

**BARWA REAL ESTATE COMPANY Q.S.C.**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**INFORMATION**

**30 June 2011**

**BARWA REAL ESTATE COMPANY Q.S.C.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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## **Independent Auditors' Report on Review of Interim Financial Information**

To  
The Board of Directors  
Barwa Real Estate Company Q.S.C.  
Doha  
State of Qatar

### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Barwa Real Estate Company Q.S.C. ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2011, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended ("the condensed consolidated interim financial information"). Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.


### **Scope of Review**

We conducted our review in accordance with the 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 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 condensed consolidated interim financial information as at 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

11 August 2011  
Doha  
State of Qatar

  
Gopal Balasubramaniam  
KPMG  
Qatar Auditors Registration No. 251

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011

QR' 000s

	Note	30 June 2011 Reviewed	31 December 2010 Audited
<b>ASSETS</b>			
Cash and bank	6	5,824,756	12,983,145
Financial assets at fair value through profit or loss		4,409	3,959
Receivables and prepayments		1,022,343	783,991
Available for sale financial assets	7	3,624,190	2,736,140
Due from customers under Islamic financing contracts		-	1,993,782
Finance lease receivables		3,176,902	1,806,641
Advances for projects and investments	8	5,357,485	6,048,411
Trading property		104,732	104,732
Property under development	9	33,054,810	31,589,780
Due from related parties	10 (b)	363,993	186,334
Investment property	11	11,046,596	12,584,160
Investments in equity accounted investees	12	2,917,857	1,951,115
Goodwill	13	176,240	413,809
Property, plant and equipment		632,899	796,188
<b>TOTAL ASSETS</b>		<b>67,307,212</b>	<b>73,982,187</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Payables and other liabilities	14	9,810,910	8,341,010
Placements from financial institutions		-	1,720,769
Unrestricted investment accounts for Islamic banking contracts	15	-	2,708,526
Due to related parties	10 (c)	16,529,442	23,907,254
Obligations under Islamic finance contracts	16	28,779,230	24,178,951
Deferred tax liabilities		28,137	24,984
<b>TOTAL LIABILITIES</b>		<b>55,147,719</b>	<b>60,881,494</b>
<b>EQUITY</b>			
Share capital	17	3,891,246	3,891,246
Reserves	18	4,947,108	4,977,669
Treasury shares		(4,119)	(4,991)
Retained earnings		2,749,418	2,367,309
<b>Total equity attributable to owners of the Parent</b>		<b>11,583,653</b>	<b>11,231,233</b>
Non-controlling interests		575,840	1,869,460
<b>TOTAL EQUITY</b>		<b>12,159,493</b>	<b>13,100,693</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>67,307,212</b>	<b>73,982,187</b>

This interim condensed consolidated financial information was approved and signed on behalf of the Board of Directors by the following on 11 August 2011.

Hitmi Ali Al Hitmi  
Chairman

Abdulla Abdulaziz Al-Subaie  
Chief Executive Officer & Board  
Member

The attached notes from 1 to 29 form an integral part of the interim condensed consolidated financial information.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

