

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2011 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, 2011

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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 financial statements of Mazaya Qatar Real Estate Development (Q.S.C) (the "Company") , which comprise the interim condensed statement of financial position as of June 30, 2011 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 condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for the 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 of Qualified Conclusion

- (a) The Company did not obtain an independent valuation of the fair value of certain investment properties which have a carrying value of QR. 176,351,093 as of the financial position date. We were unable to obtain review evidence in respect of the recoverable value of the properties.
- (b) As further explained in note 4 to the interim condensed consolidated financial statements, the Company invested an amount of QR. 65 million as a Wakala Investment with a GCC investment company in the prior periods. Due to financial problems, the investment company has not settled the investment on the maturity date. We were unable to obtain review evidence in respect of the recoverable amount of this investment.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Conclusion

Based on our review, except for any adjustments which might have been necessary as a result of the matters discussed above, 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".

For Deloitte & Touche

**Doha - Qatar
July 20, 2011**

**Midhat Salha
License No. 257**

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2011

	Notes	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
ASSETS			
Current Assets			
Cash and bank balances	3	546,400,427	678,153,402
Accounts receivable		541,667	541,667
Wakala investment	4	65,000,000	65,000,000
Prepayments and other debit balances	5	6,326,427	10,355,785
Due from a related party	6	4,710,550	6,606,272
Total Current Assets		622,979,071	760,657,126
Non-Current Assets			
Available for sale investments	7	21,000,000	21,000,000
Property and equipment		874,054	1,064,715
Projects in progress	8	88,097,787	68,182,254
Investment properties	9	318,896,298	330,812,705
Total Non-Current Assets		428,868,139	421,059,674
Total Assets		1,051,847,210	1,181,716,800
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts and retention payable		12,771,688	11,220,823
Borrowings	10	--	138,000,000
Accrued expenses and other credit balances		699,244	1,385,178
Total Current Liabilities		13,470,932	150,606,001
Non-current Liabilities			
Employees' end of service benefits		1,051,193	814,968
Total Liabilities		14,522,125	151,420,969
Shareholders' Equity			
Share capital	11	1,000,000,000	1,000,000,000
Legal reserve		3,067,102	3,067,102
Retained earnings		34,257,983	27,228,729
Total Shareholders' Equity		1,037,325,085	1,030,295,831
Total Liabilities and Shareholders' Equity		1,051,847,210	1,181,716,800

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, 2011

	Notes	For the six month period ended June 30,	
		2011	2010
		(Reviewed) QR.	(Reviewed) QR.
Profit from deposits with Islamic banks and financial institutions		3,436,867	10,962,665
Rental income		6,499,998	--
Dividend income		800,000	--
Gain from sale of investment properties	9	9,069,889	--
Other income		--	5,000,000
General and administrative expenses	12	(10,534,021)	(5,093,505)
Depreciation		(243,479)	(396,515)
Management fees		(2,000,000)	(1,000,000)
Net profit for the period		7,029,254	9,472,645
Other comprehensive income		--	--
Total comprehensive income for the period		7,029,254	9,472,645
Earning Per Share			
Basic Earning Per Share		0.070	0.095

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, 2011

	Capital QR.	Legal Reserve QR.	Retained Earnings QR.	Total QR.
Balance as at January 1, 2010 (Audited)	500,000,000	1,566,371	14,097,341	515,663,712
Capital increase	500,000,000	--	--	500,000,000
Total comprehensive income for the period	--	--	9,472,645	9,472,645
Balance as of June 30, 2010 (Reviewed)	<u>1,000,000,000</u>	<u>1,566,371</u>	<u>23,569,986</u>	<u>1,025,136,357</u>
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>

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, 2011

	June 30, 2011 (Reviewed) QR.	June 30, 2010 (Reviewed) QR.
Operating Activities		
Net profit for the period	7,029,254	9,472,645
Adjustments for:		
Loss from sale of property and equipment	585	--
Gain from sale of investment properties	(9,069,889)	--
Depreciation	243,479	396,515
Provision for employees' end of service benefits	236,225	189,009
	<u>(1,560,346)</u>	<u>10,058,169</u>
Working Capital Changes		
Accounts receivable	--	699,220
Prepayments and other debit balances	4,029,358	(2,809,629)
Due from a related party	1,895,722	(4,754,954)
Accounts and retention payable	1,550,865	43,304
Accruals and other credit balances	(685,934)	(132,075)
Net cash generated from operating activities	<u>5,229,665</u>	<u>3,104,035</u>
Investing Activities		
Acquisition of available for sale investment	--	(200,000)
Acquisition of property and equipment	(73,403)	(191,494)
Proceeds from sale of property and equipment	20,000	--
Projects in progress	(19,915,533)	--
Acquisition of investment properties	(2,200,165)	(57,096,072)
Proceeds from sale of investment properties	23,186,461	--
Term Deposits	345,000,000	--
Net cash generated from/(used in) investing activities	<u>346,017,360</u>	<u>(57,487,566)</u>
Financing Activities		
Capital contribution	--	500,000,000
Repayment of borrowings	(138,000,000)	--
Net cash (used in)/generated from financing activities	<u>(138,000,000)</u>	<u>500,000,000</u>
Net increase in cash and cash equivalent	213,247,025	445,616,469
Cash and cash equivalent – beginning of the period	<u>333,153,402</u>	<u>240,976,438</u>
Cash and cash equivalent – end of the period	<u><u>546,400,427</u></u>	<u><u>686,592,907</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, 2011

