



EZDAN REAL ESTATE COMPANY Q.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2012

Ezdan Real Estate Company Q.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

CONTENTS	Page
Independent Auditors' Review Report	1
 <u>Interim Condensed Consolidated Financial Statements</u>	
Interim Condensed Consolidated Statement of Financial Position	2
Interim Condensed Consolidated Statement of Comprehensive Income	3
Interim Condensed Consolidated Statement of Changes in Equity	4
Interim Condensed Consolidated Statement of Cash Flows	5
Notes to the Interim Condensed Consolidated Financial Statements	6-13

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

EZDAN Real Estate Company - Q.S.C.
Doha - Qatar

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **EZDAN Real Estate Company-Q.S.C., Doha - Qatar** (the "Company") and its subsidiaries (together referred to as the "Group") as at 30th of June 2012, comprising the interim consolidated statement of financial position as at 30th of June 2012, and the related interim consolidated statements of income and Comprehensive income, cash flows and changes in equity for the six months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with **International Financial Reporting Standards, IAS 34, Interim Financial Report ("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 inquires 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. Consequently, it 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.

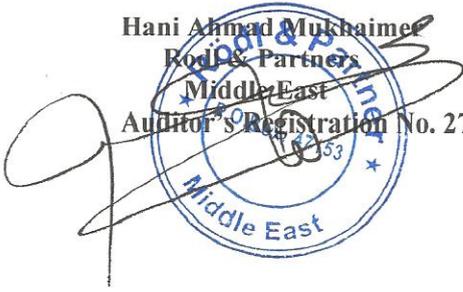
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The financial statements of the Group for the year ended 31th of December 2011 were audited by another auditor whose report dated 18th of March 2012 express a modified opinion on those financial statements. Further, the interim condensed consolidated financial statements for the six month period ended 30th of June 2011 were reviewed by another auditor whose report dated 14th of August 2011, expressed a modified conclusion on those interim condensed consolidated financial statements.

Hani Ahmad Mukhaimer
Rödl & Partner
Middle East
Auditor's Registration No. 275



Doha - Qatar
29th of July 2012

EZDAN REAL ESTATE COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

In thousands of Qatari Riyals

	Notes	30 June 2012 (Reviewed)	31 December 2011 (Audited)
ASSETS			
Cash and bank balances	6	293,677	762,769
Receivables and prepayments		232,081	270,549
Inventory		74,366	40,483
Due from related parties	7.a	168,144	458,878
Investments in equity accounted investees		130	130
Property, plant and equipment		70,862	77,474
Investment property	8	31,184,748	31,276,622
TOTAL ASSETS		32,024,008	32,886,905
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and accruals		246,052	297,276
Due to related parties	7.b	8,290	8,000
Islamic financing borrowings	9	4,229,856	4,841,985
TOTAL LIABILITIES		4,484,198	5,147,261
EQUITY			
Share capital		26,524,967	26,524,967
Legal reserve		806,264	806,264
Retained earnings		208,579	408,413
TOTAL EQUITY		27,539,810	27,739,644
TOTAL LIABILITIES AND EQUITY		32,024,008	32,886,905

Ali Al-Obaidly
Managing Director



Hesham Al-Sehetry
Chief Executive Officer



The attached notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements.

EZDAN REAL ESTATE COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

In thousands of Qatari Riyals

	Notes	Six months ended	
		30 June 2012 (Reviewed)	30 June 2011 (Reviewed)
Rental revenues		228,550	261,446
Other operating revenues		6,218	12,030
Operating expenses		(43,281)	(29,007)
Gross profit on rental activities		191,487	244,469
Gain on sale of investment property	7.c.i	106,767	-
Operating profit for the period		298,254	244,469
<i>Add / (Less):</i>			
Other income		8,489	4,880
General and administrative expenses		(39,398)	(28,574)
Finance costs		(69,304)	(117,107)
Net profit and total comprehensive income for the period		198,041	103,668
Basic and diluted earnings (QR per share)	10	0.15	0.08

The attached notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements.

EZDAN REAL ESTATE COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

In thousands of Qatari Riyals

30 June 2012 (Reviewed)	Share capital	Legal reserve	Retained earnings	Total equity
At 1 January 2012 (audited)	26,524,967	806,264	408,413	27,739,644
Net profit for the period	-	-	198,041	198,041
Total comprehensive income for the period	-	-	198,041	198,041
Declared dividends (Note 11)	-	-	(397,875)	(397,875)
At 30 June 2012 (reviewed)	26,524,967	806,264	208,579	27,539,810

30 June 2011 (Reviewed)	Share capital	Legal reserve	Retained earnings	Total equity
At 1 January 2011 (audited)	26,524,967	771,721	106,159	27,402,847
Net profit for the period	-	-	103,668	103,668
Total comprehensive income for the period	-	-	103,668	103,668
At 30 June 2011 (reviewed)	26,524,967	771,721	209,827	27,506,515

The Group elected to deduct 10% of the net profit for the period with respect to the legal reserve, on an annual basis as stipulated in the Company's Articles of Association.