QR' 000s

	Note	30 June 2011 Reviewed	30 June 2010 Reviewed (Restated)
<b>REVENUES AND GAINS</b>			
Profit on sale of property	11	539,205	133,171
Gain on sale of subsidiaries	19	418,767	-
Gain on remeasurement of investment property	11	384,202	399,946
Income from banking activities		127,895	63,491
Unconditional Income from discharge of borrowings		-	914,900
Rental income		347,052	135,869
Income from consultancy and other related services		308,177	161,150
Share of results of equity accounted investees		43,374	2,999
Other income	20	176,769	47,514
<b>TOTAL REVENUES AND GAINS</b>		<b>2,345,441</b>	<b>1,859,040</b>
<b>EXPENSES AND LOSSES</b>			
Operating expenses		(211,321)	(95,122)
General and administrative expenses	21	(504,784)	(532,658)
Impairment losses	9	(142,224)	-
Expenses from banking activities		(26,506)	(32,329)
Depreciation and amortization		(53,283)	(39,000)
<b>TOTAL EXPENSES AND LOSSES</b>		<b>(938,118)</b>	<b>(699,109)</b>
Net finance costs	22	(621,165)	(662,440)
<b>Net profit before income tax</b>		<b>786,158</b>	497,491
Income tax expense		(7,562)	(1,538)
<b>Net profit for the period</b>		<b>778,596</b>	495,953
<i>Attributable to</i>			
Owners of the Parent		752,512	498,455
Non-controlling interests		26,084	(2,502)
<b>NET PROFIT FOR THE PERIOD</b>		<b>778,596</b>	495,953
<b>Adjusted basic and diluted earnings per share</b>	23	<b>1.93</b>	1.28
<b>Other comprehensive income</b>			
Net change in fair value of available for sale financial assets		(6,088)	(10,957)
Net change in fair value of cash flow hedges transferred to profit or loss		15,983	18,576
Effective portion of changes in fair value of cash flow changes		-	(3,890)
Exchange differences on translation of foreign operations		3,862	(32,224)
<b>Other comprehensive income for the period</b>		<b>13,757</b>	(28,495)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>792,353</b>	467,458
<i>Attributable to</i>			
Owners of the Parent		763,412	470,417
Non-controlling interests		28,941	(2,959)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>792,353</b>	467,458

The attached notes from 1 to 29 form an integral part of the interim condensed consolidated financial information.

BARWA REAL ESTATE COMPANY Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2011

QR' 000s

	Equity Attributable to the owners of the Parent						
	Share capital	Reserves	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2009 (Audited) – Restated	2,625,000	1,219,709	(872)	1,332,964	5,176,801	586,317	5,763,118
Net profit for the period	-	-	-	498,455	498,455	(2,502)	495,953
Other comprehensive loss for the period	-	(28,038)	-	-	(28,038)	(457)	(28,495)
Total comprehensive income for the period	-	(28,038)	-	498,455	470,417	(2,959)	467,458
Additional share capital issued	1,266,246	3,597,534	-	-	4,863,780	-	4,863,780
Dividends declared for 2009	-	-	-	(525,000)	(525,000)	-	(525,000)
Board of directors remuneration for 2009	-	-	-	(1,500)	(1,500)	-	(1,500)
Treasury shares resulting from newly acquired subsidiaries	-	-	(4,119)	-	(4,119)	-	(4,119)
Non controlling Interests' share in newly issued capital of subsidiaries	-	-	-	-	-	28,593	28,593
Balance at 30 June 2010 (Reviewed)	3,891,246	4,789,205	(4,991)	1,304,919	9,980,379	611,951	10,592,330

The attached notes from 1 to 29 form an integral part of the interim condensed consolidated financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - CONTINUED**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2011**

QR' 000s

	Equity Attributable to the owners of the Parent						
	Share capital	Reserves (Note 18)	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2010 (Audited)	3,891,246	4,977,669	(4,991)	2,367,309	11,231,233	1,869,460	13,100,693
Net profit for the period	-	-	-	752,512	752,512	26,084	778,596
Other comprehensive income for the period	-	10,900	-	-	10,900	2,857	13,757
Total comprehensive income for the period	-	10,900	-	752,512	763,412	28,941	792,353
Dividends declared for 2010 (note 24)	-	-	-	(389,125)	(389,125)	-	(389,125)
Directors remuneration for 2010	-	-	-	(9,000)	(9,000)	-	(9,000)
Other movements	-	(41,461)	-	27,722	(13,739)	(1,322,561)	(1,336,300)
Decrease in treasury shares	-	-	872	-	872	-	872
<b>Balance at 30 June 2011 (Reviewed)</b>	<b>3,891,246</b>	<b>4,947,108</b>	<b>(4,119)</b>	<b>2,749,418</b>	<b>11,583,653</b>	<b>575,840</b>	<b>12,159,493</b>

The attached notes from 1 to 29 form an integral part of the interim condensed consolidated financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

