792

Note:

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

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

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

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

7. PREPAYMENTS AND OTHER RECEIVABLES

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

- ***Note:***

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012 (continued)

8. PROPERTY AND EQUIPMENT

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

8. PROPERTY AND EQUIPMENT (continued)

	Office equipment QR	Land QR	Building QR	Furniture and fixtures QR	Leasehold improvements QR	Heavy equipment, trucks and motor vehicles QR	Work in progress QR	Total QR
Net Carrying amounts								
31 December 2012	**2,824,731**	**29,991,000**	**20,459,674**	**4,605,900**	--	**33,883,964**	**26,975,661**	**118,740,930**
31 December 2011	3,139,504	29,991,000	22,656,292	4,996,018	--	22,958,765	720,07	84,461,655

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

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

9. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

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

Notes:

(a) Provision for employees' end of service benefits

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

(b) Contribution to Social and Sports Development Fund

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

10. ISLAMIC FINANCING UNDER WAKALAH ARRANGEMENTS

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

Notes:

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

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

11. AMOUNTS DUE ON CONSTRUCTION CONTRACTS

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

	31 Dec 2012 QR	31 Dec 2011 QR
Opening balance	**527,087,055**	973,313,595
Release during the year	**(455,770,993)**	(446,226,540)
Closing balance	**71,316,062**	527,087,055

12. SHARE CAPITAL

	31 Dec 2012 QR (Audited)	31 Dec 2011 QR (Audited)
Authorized, Issued and Fully paid-up		
Balance at the beginning of the year:		
32,986,800 Ordinary Shares of QR 10 each	**329,868,000**	329,868,000
Add: Shares issued during the year:		
16,493,400 Ordinary shares of QR 10 each	**164,934,000**	--
Balance at the end of the year:		
49,480,200 Ordinary shares of QR 10 each	**494,802,000**	329,868,000

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

13. LEGAL RESERVE

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

14. DIVIDENDS PAID AND PROPOSED

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012 (continued)

15. INCOME FROM CORE BUSINESS

	31 Dec 2012 QR	31 Dec 2011 QR
Income from Leasing Operations	**20,441,863**	17,999,548
Income from Transportation	**74,700,660**	58,598,279
Income from Taxi Operations	**1,659,228**	--
Profit on sale of Inventory Property (a)	**1,865,871**	13,318,924
Income from Real Estate Property Development	**509,328,442**	512,330,377
	607,996,064	602,247,128

	2012 QR	2011 QR
Morabaha	**19,353,579**	17,126,752
Ijarah	**1,088,284**	872,796

(a) Profit on sale of inventory property

	31 Dec 2012 QR	31 Dec 2011 QR
Revenue from sale of inventory property	**46,053,421**	328,734,344
Cost of sales – inventory property	**(44,187,550)**	(315,415,420)
	1,865,871	13,318,924

16. PROFITS FROM INVESTMENTS AND DEPOSITS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012 (continued)

17. OPERATING EXPENSES

	31 Dec 2012	31 Dec 2011
	QR	QR
Cost of Financing – Islamic leasing	9,480,968	10,297,825
Property development costs	260,499,357	255,046,044
Cost of Transportation	47,505,250	31,864,490
Cost of Taxi Operations	11,140,968	--
Directly attributable depreciation (Note 8)	14,215,960	13,099,565
	342,842,503	310,307,924

18. GENERAL AND ADMINSTRATION EXPENSES

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

19. RELATED PARTY DISCLOSURES

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

Key management personnel remuneration

	2012 QR	2011 QR
Directors' remuneration	4,000,000	4,000,000
Key management personnel remuneration	16,700,000	13,955,620
	20,700,000	17,955,620

20. EARNINGS PER SHARE

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

	2012 (Audited)	2011 (Restated)
Net profit for the year (QR)	190,024,832	215,449,004
Weighted average number of shares outstanding	45,178,962	36,505,392
Basic and diluted earnings per share	4.21	5.90

Basic earnings per share for the prior year is stated after adjusting the weighted average number of shares for the effect of rights issue during the year.

