

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED  
SEPTEMBER 30, 2013 TOGETHER WITH  
INDEPENDENT  
AUDITOR'S REVIEW REPORT**

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013**

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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the Board of Directors  
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 September 30, 2013, the related interim condensed consolidated statement of comprehensive income for the three and nine month period then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting"- (IAS 34). 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.

### ***Conclusion***

Based on our review, 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".

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

### **Emphasis of matter**

- The comparative interim condensed consolidated statements of comprehensive income for the nine months and three months period ended September 30, 2012, the statements of changes in shareholders' equity and cash flows for the nine month period ended September 30, 2012 have not been audited nor reviewed and are included in the accompanying interim condensed consolidated financial statements for comparative purposes only.
- We draw attention to note 4 to 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  
October XX, 2013**

**Midhat Salha  
License No. 257**

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS OF SEPTEMBER 30, 2013

		<b>September 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited)
	Notes	<b>QR.</b>	<b>QR.</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Islamic bank balances	3	<b>105,922,742</b>	193,729,882
Accounts receivable		<b>11,133,329</b>	12,145,833
Prepayments and other debit balances	5	<b>57,021,534</b>	48,984,360
Due from a related party	6(a)	--	2,810,933
<b>Total current assets</b>		<b>174,077,605</b>	257,671,008
<b>Non-Current Assets</b>			
Available for sale investment	7	<b>21,000,000</b>	21,000,000
Wakala investments	4	<b>65,000,000</b>	65,000,000
Property and equipment		<b>514,168</b>	737,166
Projects in progress	8	<b>317,423,677</b>	127,813,286
Investment properties	9	<b>764,608,274</b>	765,028,214
<b>Total non-current assets</b>		<b>1,168,546,119</b>	979,578,666
<b>Total assets</b>		<b>1,342,623,724</b>	1,237,249,674
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Islamic financing	10	<b>35,000,000</b>	60,000,000
Accounts payable		<b>31,488,762</b>	14,337,176
Due to a related party	6(b)	<b>4,711,742</b>	--
Accrued expenses and other credit balances		<b>22,964,099</b>	21,938,931
<b>Total current liabilities</b>		<b>94,164,603</b>	96,276,107
<b>Non-current liabilities</b>			
Islamic financing	10	<b>159,494,536</b>	--
Employees' end of service benefits		<b>2,100,057</b>	1,789,898
<b>Total non-current liabilities</b>		<b>161,594,593</b>	1,789,898
<b>Total liabilities</b>		<b>255,759,196</b>	98,066,005
<b>Shareholders' equity</b>			
Share capital	11	<b>1,000,000,000</b>	1,000,000,000
Legal reserve		<b>14,235,086</b>	14,235,086
Retained earnings		<b>72,629,442</b>	124,948,583
<b>Total shareholders' equity</b>		<b>1,086,864,528</b>	1,139,183,669
<b>Total liabilities and shareholders' equity</b>		<b>1,342,623,724</b>	1,237,249,674

**Rashid F. Al Naimi**  
Chairman

**Hamad A. Al Hedfa**  
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 NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013**

	<u>Notes</u>	<b>For the three month period ended September 30,</b>		<b>For the nine month period ended September 30,</b>	
		<b>2013</b>	2012	<b>2013</b>	2012
		<b>(Reviewed)</b>	(Not reviewed)	<b>(Reviewed)</b>	(Not reviewed)
		<b>OR</b>	QR.	<b>OR</b>	QR.
Rental income		<b>9,717,497</b>	5,312,499	<b>28,777,495</b>	11,812,497
Operating expenses		<b>(867,696)</b>	(376,605)	<b>(4,545,584)</b>	(376,605)
		<b>8,849,801</b>	4,935,894	<b>24,231,911</b>	11,435,892
Profit from deposits with Islamic banks and financial institutions		<b>7,921</b>	176,053	<b>569,493</b>	4,340,177
Gain on sale of investment properties		--	--	--	1,244,565
Other income		<b>39,004</b>	--	<b>41,349</b>	14,938
General and administrative expenses	12	<b>(4,141,813)</b>	(3,809,122)	<b>(14,122,876)</b>	(15,388,560)
Change in fair value of investment properties	9	<b>(6,552,000)</b>	(2,741,871)	<b>(426,940)</b>	5,410,412
Depreciation		<b>(120,901)</b>	(129,111)	<b>(362,078)</b>	(383,860)
Management fees	6(c)	<b>(750,000)</b>	(750,000)	<b>(2,250,000)</b>	(2,250,000)
<b>Net profit for the period</b>		<b>(2,667,988)</b>	(2,318,157)	<b>7,680,859</b>	4,423,564
Other comprehensive income		--	--	--	--
<b>Total comprehensive income for the period</b>		<b>(2,667,988)</b>	(2,318,157)	<b>7,680,859</b>	4,423,564
Basic and diluted earnings per share		<b>(0.027)</b>	(0.023)	<b>0.077</b>	0.044