QR' 000s

	Note	30 June 2011 Reviewed	30 June 2010 Reviewed
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		778,596	495,953
<i>Adjustments for:</i>			
Depreciation and amortization		53,283	39,000
Share of results from equity accounted investees		(43,374)	(2,999)
Profit on sale of property		(539,205)	(133,171)
Unconditional Income from discharge of borrowings		-	(914,900)
Gain on sale of subsidiaries	19	(418,767)	-
Gain from disposal of property, plant and equipment	20	(43,789)	-
Gain on sale of available for sale financial assets	20	(19,471)	(34,585)
(Gain)/Loss on investment at fair value through profit or loss		(450)	-
Gain on remeasurement of investment property	11	(384,202)	(399,946)
Impairment loss on property under development	9	142,224	-
Operating loss before working capital changes		(475,155)	(950,648)
<i>Changes in working capital</i>			
Change in due from customers under Islamic financing		-	(90,874)
Change in receivables and prepayments		(430,374)	(50,456)
Changes in finance lease receivables		(97,260)	32,446
Change in payables and accruals		1,947,743	(213,890)
Change in provisions		-	(55,120)
Net deferred tax benefit		3,153	-
<b>NET CASH FROM/ (USED IN) OPERATING ACTIVITIES</b>		<b>948,107</b>	<b>(1,328,542)</b>
<b>INVESTING ACTIVITIES</b>			
Net cash inflows from the acquisition of a subsidiary		-	246,778
Payments to acquire or develop property under development and investment property		(3,739,551)	(3,873,721)
Payment for issue and increase in capital of equity accounted investees		-	(278,197)
Proceeds from sale of investment property		1,775,593	-
Payments for advances for purchase of investments and property		690,926	(714,977)
Payments for purchase of available for sale financial assets		(2,644,162)	(30,428)
Proceeds from sale of available for sale financial assets		52,266	52,810
Proceeds from unrestricted banking investment accounts		-	916,831
Net proceeds from disposal of subsidiaries		1,803,797	-
Net funds provided to related parties for investing activities		(7,708,109)	(1,735,271)
Proceeds from sale of treasury shares		(1,767)	-
Purchase of treasury shares		3,511	-
Payments for purchase of property, plant and equipment		(48,532)	(86,484)
Proceeds from sale of property, plant and equipment		117,682	-
Dividends received from associates		36,208	28,474
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(9,662,138)</b>	<b>(5,474,185)</b>

The attached notes from 1 to 29 form an integral part of the interim condensed consolidated financial information.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

QR' 000s

	Note	<b>30 June 2011 Reviewed</b>	30 June 2010 Reviewed
<b>FINANCING ACTIVITIES</b>			
Cash dividends paid to shareholders		(389,125)	(525,000)
Proceeds from Islamic financing contracts		26,381,484	9,193,171
Remuneration paid to board of directors		(9,000)	(1,500)
Payments for Islamic financing contracts		(22,006,805)	(422,589)
Proceeds from minority's' share in subsidiaries' capital		-	28,593
Deposits under lien		-	(756,223)
Movement in restricted bank balances and reserves		145,214	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>4,121,768</b>	<b>7,516,452</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>			
Net translation differences		95,213	82,085
Cash and cash equivalents at beginning of the period		12,822,509	979,217
Cash and cash equivalents for loss of control on subsidiaries	1	(2,516,125)	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6	<b>5,809,334</b>	<b>1,775,027</b>

The attached notes from 1 to 29 form an integral part of the interim condensed consolidated financial information.

## 1 LEGAL STATUS AND GENERAL INFORMATION

Barwa Real Estate Company Q.S.C. ("the Company" or "the Parent" or "Barwa") was incorporated as Qatari Shareholding Company under Commercial Registration No. 31901 dated 27 December 2005. The term of the Company is 100 years starting from the date of declaration in the Commercial Register.

The principal activities of the Parent include investment in all types of real estate including acquiring, reclamation, dividing, developing and reselling of lands and to establish agricultural, industrial, commercial projects on lands, or lease those lands, and also buying, selling and leasing buildings or projects. It also administers and operates real estate investments in and outside the State of Qatar. Other entities in the Group are engaged in the business of developing domestic and international real estate projects, investing, hotels ownership and management, financing, projects consulting, advertisement, and others.