The weighted average numbers of shares have been calculated as follows:

	2012 (Audited)	2011 (Restated)
Qualifying shares at the beginning of the year	32,986,800	32,986,800
Effect of rights issue	12,192,162	3,518,592
Balance at end of the year	45,178,962	36,505,392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012 (continued)

21. SEGMENT REPORTING

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

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

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

Segment revenue and segment result:

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

Segment assets and liabilities:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2012 (continued)

21. SEGMENT REPORTING (continued)

Segment contingent liabilities:

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

22. CONTINGENT LIABILITY

	31 Dec 2012	31 Dec 2011
	QR	QR
Letter of guarantees	**13,730,000**	9,200,000
Capital commitments	**67 Million**	440 Million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2012 (continued)

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

31 DECEMBER 2012	Non-current	Current	Total
	QR	QR	QR
ASSETS			
Cash and Cash Equivalents	--	749,083,423	749,083,423
Installments and Dues from Customers	449,457,852	367,871,872	817,329,724
Available for Sale Financial Investments	104,125,023	--	104,125,023
Inventories	--	1,340,168	1,340,168
Prepayments and Other receivables	1,816,580	70,496,770	72,313,350
Property and Equipment	118,740,930	--	118,740,930
Total Assets	674,140,385	1,188,792,233	1,862,932,618
LIABILITIES			
Accounts Payables, Accruals and Other Payables	46,527,454	275,933,283	322,460,737
Islamic Financing under Wakalah Arrangements	69,917,264	79,602,737	149,520,001
Amounts Due on Construction Contracts	--	71,316,062	71,316,062
Total Liabilities	116,444,718	426,852,082	543,296,800

31 DECEMBER 2011	Non-current	Current	Total
	QR	QR	QR
ASSETS			
Cash and Cash Equivalents	--	392,395,071	392,395,071
Installments and Dues from Customers	710,478,308	304,620,241	1,015,098,549
Available for Sale Financial Investments	97,070,077	--	97,070,077
Inventories	--	45,653,793	45,653,793
Prepayments and Other receivables	1,812,180	63,058,421	64,870,601
Property and Equipment	84,461,655	--	84,461,655
Total Assets	893,822,220	805,727,526	1,699,549,746
LIABILITIES			
Accounts Payables, Accruals and Other Payables	24,731,547	236,812,434	261,543,981
Islamic Financing under Wakalah Arrangements	71,877,531	76,986,860	148,864,391
Amounts Due on Construction Contracts	--	527,087,055	527,087,055
Total Liabilities	96,609,078	840,886,349	937,495,427

24. RISK MANAGEMENT

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

Credit Risk

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

	31 Dec 2012	31 Dec 2011
	QR	QR
Bank balances	749,048,634	392,229,971
Installments and dues from customers	817,329,724	1,015,098,549
Other receivables	18,191,716	11,592,431
Total	1,584,570,074	1,418,920,951

Equity price risk

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

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

24. RISK MANAGEMENT (continued)

Liquidity Risk

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

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

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

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

Profit Rate Risk

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

24. RISK MANAGEMENT (continued)

Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year end 31 December 2012 and 31 December 2011. Capital comprises share capital of QR 494.8 Million (2011: QR 329 Million).

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalent, installments and dues from customers and available for sale financial investments and certain other receivables. Financial liabilities consist of Islamic Financing under Wakalah Arrangements, accounts payable, amounts due on construction contracts and certain other accruals.

Management believes that the fair values of financial assets and liabilities are not materially different from their carrying values.

26. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and assumptions

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

Impairment losses on installments and dues from customers.

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

Impairment of available-for-sale investments

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

Useful lives of property and equipment

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

Going concern

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

Fair value of financial instruments

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

27. COMPARATIVE FIGURES

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