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 NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013**

	<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, 2012 (Audited)	1,000,000,000	7,950,152	69,955,413	1,077,905,565
Total comprehensive income for the period	--	--	4,423,564	4,423,564
Balance as of September 30, 2012 (Not reviewed)	<u>1,000,000,000</u>	<u>7,950,152</u>	<u>74,378,977</u>	<u>1,082,329,129</u>
Balance as at January 1, 2013 (Audited)	1,000,000,000	14,235,086	124,948,583	1,139,183,669
Total comprehensive income for the period	--	--	7,680,859	7,680,859
Dividends paid for 2012	--	--	(60,000,000)	(60,000,000)
<b>Balance as of September 30, 2013 (Reviewed)</b>	<b><u>1,000,000,000</u></b>	<b><u>14,235,086</u></b>	<b><u>72,629,442</u></b>	<b><u>1,086,864,528</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 NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013**

	<b>September 30, 2013 (Reviewed) QR.</b>	September 30, 2012 (Not reviewed) QR.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the period	7,680,859	4,423,564
Adjustments for:		
Depreciation of property and equipment	362,078	383,860
Change in fair value of investment properties	426,940	(5,410,412)
Provision for employees' end of service benefits	310,159	457,878
Gain on sale of investment properties	--	(1,244,565)
	<u>8,780,036</u>	<u>(1,389,675)</u>
<i>Working Capital Changes</i>		
Accounts receivable	1,012,504	(6,195,832)
Prepayments and other debit balances	(8,037,174)	(35,528,982)
Due from a related party	2,810,933	1,721,976
Accounts payable	17,151,586	(5,675,431)
Due to a related party	4,711,742	--
Accruals and other credit balances	1,025,168	2,181,925
<b>Net cash generated from / (used in) operating activities</b>	<u><b>27,454,795</b></u>	<u><b>(44,886,019)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(139,080)	(461,466)
Additions to investment properties	(7,000)	(40,607,285)
Additions to project in progress	(189,610,391)	(71,548,625)
Proceeds from disposal of investment properties	--	1,244,565
Term deposits	100,000,000	--
<b>Cash used in investing activities</b>	<u><b>(89,756,471)</b></u>	<u><b>(111,372,811)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends	(60,000,000)	--
Proceeds from Islamic financing	194,494,536	--
Repayment of Islamic financing	(60,000,000)	--
<b>Net cash from financing activities</b>	<u><b>74,494,536</b></u>	<u><b>--</b></u>
<b>Net increase \ (decrease) in cash and cash equivalent</b>	<b>12,192,860</b>	<b>(156,258,830)</b>
Cash and cash equivalents – beginning of the period	<u><b>93,729,882</b></u>	<u><b>332,060,905</b></u>
<b>Cash and cash equivalents – end of the period (note 3)</b>	<u><u><b>105,922,742</b></u></u>	<u><u><b>175,802,075</b></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 NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013

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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 financial statements of the Company and its subsidiaries (together referred to 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.

The interim condensed consolidated financial statements of the Group for the nine month period ended September 30, 2013 were authorised for issue by the Board of Directors on October 30, 2013.

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

The interim condensed consolidated financial statements for the nine month ended September 30, 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting under the historical cost convention except for certain financial instruments and investments properties which have been stated at fair value.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2012. In addition, results for the nine month period ended September 30, 2013 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2013.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2012 except for the adoption of new and revised standards and interpretations effective as of January 1, 2013.

In the current financial year, the Group has adopted certain new and revised standards and interpretations, mainly including:

IAS 1	Presentation of items of other comprehensive income
IFRS 10	Consolidated Financial Statements
IAS 27	Separate Financial Statements
IFRS 11	Joint arrangements
IAS 28	Investments in Associates and Joint Ventures
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements

The adoption of these new / revised standards and interpretations did not have any impact on the financial position or financial performance of the Group as of and for the period ended September 30, 2013.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013

**3. CASH AND CASH EQUIVALENTS**

	<b>September 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited)
	<b>QR.</b>	<b>QR.</b>
Cash on hand	<b>52,089</b>	39,950
Call accounts	<b>22,987</b>	66,591,872
Current account	<b>27,530,055</b>	2,098,060
Term deposits	<b>78,317,611</b>	125,000,000
<b>Total cash and Islamic bank balances</b>	<b>105,922,742</b>	193,729,882
Term deposits with original maturity of more than 90 days	--	(100,000,000)
<b>Cash and cash equivalents</b>	<b>105,922,742</b>	93,729,882

**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>September 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited)
	<b>QR.</b>	<b>QR.</b>
Due from staff	<b>554,133</b>	855,456
Prepaid expenses	<b>2,267,617</b>	1,967,140
Advances paid on projects	<b>54,199,784</b>	45,693,014
Accrued income on bank deposits	--	468,750
<b>Total</b>	<b>57,021,534</b>	48,984,360