The attached notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements.

EZDAN REAL ESTATE COMPANY Q.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2012
In thousands of Qatari Riyals

		Six months ended	
Notes	30 June 2012 (Reviewed)	30 June 2011 (Reviewed)	
Operating Activities			
	198,041	103,668	
<i>Adjustments for:</i>			
Depreciation	9,998	12,557	
Gain on disposal of property, plant and equipment	(29)	(13)	
Provided impairment for doubtful receivables	3,092	-	
Reversed impairment for doubtful receivables	(1,831)	(7,956)	
Profit on bank accounts	(3,576)	(4,880)	
Finance costs charged to profit or loss	69,304	117,107	
<i>Operating profit before changes in working capital</i>	274,999	220,483	
<i>Changes in working capital:</i>			
Changes in inventory	(33,883)	31	
Changes in receivables and prepayments	(1,024)	(194,697)	
Changes in payables and accruals	(5,736)	131,945	
Changes in related party balances	795,337	-	
Receivables written-off	(2,838)	-	
Net cash from operating activities	1,026,855	157,762	
Investing Activities			
Payments for purchase and development of investment property	(333,556)	(434,619)	
Payments for purchase of property, plant and equipment	(3,399)	(1,298)	
Proceeds from disposal of property, plant and equipment	41	43	
Profit on bank accounts	3,576	4,880	
Net cash used in investing activities	(333,338)	(430,994)	
Financing Activities			
Proceeds from Islamic financing borrowings	9 221,547	960,095	
Payments for Islamic financing borrowings	9 (986,281)	(350,306)	
Dividends paid	11 (397,875)	-	
Net cash (used in) / from financing activities	(1,162,609)	609,789	
Net change in cash and cash equivalents during the period			
Cash and cash equivalents at the beginning of the period	762,769	674,490	
Cash and cash equivalents at the end of the period	6 293,677	1,011,047	

The attached notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements.

EZDAN REAL ESTATE COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the six months ended 30 June 2012

1. REPORTING ENTITY

Ezdan Real Estate Company Q.S.C. (“the Company”) is a Qatari public shareholding company registered in the State of Qatar under commercial registration number 15466. The Company was established on 24 May 1993 as a Limited Liability Company, and was publicly listed in Qatar Exchange on 18 February 2008.

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

The principal activities of the Company include acquiring and sale of property and land, general contracting for all types of projects and buildings, trading in building materials and equipment, providing real estate consulting services, managing property and collect rentals, and providing property maintenance works.

These consolidated financial statements of the Company and its subsidiaries (together referred to as “the Group”) as at and for the period ended 30 June 2012, include the following subsidiaries:

- 1) Ezdan Trading and Contracting Company S.O.C. (“Ezdan Contracting”), a wholly owned subsidiary that was incorporated in the State of Qatar on 13 February 2008 as a sole owner company, under commercial registration number 38201, and has an authorized and paid-up capital of QR 200,000. Ezdan Contracting 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. (“Ezdan Hotels”), a wholly owned subsidiary that was incorporated in the State of Qatar on 8 February 2008 as a sole owner company, under commercial registration number 41580, and has an authorized and paid up capital of QR 200,000. Ezdan Hotels is involved in operating and managing hotels, suites, and restaurants.
- 3) Ezdan Mall Company S.O.C. (“Ezdan Mall”), a wholly owned subsidiary that was incorporated in the State of Qatar on 12 December 2010 as a sole owner company, under commercial registration number 48039, and has an authorized and paid up capital of QR 200,000. Ezdan Mall is involved in managing commercial malls and markets.
- 4) Ezdan Facility Management Company S.O.C. (“Ezdan Facility Management”), a wholly owned subsidiary that was incorporated in the State of Qatar on 7 December 2011 as a sole owner company, under commercial registration number 53366, and has an authorized and paid up capital of QR 200,000. Ezdan Facility Management is mainly involved in providing building maintenance services.
- 5) Ezdan Partnerships Company S.O.C. (“Ezdan Partnerships”), a wholly owned subsidiary that was incorporated in the State of Qatar on 1 April 2012 as a sole owner company, under commercial registration number 55054, and has an authorized and paid up capital of QR 200,000. Ezdan Partnerships is mainly involved in management of real estate partnership projects.

The Parent of the Group is Al-Tadawul Holding Group Q.S.C. (“Tadawul”) which aggregately owned directly and indirectly through its subsidiaries, 77.13% of the share capital of the Company as at 30 June 2012.