The interim condensed consolidated financial information of the Group as at and for the half year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

There has been no significant change to the Group structure during the period except for the following:

- disposal of a subsidiary (Park House Limited which was incorporated in U.K). This was a 100% owned subsidiary of the Parent as of 31 December 2010;
- due to the change in the composition of the Group's Board of Directors and key management personnel after the Annual General Meeting held on 5 April 2011, the Group's management has concluded that the de facto control from the Parent on Barwa Bank has ceased to exist and therefore effective 5 April 2011 investment in Barwa Bank is accounted for as an investment in associate;
- dilution of equity ownership in Tanween Company W.L.L. from 60% to 40%. As a result, investment in Tanween Company W.L.L. is accounted as an investment in associate.

## 2 BASIS OF PREPARATION

The accompanying interim condensed consolidated financial information is prepared in accordance with International Financial Reporting Standards IAS 34 – "Interim Financial Reporting". It does not include all of the information required for annual consolidated 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 2010.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010, except for those newly adopted accounting policies in (a) below.

### (a) Standards, amendments and interpretations to existing standards effective in 2011 and relevant to the Group

#### *Revised IAS 24, 'Related party disclosures', issued in November 2009*

During the period, the Group has adopted revised IAS 24 - Related Party Transactions, which clarifies and simplifies the definition of a related party and removes the requirement for Government related entities to disclose details of all the transactions with the Government and other Government related entities.

### (b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued that are not yet effective for the period ended 30 June 2011 and have not been applied in preparing this condensed consolidated interim financial information. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for IFRS 9 Financial Instruments, which becomes mandatory on or after 1 January 2013 and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined yet.

**4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of interim condensed consolidated financial information 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 this interim condensed consolidated financial information, 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 were applied to the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

**5 FINANCIAL RISK MANAGEMENT**

The aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

**6 CASH AND CASH EQUIVALENTS**

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
Cash in hand	599	1,933
<i>Cash in banks and other financial institutions</i>		
Wakala placements with Islamic banks	-	1,931,738
Fixed deposits	3,867,551	6,654,029
Call accounts	1,319,866	3,213,878
Current accounts	621,318	999,343
Margin bank accounts	15,422	34,111
Cash in vaults	-	8,665
Cash at ATM	-	12,923
Reserve account with Qatar Central Bank	-	126,525
<b>Total cash and bank</b>	<b>5,824,756</b>	12,983,145
Less: restricted bank balances	(15,422)	(160,636)
<b>Cash and cash equivalents</b>	<b>5,809,334</b>	12,822,509

**7 AVAILABLE FOR SALE FINANCIAL ASSETS**

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
<i>Investments in equity securities</i>		
Quoted	107,094	224,915
Unquoted	792,311	983,057
<i>Investments in debt securities</i>		
Quoted	-	278,168
Unquoted	2,724,785	1,250,000
	<b>3,624,190</b>	2,736,140

During the period under review, a placement amounting to Euro 520 million has been made with a company at a minimum coupon of 6% and is considered under unquoted debt security. The placement matures on 28 December 2011.

**8 ADVANCES FOR PROJECTS AND INVESTMENTS**

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
Advances to subcontractors and suppliers	989,553	1,641,919
Advances for purchase of investments	399,807	129,408
Advances for purchase of property	2,510,899	2,193,474
Advances against exchange of land (Note i )	1,836,459	1,836,459
Refundable advances	101,338	727,722
	<b>5,838,056</b>	6,528,982
Less: provision for impairment of advances	(480,571)	(480,571)
	<b>5,357,485</b>	6,048,411

**Note i:**

During the year 2008, the Government of Qatar withdrew a piece of land located in Al-Khour district which was owned by the Group and other related parties. The Government committed to provide another plot of land located in Salwa district to the Group in exchange of the withdrawn land. The Group set off an amount of QR 1.4 billion that is included in the above advances with the related parties participating in the ownership of the withdrawn land in order for the Group to fully own the land to be received from the Government. The Government has specified the plot of land to be received in exchange of the withdrawn plot of land, and the land transfer formalities are in progress as at the reporting date.

