

Ezdan Real Estate Company Q.S.C.

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2009

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF EZDAN REAL ESTATE COMPANY Q.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Ezdan Real Estate Company (Q.S.C.) (“the Company”) and its subsidiaries (“together referred to as the “Group”) as at 30 June 2009, comprising of the interim consolidated statement of financial position as at 30 June 2009 and the related interim consolidated statements of comprehensive income, cash flows and changes in shareholders’ equity for the six months period then ended and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 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 information consist 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 IAS 34 Interim Financial Reporting.

Akram Mekhael
of Ernst & Young
Auditor's Registration No. 59

Date:
Doha

Ezdan Real Estate Company Q.S.C.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2009

	<i>Notes</i>	<i>Six months ended 30 June</i>	
		2009	2008
		QR <i>(Reviewed)</i>	QR <i>(Reviewed)</i>
Rental income		239,690,538	144,369,636
Gain on disposal of investment properties		17,427,075	3,929,600
Other income		2,915,168	6,024,331
Operating expenses		(33,258,842)	(23,036,106)
PROFIT FROM OPERATIONS		226,773,939	131,287,461
Net fair value gains on investment properties	4	-	302,170,350
Profit on bank deposits		2,667,733	306,870
General and administrative expenses		(15,444,572)	(19,504,715)
Islamic financing cost		(7,042,990)	(1,121,657)
Depreciation		(3,537,425)	(4,268,899)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		203,416,685	408,869,410
BASIC AND DILUTED EARNINGS PER SHARE (QR)		0.44	0.89

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements

Ezdan Real Estate Company Q.S.C.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	<i>Notes</i>	<i>30 June 2009 QR (Reviewed)</i>	<i>31 December 2008 QR (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	3	27,259,262	25,122,947
Investment properties	4	4,717,958,937	4,741,226,595
Projects under development		<u>2,305,063,950</u>	<u>1,955,427,556</u>
		<u>7,050,282,149</u>	<u>6,721,777,098</u>
Current assets			
Inventories		9,497,546	2,437,381
Accounts receivable and prepayments		59,895,397	31,990,253
Bank balances and cash		<u>381,462,781</u>	<u>164,898,132</u>
		<u>450,855,724</u>	<u>199,325,766</u>
TOTAL ASSETS		<u><u>7,501,137,873</u></u>	<u><u>6,921,102,864</u></u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		4,569,000,000	4,569,000,000
Legal reserve	5	191,842,125	191,842,125
Retained earnings		<u>1,929,641,879</u>	<u>1,726,225,194</u>
Total shareholder's equity		<u>6,690,484,004</u>	<u>6,487,067,319</u>
Non-current liabilities			
Islamic financing facilities		671,500,000	366,000,000
Profit payable on Islamic financing facilities		31,014,229	15,829,091
Employees' end of service benefits		<u>2,325,260</u>	<u>2,062,072</u>
		<u>704,839,489</u>	<u>383,891,163</u>
Current liabilities			
Islamic financing facilities		19,500,000	-
Accounts payable and accruals		<u>86,314,380</u>	<u>50,144,382</u>
		<u>105,814,380</u>	<u>50,144,382</u>
Total liabilities		<u>810,653,869</u>	<u>434,035,545</u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,501,137,873</u></u>	<u><u>6,921,102,864</u></u>

.....
Thani Bin Abdullah Al Thani
Chairman

.....
Hesham Al-Sehetry
Board Member

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements

Ezdan Real Estate Company Q.S.C.