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 Company's principal activities are investments, real estate development, preparation of studies, real estate consultancy, and other related works.

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, 2010, except for the adoption of certain revised standards which are effective as of January 1, 2011. Adoption of these standards did not have any material effect on the financial position or performance of the Company other than certain presentation changes. These interim condensed consolidated financial statements should be read in conjunction with the 2010 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, 2011 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2011.

3. CASH AND CASH EQUIVALENTS

	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
Cash on hand	37,139	14,610
Call accounts	7,149,031	10,104,087
Current account	2,214,257	1,534,705
Term deposits	537,000,000	666,500,000
Total cash and bank balances	546,400,427	678,153,402
Term deposits with original maturity of more than 90 days	--	(345,000,000)
Cash and cash equivalents	546,400,427	333,153,402

MAZAYA QATAR REAL ESTATE DEVELOPMENT Q.S.C

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2011

4. WAKALA INVESTMENT

In 2009, the Company entered into a Wakala contract amounting to QR. 65,000,000 with a Kuwaiti Investment Company through Investment House as an intermediary. Due to financial problems, the Kuwaiti Investment Company did not settle the amount with its accrued profit on the maturity date. The Company has taken all the legal actions to recover the amount and was granted a right of pledge on the Kuwaiti company's assets. As per management's opinion, the Company will recover the net book value of this investment with no additional losses.

5. PREPAYMENTS AND OTHER DEBIT BALANCES

	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
Due from staff	707,596	257,219
Prepaid expenses	2,536,639	1,998,834
Accrued income on bank deposits	3,082,192	8,099,732
	<u>6,326,427</u>	<u>10,355,785</u>

6. RELATED PARTIES

Related parties represent the shareholders, directors and key management personnel of the Company and companies controlled, jointly controlled or significantly influenced by those parties.

At the reporting date, amounts due from related parties are separately reflected on the face of the interim condensed consolidated statements of financial position as follows:

	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
(a) Due from a related party		
Al - Mazaya Holding Company	<u>4,710,550</u>	<u>6,606,272</u>
	June 30, 2011 (Reviewed) QR.	June 30, 2010 (Reviewed) QR.
(b) Transactions with related parties		
Other income	--	5,000,000
Management fees	<u>(2,000,000)</u>	<u>(2,000,000)</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, 2011

7. AVAILABLE FOR SALE INVESTMENTS

	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
Nishan Investment and Real Estate Development Company	<u>21,000,000</u>	<u>21,000,000</u>

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.

9. INVESTMENT PROPERTIES

	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
Land - Dubai	176,351,093	176,351,093
Hotel property – Doha	142,545,205	140,345,040
Land – Lebanon *	--	14,116,572
	<u>318,896,298</u>	<u>330,812,705</u>

Based on management analysis and assessment, the fair value of investment properties is not materially different from their carrying value.

*During 2011, the Company sold the land in Lebanon for QR. 23,186,461.

10. BORROWINGS

The Company entered into a Musawama financing agreement with a local bank for the purchase of an investment property at a cost of QR. 140,000,000.

The Company has pledged certain deposits with the local bank amounting to QR 139,132,705 as security for the loan.

The Musawama loan of QR. 138 million was paid in one installment in February 2011.

11. SHARE CAPITAL

	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
Authorized share capital		
100 million shares with a par value of QR 10 per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid		
100 million shares with a par value of QR10 per share	<u>1,000,000,000</u>	<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, 2011

12. GENERAL AND ADMINISTRATIVE EXPENSES

	June 30, 2011 (Reviewed)	June 30, 2010 (Reviewed)
	QR.	QR.
Salaries	4,957,703	3,306,265
Board of directors' remuneration *	800,000	--
Legal, professional and other fees	1,731,721	48,101
Administrative expenses	1,623,680	346,316
Rent expenses	466,288	95,000
Marketing expenses	948,987	1,293,904
Bank commission and charges	5,642	3,919
	<u>10,534,021</u>	<u>5,093,505</u>

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