**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 Group.

	<b>September 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited)
	<b>QR.</b>	<b>QR.</b>
<b>(a) Due from a related party</b>		
Al - Mazaya Holding Company	--	2,810,933

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013

**6. RELATED PARTIES (CONTINUED)**

	<b>September 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited)
	<b>QR.</b>	QR.
<b>(b) Due to a related party</b>		
Al - Mazaya Holding Company	<u>4,711,742</u>	--
	<b>September 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited)
	<b>QR.</b>	QR.
<b>(c) Transactions with related parties</b>		
Management fees	<u>2,250,000</u>	<u>3,000,000</u>

**7. AVAILABLE FOR SALE INVESTMENTS**

	<b>September 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited)
	<b>QR.</b>	QR.
Nishan Investment and Real Estate Development Company	<u>21,000,000</u>	<u>21,000,000</u>

This 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**

Movement of projects in progress is as follows:

	<b>September 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited)
	<b>QR.</b>	QR.
Balance at January 1,	127,813,286	9,335,359
Additions	<u>189,610,391</u>	<u>118,477,927</u>
Balance at September 30 / December 31	<u>317,423,677</u>	<u>127,813,286</u>

# MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013

### 9. INVESTMENT PROPERTIES

	<b>September 30, 2013 (Reviewed) QR.</b>	December 31, 2012 (Audited) QR.
At Cost	<b>652,130,934</b>	652,123,934
Cumulative change in fair value	<b>112,477,340</b>	112,904,280
	<b><u>764,608,274</u></b>	<u>765,028,214</u>

Investment properties include:

- (i) A property 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. Starting from May, 2013 the annual income is computed at QR. 14 million plus 50% of the hotel's gross operating profit.
- (ii) A property leased out under an operating lease agreement to a third party for an annual income computed at QR. 24.7 million.

The movement during the period \ year is as follows:

	<b>September 30, 2013 (Reviewed) QR.</b>	December 31, 2012 (Audited) QR.
Balance at the beginning of the period,	<b>765,028,214</b>	655,518,698
Additions	<b>7,000</b>	40,483,286
Change in fair value	<b>(426,940)</b>	69,026,230
Balance at the end of the period,	<b><u>764,608,274</u></b>	<u>765,028,214</u>

The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out by independent appraiser as of June 30, 2013. The valuation was calculated based on reference to market evidence of transaction prices for similar properties and/or discounted cash flow coupled with market and other evidence. Management believes that the fair value as of September 30, 2013 is not materially different from June 30, 2013, except for one property which has been revalued by management using the same basis used in June 30, 2013.

### 10. ISLAMIC FINANCING

	<b>September 30, 2013 (Reviewed) QR.</b>	December 31, 2012 (Audited) QR.
Loan (1)	<b>35,000,000</b>	60,000,000
Loan (2)	<b>168,517,566</b>	--
Less: deferred borrowing cost	<b>(9,023,030)</b>	--
	<b><u>194,494,536</u></b>	<u>60,000,000</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013

**10. ISLAMIC FINANCING (CONTINUED)**

1. During the period, the Group entered into a Murabaha financing agreement with a local bank amounting to QR. 35 million and maturing in June 2014 to finance certain projects. During the period, an amount of QR. 60 million has been repaid.
2. The Group has entered into a syndicated Murabaha financing agreement to partially finance one of its projects, with an amount of USD 106.7 million. An amount of USD 46 million has been withdrawn during the current period.

Presented in the statement of financial position as follows:

Non-current portion	<b>159,494,536</b>	60,000,000
Current portion	<b>35,000,000</b>	--
	<b><u>194,494,536</u></b>	<u>60,000,000</u>

Movements in the Islamic financing are as follows:

Balance at the beginning of the period / year	<b>60,000,000</b>	60,000,000
Additions, amortization of deferred borrowing costs	<b>194,494,536</b>	--
Repayment	<b>(60,000,000)</b>	--
Balance at the end of the period / year	<b><u>194,494,536</u></b>	<u>60,000,000</u>

**11. SHARE CAPITAL**

	<b>September 30, 2013 (Reviewed) QR.</b>	<b>December 31, 2012 (Audited) QR.</b>
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>

**12. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the nine month period ended September 30,</b>	
	<b>2013 (Reviewed) QR.</b>	<b>2012 (Not reviewed) QR.</b>
Staff cost	<b>9,906,301</b>	9,721,091
Administrative expenses	<b>1,775,336</b>	2,786,617
Legal and professional charges	<b>572,450</b>	539,360
Rent expenses	<b>961,092</b>	961,092
Marketing expenses	<b>862,752</b>	1,370,406
Bank commission and charges	<b>44,945</b>	9,994
	<b><u>14,122,876</u></b>	<u>15,388,560</u>

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013**

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**13. FAIR VALUES**

The fair values of financial assets and financial liabilities of the Group are not significantly different from their carrying values.

**14. SEGMENT REPORTING**

The Group has only one business segment, that is the investment in and development and operations of real estate properties. Geographically, the Group operates mainly in the State of Qatar.