UNAUDITED INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the Six Months Ended 30 June 2009

	<i>Six months ended 30 June</i>	
	<i>2009</i> <i>QR</i> <i>(Reviewed)</i>	<i>2008</i> <i>QR</i> <i>(Reviewed)</i>
	<i>Notes</i>	
OPERATING ACTIVITIES		
Profit for the period	203,416,685	408,869,410
Adjustment for:		
Depreciation	3,537,425	4,268,899
Provision for employees' end of service benefits	494,525	1,283,103
Net fair value gains on investment properties	-	(302,170,350)
Profit on sale of investment properties	(17,427,075)	(3,929,600)
Net movement in provision for doubtful debts	3,465,244	295,004
Islamic finance costs	7,042,990	1,121,657
Profit on bank deposits	(2,667,733)	(306,870)
	197,862,061	109,431,253
Working capital changes:		
Accounts receivable and prepayments	(31,370,388)	(66,145,060)
Inventory	(7,060,165)	(675,963)
Deferred revenues	-	9,142,352
Profit payable on Islamic financing facilities	15,185,138	-
Accounts payable and accruals	36,169,998	(6,835,183)
	210,786,644	44,917,399
Cash from operations	210,786,644	44,917,399
Islamic finance costs paid	(7,042,990)	(1,121,657)
Employees' end of service benefits paid	(231,337)	(93,166)
	203,512,317	43,702,576
Net cash flows from operating activities	203,512,317	43,702,576
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,673,740)	(14,912,188)
Purchase of investment properties	(13,623,342)	(139,228,952)
Proceeds from sale of investment properties	45,049,775	11,853,200
Payments for projects under development	(340,368,094)	(16,327,229)
Profit on bank deposits	2,667,733	306,870
	(311,947,668)	(158,308,299)
Net cash used in investing activities	(311,947,668)	(158,308,299)
FINANCING ACTIVITIES		
Proceeds from Islamic financing facilities	325,000,000	171,000,000
	325,000,000	171,000,000
Net cash flows from financing activities	325,000,000	171,000,000
INCREASE IN CASH AND CASH EQUIVALENTS	216,564,649	56,394,277
Cash and cash equivalents as of 1 January	164,898,132	33,533,811
CASH AND CASH EQUIVALENTS AS OF 30 JUNE	381,462,781	89,928,088

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements

Ezdan Real Estate Company Q.S.C.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2009

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2008	4,569,000,000	56,140,078	504,906,766	5,130,046,844
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>408,869,410</u>	<u>408,869,410</u>
Balance at 30 June 2008	<u>4,569,000,000</u>	<u>56,140,078</u>	<u>913,776,176</u>	<u>5,538,916,254</u>
Balance at 1 January 2009	4,569,000,000	191,842,125	1,726,225,194	6,487,067,319
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>203,416,685</u>	<u>203,416,685</u>
Balance at 30 June 2009	<u>4,569,000,000</u>	<u>191,842,125</u>	<u>1,929,641,879</u>	<u>6,690,484,004</u>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

At 30 June 2009

1 LEGAL STATUS AND MAIN ACTIVITIES

Ezdan Real Estate Company Q.S.C. is a Qatari public shareholding company registered in the State of Qatar under the Commercial Registration Number 15466. On 27 May 2008, the shareholders resolved to change the Company's name from Eskin Real Estate Company W.L.L. to Ezdan Real Estate Company Q.S.C. and to convert it from a limited liability company to a public shareholding company.

The Company's registered office is at P.O. Box 3222, Doha, State of Qatar.

The Company is mainly involved in developing, owning, trading and renting of real estates.

The interim condensed consolidated financial statements for the six months period ended 30 June 2009 were authorised for issue in accordance with a resolution of the Board of directors on.....

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with the International Accounting Standard (IAS) 34 – Interim Financial Reporting.

The interim condensed consolidated financial statements have been presented in Qatar Riyals, which is the functional and presentation currency of the Group.

These interim condensed consolidated financial statements should be read in conjunction with the 2008 annual financial statements and the notes attached thereto.

The interim condensed consolidated financial statements do not include all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, the results for the six months ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statement for the year ended 31 December 2008, except as noted below:

During the period, the Group adopted the following new or revised standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1-(Revised) "Presentation of Financial Statements"

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

IFRS 8 Operating Segment

The new standard, which replaced IAS 14, Segment Reporting' requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes and the segment are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker in the Group.