These interim condensed consolidated financial statements of the Group were authorized for issue by the Board of Directors of the Group on 29 July 2012.

EZDAN REAL ESTATE COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2012

2. BASIS OF PREPARATION

The accompanying interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards IAS 34 - Interim Financial Reporting. They do not include all of the information required for full annual financial statements, therefore should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when 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, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

3. SIGNIFICANT ACCOUNTING POLICIES

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 31 December 2011. except as noted below:

During the period, the Group has adopted the following standards effective for the annual period beginning on or after 1 January 2012:

IFRS 7 Financial Instruments (Disclosures)

The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, when:

- Financial assets are derecognised in their entirety, but the entity has a continuing involvement in them (e.g. options or guarantees on the transferred assets)
- Financial assets are not derecognised in their entirety

The amended disclosures are more extensive and onerous than previous disclosures. This amendment did not have any impact on the Group.

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

<i>Standard</i>	<i>Content</i>
IAS 12	Income Taxes - Tax recovery of underlying assets (Amendment)
IFRS 1	First-time adoption - Severe hyperinflation and removal of fixed dates for first-time adopters (Amendment)

EZDAN REAL ESTATE COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

<i>Standard</i>	<i>Content</i>	<i>Effective date</i>
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Items of Other Comprehensive Income (Amendment)	1 January 2013
IAS 19	Employee Benefits (Revised)	1 January 2013
IFRS 9	Financial Instruments -Classification & Measurement (Part 1)	1 January 2015

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011.

5. FINANCIAL RISK MANAGEMENT

The aspects of the Group's financial risk management objectives and policies and consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.

EZDAN REAL ESTATE COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

In thousands of Qatari Riyals

6. CASH AND CASH EQUIVALENTS

	30 June 2012 (Reviewed)	31 December 2011 (Audited)
Cash on hand	992	537
<i>Cash in banks</i>		
Term deposits	180,000	262,000
Saving and call accounts	69,798	471,989
Current accounts	39,665	21,523
Margin accounts	3,222	6,720
Cash and cash equivalents	293,677	762,769

7. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent the Parent of the Group, (Tadawul), the major shareholders, associated companies, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors.

a) Due from related parties

Name of related party and nature of relationship	30 June 2012 (Reviewed)	31 December 2011 (Audited)
Al-Tadawul Holding Group Q.S.C. (Parent of the Group)	154,354	451,954
Sak Group for Investment Properties S.O.C. (Affiliated entity)	5,638	4,382
White Square for Real Estate Development Company W.L.L. (Associate company)	5,375	2,204
Other related parties	2,777	338
	168,144	458,878

b) Due to related parties

Name of related party and nature of relationship	30 June 2012 (Reviewed)	31 December 2011 (Audited)
Sheikh Thani Bin Abdullah Al-Thani (Chairman of the Board of Directors)	8,290	8,000
	8,290	8,000

EZDAN REAL ESTATE COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

In thousands of Qatari Riyals

7. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

c) Related party transactions

	6 months ended 30 June 2012 (Reviewed)	12 months ended 31 December 2011 (Audited)
Sale of property (i)	610,584	920,416
Settlement of non-profit bearing liabilities	-	473,688

(i) During January 2012, the Group has entered into a contract to sell investment property to Al- Tadawul Holding Group Q.S.C. (Parent of the Group) for an amount of QR 610,584 thousand. The transaction has resulted in recognition of gain on sale amounting to QR 106,767 thousand.

8. INVESTMENT PROPERTY

	6 months ended 30 June 2012 (Reviewed)	12 months ended 31 December 2011 (Audited)
At 1 January	31,276,622	30,952,278
Development costs and acquired land during the period / year	329,139	1,016,155
Capitalized finance costs on property under development	82,804	201,591
Transferred to advances for acquisition of property	-	(10,561)
Reduction in liabilities for purchase of property	-	(20,554)
Carrying amount of land withdrawn by Government	-	(22,049)
Carrying amount of sold property	(503,817)	(879,043)
Fair value adjustment on investment property	-	38,805
At end of the period / year	31,184,748	31,276,622

(a) The Group has carried out a valuation of all investment properties owned by the Group as at 31 December 2011. The valuation was prepared by D.T.Z Qatar L.L.C., a certified valuer, specialized in the valuation of real estate and similar activities. The valuation has been prepared in accordance with the appropriate sections of the Practice Statements (“PS”) contained with the RICS Valuation Standards, 6th Edition (the “Red Book”). The methods used for valuation of investment property are disclosed in the consolidated financial statements for the year ended 31 December 2011.