**9 PROPERTY UNDER DEVELOPMENT**

	<b>6 months ended 30 June 2011 Reviewed</b>	12 months ended 31 December 2010 Audited
At 1 January	31,589,780	14,580,281
Additions	3,349,632	22,462,504
Government grants related to project costs	-	(73,000)
Transfers	(1,758,425)	(1,761,098)
Disposals	-	(934,999)
Impairment loss on property under development (Note i )	(142,224)	(2,386,149)
Translation adjustment	16,047	(297,759)
<b>At 30 June / 31 December</b>	<b>33,054,810</b>	31,589,780

**Note i:**

The Group undertook impairment testing model for the cost of its property under development at previous year end which revealed that the fair values less costs to sell being the recoverable amounts were lower than the carrying amounts of some of the projects of the Group as of that date. Cash generating units used for the impairment testing were determined for each project. Local and foreign accredited property appraisers were engaged to provide relevant commercial and marketing input to this process and to advise on current market trends in areas such as achievable market prices.

**10 RELATED PARTIES**

Related parties represent major minority holders in the subsidiaries, associated companies, entities where the Group is one of their founders, major shareholders, directors and key management personnel, and entities controlled, or significantly influenced by such parties. Pricing policies and terms of transactions are approved by the Group's management.

**a) Related party transactions**

	Six months ended	
	30 June 2011 Reviewed	30 June 2010 Reviewed
Gain from sale of fixed assets to an associate company	43,789	-
Consultancy income	61,638	63,784

**b) Due from related parties**

Nature of relationship	30 June 2011 Reviewed	31 December 2010 Audited
Associate entities	232,233	26,769
Non-controlling interests	3,339	97,445
Key management personnel	-	46,596
Affiliated entities	103,889	11,360
Other related parties	24,532	4,164
	<b>363,993</b>	<b>186,334</b>
<i>Due from related parties are segregated between non-current and current portion as follows:</i>		
Non-current	118,410	157,281
Current	245,583	29,053
	<b>363,993</b>	<b>186,334</b>

**c) Due to related parties**

Name/nature of relationship	30 June 2011 Reviewed	31 December 2010 Audited
Qatari Diar	14,560,880	19,947,105
Associated entities	1,685,788	3,804,345
Non-controlling interests	266,727	130,430
Other related parties	16,047	25,374
	<b>16,529,442</b>	<b>23,907,254</b>
<i>Due to related parties are segregated between non-current and current portion as follows:</i>		
Non-current	16,466,988	14,854,001
Current	62,454	9,053,253
	<b>16,529,442</b>	<b>23,907,254</b>

## 10 RELATED PARTIES (CONTINUED)

## d) Compensation paid to key management personnel

	Six months ended	
	30 June 2011 Reviewed	30 June 2010 Reviewed
Board of Directors' remuneration	9,000	1,500
Key management personnel compensation	18,984	22,170

## 11 INVESTMENT PROPERTY

	6 months ended 30 June 2011 Reviewed	12 months ended 31 December 2010 Audited
At 1 January	12,584,160	5,799,670
Additions	389,919	6,887,856
Disposals	(1,236,388)	(2,005,746)
Transfer due to sale of a subsidiary – Park House	(1,385,030)	
Transfers from property under development	290,904	1,703,233
Government grants related to project costs Relating to Barwa Bank that is considered as an associate (please refer note 1)	- (49,535)	(124,000) -
Fair value adjustment	384,202	376,123
Translation adjustment	68,364	(52,976)
	<b>11,046,596</b>	<b>12,584,160</b>

- (a) At the reporting date, the management of the Company is of the opinion that there are no significant changes to the fair value reported as at 31 December 2010. The carrying value of investment property held under lease contract represents the fair value determined using discounted cash flow method.
- (b) The external valuation carried out for the land of Masaken Al Saliya & Mesaimmer Company Limited S.P.C. (fully owned subsidiary of the Parent) as at 31 December 2010 included only the value of the occupancy right, and did not consider the fair value of the interest attached to the land, as the ownership of the land had not been transferred to the Company at 31 December 2010. However, during the period the ownership of the property has been transferred to the Group and the Group has recognised additional fair value gain related to the valuation of this land amounting to QR 462,703 thousands.