The Group concluded that the segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

At 30 June 2009

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of Ezdan Real Estate Company Q.S.C and its subsidiaries, as follows:

	<i>Effective Group Ownership percentage</i>	
	<i>30 June 2009</i>	<i>30 June 2008</i>
Ezdan Trading and Contracting Co. S.O.C	100%	100%
Ezdan Hotel and Suites Co. S.O.C	100%	-
Ezdan Real Estate Investment W.L.L.	100%	-

Notes:

- 1) Ezdan Trading and Contracting Company S.O.C (“subsidiary company”) was incorporated in Qatar and has an authorized and paid-up capital of QR 200,000. The Company is involved in general contracting for buildings, road paving, trading in building materials and equipment, electricity works and maintenance.
- 2) Ezdan Hotel and Suites Company S.O.C (“subsidiary company”) was incorporated in Qatar as a single owner company and has an authorized and paid up capital of QR 200,000. The Company is involved in managing hotels, suites, and restaurants.
- 3) Ezdan Real Estate Investment W.L.L. (“subsidiary company”) was incorporated in Qatar as a limited liability company and has an authorised and paid up capital of QR 10,000,000. The Company is involved in buying, selling and managing properties, construction of buildings, roads paving, trading in building materials, electricity work and maintenance.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which Ezdan Real Estate obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

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

At 30 June 2009

3 PROPERTY, PLANT AND EQUIPMENT

	<i>30 June 2009 QR (Reviewed)</i>	<i>31 December 2008 QR (Audited)</i>
Cost:		
At 1 January	31,560,772	28,698,051
Additions	6,216,393	23,740,697
Transferred to investment properties	-	(21,220,876)
Transferred from projects under development	-	342,900
	<u>37,777,165</u>	<u>31,560,772</u>
Depreciation:		
At 1 January	6,437,825	10,752,169
Depreciation (i)	4,080,078	5,382,159
Transferred to investment properties	-	(9,696,503)
	<u>10,517,903</u>	<u>6,437,825</u>
Net carrying amount	<u>27,259,262</u>	<u>25,122,947</u>

- (i) Depreciation charge for the period amounting to QR 542,653 has been capitalized as part of projects under development.

4 INVESTMENT PROPERTIES

	<i>30 June 2009 QR (Reviewed)</i>	<i>31 December 2008 QR (Audited)</i>
At 1 January	4,741,226,595	5,120,062,358
Additions	13,623,342	197,532,969
Transferred from properties, plant and equipment	-	11,524,373
Transferred to projects under development	(9,268,300)	(1,560,110,490)
Disposals	(27,622,700)	(90,577,000)
Net gains from changes in the fair value (i)	-	1,062,794,385
	<u>4,717,958,937</u>	<u>4,741,226,595</u>

- (i) The Company did not appoint an independent valuer to revalue its investment properties as of the reporting date. Management, having the experience and knowledge in the real estate industry, believes that the carrying values of investment properties are not materially different from their fair values.

5 LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies Law No. 5 of 2002, 10% of the annual profit should be transferred to legal reserve until the reserve equals 50% of the share capital. No transfer has been made for the six months period ended 30 June 2009 as the Group will transfer the total required amount by 31 December 2009.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

At 30 June 2009

6 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders and key management personnel of the Group, and entities of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated financial statements are as follows:

a) Balance sheet Items	30 June 2009 QR (Reviewed)	31 December 2008 QR (Audited)
Assets		
Accounts receivables and prepayments	<u>4,739,739</u>	<u>20,380,040</u>
Purchase of investment properties	<u>25,623,342</u>	<u>25,432,139</u>
Projects under development	<u>296,894,825</u>	<u>550,112,668</u>
b) Income statement elements		
	Six months ended 30 June 2009 QR (Reviewed)	2008 QR (Reviewed)
Sales and services	<u>1,083,666</u>	<u>627,914</u>
Profit on bank deposits	<u>135,184</u>	<u>298,157</u>
General and administrative expenses	<u>760,078</u>	<u>100,036</u>

7 SEGMENT REPORTING

The Group is organised into one main business segment which deals in Real Estate. Geographically, the Group operates in the state of Qatar, where it has all its assets and performs all its activities.