The Group has not appointed an independent valuer to revalue its investment property as of the reporting date. Management having the experience and knowledge in the real estate market, believes that the carrying amounts of investment property are not materially different from their fair values at the reporting date.

(b) All investment properties are located in the State of Qatar.

EZDAN REAL ESTATE COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

In thousands of Qatari Riyals

9. ISLAMIC FINANCING BORROWINGS

a) The movements on the Islamic financing borrowings during the period were as follows:

	6 months ended 30 June 2012 (Reviewed)	12 months ended 31 December 2011 (Audited)
At 1 January	4,841,985	3,622,975
New facilities obtained during the period / year	221,547	1,635,890
Finance costs accrued on borrowings during the period / year	152,605	360,182
Repayments of outstanding facilities during the period / year	(986,281)	(777,062)
At end of the period / year	4,229,856	4,841,985

b) Obligations under Islamic financing borrowings are segregated between current and non-current maturity periods as follows:

	30 June 2012 (Reviewed)	31 December 2011 (Audited)
Current portion	602,789	940,997
Non-current portion	3,627,067	3,900,988
	4,229,856	4,841,985

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period.

	6 months ended 30 June 2012 (Reviewed)	6 months ended 30 June 2011 (Reviewed)
Net profit for the period (in QR 000)	198,041	103,668
Weighted average number of shares outstanding during the six months period (in thousand shares)	1,326,248	1,326,248
Earnings per share (expressed in QR per share as calculated for six months of the year)	0.15	0.08

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share are equal to the basic earnings per share.

11. DIVIDENDS

In the General Assembly meeting held on 18 April 2012, the shareholders approved the declaration for cash dividend distribution amounting to QR 397,875 thousands (QR 0.15 per share) from the outstanding retained earnings as at 31 December 2011, which was proposed by the Board of Directors in their meeting held on 18 March 2012.

EZDAN REAL ESTATE COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

In thousands of Qatari Riyals

12. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

	30 June 2012 (Reviewed)	31 December 2011 (Audited)
Bank guarantees	-	1,300
Letters of credit	180,500	225,900
Contractual commitments to contractors and suppliers for development of projects	583,600	659,022

13. SEGMENT INFORMATION

For management purposes, the Group is organised into three operating segments based on business lines and subsidiaries companies which are as follows:

- Residential and commercial property segment: acquires, develops and leases residential buildings, commercial buildings and shopping malls.
- Suites and hotels property segment: manages residential suites and hotel activities.
- Contracting segment: the main developer and contractor for the projects of the residential and commercial property segment.

Total assets of the contracting segment do not exceed 10% of the total assets of the Group, and hence is not considered a reportable segment for quantitative thresholds. As that the residential and commercial property sector is the main client of the contracting segment, the assets and liabilities of the contracting segment which are not eliminated in the consolidated financial statements are included under the residential and commercial property segment.

The following tables present revenue, profit, assets and liabilities information regarding the Group's operating segments.

For the six months ended 30 June 2012 (reviewed)	Residential and commercial property	Suites and Hotels	Total
Rent and other operating revenues	151,069	83,699	234,768
Gain on disposal of investment property	106,767	-	106,767
Other income	6,632	1,857	8,489
Operating expenses	(25,212)	(18,069)	(43,281)
General and administrative expenses	(33,594)	(5,804)	(39,398)
Segment profit	205,662	61,683	267,345
Finance cost	(69,304)	-	(69,304)
Net profit	136,358	61,683	198,041

EZDAN REAL ESTATE COMPANY Q.S.C.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2012
In thousands of Qatari Riyals
13. SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2011 (reviewed)	Residential and commercial property	Suites and Hotels	Total
Rent and other operating revenues	199,844	73,632	273,476
Other income	3,258	1,622	4,880
Operating expenses	(13,192)	(15,815)	(29,007)
General and administrative expenses	(21,291)	(7,283)	(28,574)
Segment profit	168,619	52,156	220,775
Finance cost	(117,107)	-	(117,107)
Net profit	51,512	52,156	103,668

As at 30 June 2012 (reviewed)	Residential and commercial property	Suites and Hotels	Total
<i>Segment assets</i>	27,585,576	4,438,432	32,024,008
<i>Segment liabilities</i>	4,460,990	23,208	4,484,198

As at 31 December 2011 (audited)	Residential and commercial property	Suites and Hotels	Total
<i>Segment assets</i>	28,458,643	4,428,262	32,886,905
<i>Segment liabilities</i>	5,127,307	19,954	5,147,261

14. COMPARATIVE FIGURES

Certain comparative figures in the interim condensed consolidated statement of comprehensive income were reclassified to match with the current period's classification. These reclassifications did not have any effect on the consolidated equity of the prior year, or net profit and comprehensive income for the comparative period.