**12 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES**

The outstanding balances of the investments in equity accounted investees are represented as follows:

<i>Name of investee and country of incorporation</i>	<i>Effective Ownership</i>	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
<b>Associates</b>			
Barwa Bank – Qatar	38.23%	934,054	-
Al Imtiaz Investment Company – Kuwait	25%	315,303	325,721
Smeed Investments Company C.Q.S.C. – Qatar	47%	218,142	272,050
Nozol Holding Company B.S.C.C. – Bahrain	39%	154,370	165,955
Al Dhaman for Islamic Insurance – Qatar	20%	40,293	40,269
Bin Laden Group (QD – CPC) – Qatar	21.5%	43,000	-
Emdad Leasing Equipment Company – Qatar	22%	24,491	62,806
Bin Laden Group (QD – SBG) – Qatar	21.5%	21,500	-
Tanween Company W.L.L. - Qatar	40%	83,940	-
Bait Al Mashura - Qatar	20%	480	-
Panceltica Holding Limited – UK	26%	200,935	200,935
Marafeq Qatar Company W.L.L. – Qatar	25%	-	1,464
Asass Real Estate Company W.L.L. – Qatar	50%	933,427	933,701
Fareej Real Estate Company C.Q.S.C. – Qatar	33%	135,270	135,470
Beaucraft W.L.L. – Bahrain	35%	-	361
Regency Residential UK Limited - UK	50%	13,587	13,318
		3,118,792	2,152,050
Less: provision for impairment of an associate		(200,935)	(200,935)
		<b>2,917,857</b>	<b>1,951,115</b>

**13 GOODWILL**

During the period, a subsidiary named Park House has been disposed off. Apart from this, Barwa Bank and Tanween have been reclassified from subsidiaries to associates (please refer note 1). This has led to the decline in Goodwill balance.

**14 PAYABLES AND OTHER LIABILITIES**

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
Subcontractors and suppliers	1,977,258	1,749,998
Retention payable	466,746	490,068
Accrued expenses	125,754	337,645
Accrued finance cost	203,365	712,460
Deferred Government grant for transfer of property	676,100	676,100
Clients advances and unearned income	2,302,549	70,821
Customers banking current accounts	-	120,890
Employees end of services benefits	28,530	52,154
Liabilities under derivative financial instruments	654,207	674,820
Liabilities for purchase of land	2,952,939	3,272,667
Provisions	51,263	38,081
Other payables	372,199	145,306
	<b>9,810,910</b>	<b>8,341,010</b>
<i>Payables and other liabilities are segregated between non-current and current portion as follows:</i>		
Current	3,187,189	3,842,562
Non –Current	6,623,721	4,498,448
	<b>9,810,910</b>	<b>8,341,010</b>

**15 UNRESTRICTED INVESTMENTS ACCOUNTS FOR ISLAMIC BANKING CONTRACTS**

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
<i>By term:</i>		
Saving accounts	-	25,064
Term accounts	-	2,594,861
Call accounts	-	2,192
	-	2,622,117
Share of unrestricted investments accounts in profit	-	86,409
	-	2,708,526

All the above balances as of 31 December 2010 pertain to Barwa Bank, which has been considered as an associate with effect from 5 April 2011 (please refer note 1).



