

**MAZAYA QATAR REAL ESTATE  
DEVELOPMENT Q.S.C  
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED  
JUNE 30, 2012 TOGETHER WITH  
INDEPENDENT  
AUDITOR'S REVIEW REPORT**

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012**

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## INDEPENDENT AUDITOR'S REVIEW REPORT

**To The Shareholders  
Mazaya Qatar Real Estate Development Q.S.C.  
Doha - Qatar**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mazaya Qatar Real Estate Development (Q.S.C) (the "Company") and its subsidiaries (together referred to as the "Group"), as of June 30, 2012 and the related interim condensed consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the six month period then ended, and selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard: IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410: "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Basis for Qualified Conclusion*

The Company changed its policy of accounting for investment properties from the cost model to the fair value model as of December 31, 2011. The Company did not account for such a change in accounting policy retrospectively as required by International Financial Reporting Standards. We were not able to quantify the effect of such a departure due to the unavailability of fair value estimates as of June 30, 2011 and December 31, 2010.

## **INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)**

### ***Qualified Conclusion***

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

### **Emphasis of matter**

We draw attention to note 4 of the interim condensed consolidated financial statements concerning the recoverability of the Wakala investment. During 2009, the Company invested an amount of QR. 65 million as a Wakala Investment with a GCC investment company. Due to financial problems, the investment company did not settle the investment on the maturity date. In 2011, the Company obtained a court ruling in its favor, whereby the outstanding Wakala amount, along with related profit, will be settled during the period from 2013 to 2017. As such, the Company expects no loss on the amount and therefore has not taken any impairment provision.

**For Deloitte & Touche**

**Doha - Qatar  
August 1, 2012**

**Midhat Salha  
License No. 257**

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS OF JUNE 30, 2012

	Notes	<b>June 30, 2012 (Reviewed) QR.</b>	December 31, 2011 (Audited) QR.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Islamic bank balances	3	218,243,340	332,060,905
Accounts receivable		4,041,665	2,125,000
Prepayments and other debit balances	5	52,066,255	10,536,098
Due from a related party	6	3,985,056	5,025,701
<b>Total Current Assets</b>		<b>278,336,316</b>	<b>349,747,704</b>
<b>Non-Current Assets</b>			
Available for sale investment	7	21,000,000	21,000,000
Wakala investments	4	65,000,000	65,000,000
Property and equipment		1,011,806	771,750
Projects in progress	8	46,796,488	9,335,359
Investment properties	9	686,356,394	655,518,698
<b>Total Non-Current Assets</b>		<b>820,164,688</b>	<b>751,625,807</b>
<b>Total Assets</b>		<b>1,098,501,004</b>	<b>1,101,373,511</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable		11,190,516	17,307,090
Accrued expenses and other credit balances		609,516	4,990,137
<b>Total Current Liabilities</b>		<b>11,800,032</b>	<b>22,297,227</b>
<b>Non-current Liabilities</b>			
Employees' end of service benefits		2,053,686	1,170,719
<b>Total Liabilities</b>		<b>13,853,718</b>	<b>23,467,946</b>
<b>Shareholders' Equity</b>			
Share capital	10	1,000,000,000	1,000,000,000
Legal reserve		7,950,152	7,950,152
Retained earnings		76,697,134	69,955,413
<b>Total Shareholders' Equity</b>		<b>1,084,647,286</b>	<b>1,077,905,565</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,098,501,004</b>	<b>1,101,373,511</b>

**Rashid F. Al Naimi**  
Chairman

**Seraj S. Al Baker**  
Chief Executive Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012**

	Notes	For the six month period ended June 30,	
		2012	2011
		(Reviewed) QR.	(Reviewed) QR.
Profit from deposits with Islamic banks and financial institutions		<b>4,164,124</b>	3,436,867
Rental income		<b>6,499,998</b>	6,499,998
Dividend income		--	800,000
Gain from disposal of investment properties		<b>1,244,565</b>	9,069,889
Other income		<b>14,938</b>	--
General and administrative expenses	11	<b>(11,579,438)</b>	(10,534,021)
Change in fair value of investment properties		<b>8,152,283</b>	--
Depreciation		<b>(254,749)</b>	(243,479)
Management fees		<b>(1,500,000)</b>	(2,000,000)
<b>Net profit for the period</b>		<b>6,741,721</b>	7,029,254
Other comprehensive income		--	--
<b>Total comprehensive income for the period</b>		<b>6,741,721</b>	7,029,254
Basic and diluted earnings per share		<b>0.067</b>	0.070

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012**

	<b>Capital</b>	<b>Legal Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
Balance as at January 1, 2011 (Audited)	1,000,000,000	3,067,102	27,228,729	1,030,295,831
Total comprehensive income for the period	--	--	7,029,254	7,029,254
Balance as of June 30, 2011 (Reviewed)	<u>1,000,000,000</u>	<u>3,067,102</u>	<u>34,257,983</u>	<u>1,037,325,085</u>
Balance as at January 1, 2012 (Audited)	1,000,000,000	7,950,152	69,955,413	1,077,905,565
Total comprehensive income for the period	--	--	6,741,721	6,741,721
<b>Balance as of June 30, 2012 (Reviewed)</b>	<b><u>1,000,000,000</u></b>	<b><u>7,950,152</u></b>	<b><u>76,697,134</u></b>	<b><u>1,084,647,286</u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012**

	<b>June 30, 2012 (Reviewed) QR.</b>	June 30, 2011 (Reviewed) QR.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the period	6,741,721	7,029,254
Adjustments for:		
Depreciation of property and equipment	254,749	243,479
Change in fair value of investment properties	(8,152,283)	--
Provision for employees' end of service benefits	882,967	236,225
Gain on sale of investment properties	(1,244,565)	(9,069,889)
Loss on disposal on property and equipment	--	585
	<u>(1,517,411)</u>	<u>(1,560,346)</u>
<b>Working Capital Changes</b>		
Accounts receivable	(1,916,665)	--
Prepayments and other debit balances	(41,530,157)	4,029,358
Due from a related party	1,040,645	1,895,722
Accounts payable	(6,116,574)	1,550,865
Accruals and other credit balances	(4,380,621)	(685,934)
<b>Net cash (used in) / from operating activities</b>	<u>(54,420,783)</u>	<u>5,229,665</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(494,805)	(73,403)
Additions to investment properties	(22,685,413)	(2,200,165)
Additions to project in progress	(37,461,129)	(19,915,533)
Proceeds from disposal of property and equipment	--	20,000
Proceeds from disposal of investment properties	1,244,565	23,186,461
Term deposits	50,000,000	345,000,000
<b>Cash (used in) / from investing activities</b>	<u>(9,396,782)</u>	<u>346,017,360</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	--	(138,000,000)
<b>Cash used in financing activities</b>	<u>--</u>	<u>(138,000,000)</u>
<b>Net (decrease) / increase in cash and cash equivalent</b>	<b>(63,817,565)</b>	213,247,025
Cash and cash equivalents – beginning of the period	<u>82,060,905</u>	<u>333,153,402</u>
<b>Cash and cash equivalents – end of the period (note 3)</b>	<u><u>18,243,340</u></u>	<u><u>546,400,427</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



# MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012

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### 1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Mazaya Qatar Real Estate Development Q.S.C (the “Company”) is a Qatari Public shareholding Company, incorporated in Qatar on February 12, 2008. The Company is registered under commercial registration number 38173.

The interim condensed consolidated financial statements comprise the Company and its subsidiaries (together referred as the “Group”).

The Group’s principal activity is the establishment of residential compounds and projects for rental purposes, purchase of land and its development for resale. The Company is also involved in the management of residential compounds.

### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2011, except for the adoption of certain revised standards which are effective as of January 1, 2012. Adoption of these standards did not have any material effect on the financial position or performance of the Group other than certain presentation changes. These interim condensed consolidated financial statements should be read in conjunction with the 2011 annual financial statements and notes attached thereto.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, the results for the six month ended June 30, 2012 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2012.

### 3. CASH AND CASH EQUIVALENTS

	<b>June 30, 2012 (Reviewed) QR.</b>	<b>December 31, 2011 (Audited) QR.</b>
Cash on hand	55,366	25,000
Call accounts	15,593,445	4,466,204
Current account	2,594,529	2,569,701
Term deposits	200,000,000	325,000,000
<b>Total cash and Islamic bank balances</b>	<b>218,243,340</b>	<b>332,060,905</b>
Term deposits with original maturity of more than 90 days	(200,000,000)	(250,000,000)
<b>Cash and cash equivalents</b>	<b>18,243,340</b>	<b>82,060,905</b>

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012

**4. WAKALA INVESTMENT**

During 2009, the Company entered into a Wakala contract amounting to QR. 65,000,000 with a GCC Investment Company through an intermediary party. Due to financial problems, the GCC Investment Company did not settle the amount with its accrued profit on the maturity date.

In 2011, the Company obtained a court ruling in its favor, whereby the outstanding Wakala amount, along with related profit, will be settled during the period from 2013 to 2017.

**5. PREPAYMENTS AND OTHER DEBIT BALANCES**

	<b>June 30, 2012 (Reviewed)</b>	December 31, 2011 (Audited)
	<b>QR.</b>	QR.
Due from staff	<b>563,645</b>	482,908
Prepaid expenses	<b>2,024,332</b>	1,772,940
Advances paid on projects	<b>48,733,278</b>	7,280,250
Accrued income on bank deposits	<b>745,000</b>	1,000,000
<b>Total</b>	<b>52,066,255</b>	10,536,098

**6. RELATED PARTIES**

Related parties represent the directors and key management personnel and companies in which they are principle owners. Transactions with related parties are approved by management of the Company.

	<b>June 30, 2012 (Reviewed)</b>	December 31, 2011 (Audited)
	<b>QR.</b>	QR.
<b>(a) Due from a related party</b>		
Al - Mazaya Holding Company	<b>3,985,056</b>	5,025,701
<b>(b) Transactions with related parties</b>		
Management fees	<b>(1,500,000)</b>	(2,000,000)

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C**

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012

**7. AVAILABLE FOR SALE INVESTMENT**

	<b>June 30, 2012 (Reviewed) QR.</b>	December 31, 2011 (Audited) QR.
Nishan Investment and Real Estate Development Company	<u><b>21,000,000</b></u>	<u>21,000,000</u>

This is represents unquoted available for sale investment at cost since its fair value cannot be reliably estimated. Management believes that the amount is not impaired.

**8. PROJECTS IN PROGRESS**

Projects in progress represent the cumulative cost as of June 30, 2011 related to residential compounds being developed by the Company in Doha – Qatar.

	<b>June 30, 2012 (Reviewed) QR.</b>	December 31, 2011 (Audited) QR.
Balance at January 1,	<b>9,335,359</b>	68,182,254
Additions	<b>37,461,129</b>	68,333,987
Disposals*	--	(6,423,872)
Transferred to investment properties (note 9)	--	(118,733,824)
Other transfers	--	(2,023,186)
Balance at June 30 / December 31	<u><b>46,796,488</b></u>	<u>9,335,359</u>

\* During 2011, a portion of the land at Al Gharafa was taken over by the Ministry of Municipality and Urban Planning. The compensation of QR. 8,297,100 resulted in a profit of QR. 1,873,228. During 2012, an additional compensation was obtained from the Ministry of Municipality and Urban Planning which resulted in a profit of QR. 1,244,565.

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012

**9. INVESTMENT PROPERTIES**

	<b>June 30, 2012 (Reviewed) QR.</b>	December 31, 2011 (Audited) QR.
<b><u>At Cost</u></b>		
Land – Dubai	<b>176,351,093</b>	176,351,093
Hotel property – Doha (i)	<b>142,545,205</b>	142,545,205
Al Gharafa compound	<b>139,683,553</b>	118,733,824
Daghayn land	<b>175,746,210</b>	174,010,526
<b><u>Cumulative change in fair value</u></b>	<b><u>52,030,333</u></b>	43,878,050
	<b><u>686,356,394</u></b>	<u>655,518,698</u>

- (i) This property is leased out under an operating lease agreement to a third party for an annual income computed at QR. 13 million plus 50% of the hotel's gross operating profit.

During 2011, the Company resolved to change its accounting policy to account for its investment properties at fair value as per International Accounting Standards (IAS 40) "Investment Properties". The Company did not apply the change in accounting policy retrospectively due to the lack of availability of fair value estimates of the properties for prior years.

The fair value of the Company's investment properties as of June 30, 2012 has been arrived at on the basis of a valuation carried out by independent appraiser. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and/or discounted cash flow coupled with market and other evidence

**10. SHARE CAPITAL**

	<b>June 30, 2012 (Reviewed) QR.</b>	December 31, 2011 (Audited) QR.
Authorized, issued and fully paid		
100 million shares with a par value of QR 10 per share	<b><u>1,000,000,000</u></b>	<u>1,000,000,000</u>

**MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C**

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012

**11. GENERAL AND ADMINISTRATIVE EXPENSES**

	For the six month period ended	
	June 30,	
	2012	2011
	(Reviewed)	(Reviewed)
	QR.	QR.
Staff cost	7,182,849	4,957,703
Board of Directors' remuneration *	--	800,000
Administrative expenses	2,046,455	3,245,084
Legal and professional charges	479,360	110,317
Rent expenses	640,728	466,288
Marketing expenses	1,223,181	948,987
Bank commission and charges	6,865	5,642
	<u>11,579,438</u>	<u>10,534,021</u>

\* Board of Directors' remuneration represent amount paid based on the approval of the general assembly held on April 13, 2011 against 2010 results.