**16 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS**

The movements on the obligations under Islamic finance during the period / year were as follows:

	<b>6 months ended 30 June 2011 Reviewed</b>	12 months ended 31 December 2010 Audited
At 1 January	24,178,951	20,050,837
Assumed through business combinations	-	3,738,368
Additional facilities obtained during the period / year Relating to Barwa Bank that is considered as an associate (please refer note 1)	26,378,692	16,286,036
Discharged by Government	50,000	-
Repayments of outstanding facilities during the period / year	-	(4,300,000)
Translation adjustments	(22,006,805)	(11,531,958)
	178,392	(64,332)
<b>At 30 June / 31 December</b>	<b>28,779,230</b>	<b>24,178,951</b>

Obligations under Islamic finance contracts are segregated between non-current and current maturity periods as follows:

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
Non-current portion	26,282,131	6,957,101
Current portion	2,497,099	17,221,850
	<b>28,779,230</b>	<b>24,178,951</b>

**16 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS (CONTINUED)***Major covenants under Islamic Murabha Facilities:*

Under Murabha agreements concluded with some of the Group's relationship banks, the Group is required to maintain the following major financial covenants:

i) The ratio of total liabilities to total equity does not exceed 3.5:1.

Total liabilities equal the consolidated liabilities for the Group at the end of the reporting period, excluding the Group's non-recourse debts and the related finance costs.

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
Total debt (consolidated liabilities)	55,147,719	60,881,494
Less:		
a) Barwa Luxemburg non-recourse outstanding loan balance	(974,051)	(896,816)
b) Non-recourse liability and accrued finance cost for purchase of Egypt land	(2,983,061)	(3,272,667)
c) Non-recourse facilities' balances – (Qatar Real Estate Investment Company P.Q.S.C)	(4,120,514)	(5,127,764)
d) Barwa bank related non-recourse liabilities	-	(4,429,295)
e) Qatari Diar Group subordinated payable balance	(14,275,316)	(19,947,105)
Net recourse outstanding debts at 30 June / 31 December	32,794,777	27,207,847
Equity attributable to owners of the Parent at 30 June / at 31 December	11,583,653	11,231,233
<b>Total liabilities to total equity at 30 June / 31 December</b>	<b>2.83</b>	<b>2.42</b>

ii) The Group's finance cost coverage ratio should be not less than 2:1.

Finance cost coverage is the product of dividing earnings before depreciation, amortization, finance cost and taxes (EBITDA), by the finance cost.

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
Finance charges	605,536	1,383,549
Less:		
a) Finance cost on non-recourse Barwa Luxemburg loan	(15,775)	(76,722)
b) Finance cost on non-recourse facilities – Qatar Real Estate Investment Company P.Q.S.C	(44,608)	-
c) Subordinated finance cost relating to Qatari Diar payables	(224,278)	(295,182)
Net finance cost included in the ratio calculation	320,875	1,011,645
<b>EBITDA</b>		
Consolidated net profit for the period / year	778,596	1,411,092
Add / (Less):		
Depreciation and amortisation	53,283	91,863
Net tax income / (expense)	7,562	(7,086)
Net loss for the period/year from subsidiaries with non-recourse facilities	137,923	204,130
Add: Net finance cost above	320,875	1,011,645
Calculated EBITDA	1,298,239	2,711,644
<b>Finance cost coverage ratio (EBITDA ÷ Finance Cost)</b>	<b>4.05</b>	<b>2.68</b>

**17 SHARE CAPITAL**

*Authorised, issued and fully paid up:*  
389,124,637 ordinary shares of QR 10 each

<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
<b>3,891,246</b>	3,891,246

All shares are of same class and have equal voting rights.

**18 RESERVES**

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
Legal reserve	355,870	355,870
General reserve	4,639,101	4,639,231
Risk reserve	-	27,722
Cash flow hedge reserves	30,281	14,298
Available for sale financial assets fair value reserve	(7,032)	11,912
Translation reserve	(71,112)	(71,364)
	<b>4,947,108</b>	4,977,669

**19 GAIN ON SALE OF SUBSIDIARIES**

During the period, the Group sold one of its wholly owned subsidiary Park House Limited to a third party, resulting in a gain amounting to QR 410,897 thousands.

Further, Investment in Tanween WLL was diluted by 20% and a gain of QR 7,870 thousands was realized during the period.

**20 OTHER INCOME**

	<b>Six months ended</b>	
	<b>30 June 2011 Reviewed</b>	30 June 2010 Reviewed
Income from placements (please refer note 7)	57,539	-
Income from available for sale investments	19,471	-
Income from disposal of property, plant and equipment	43,789	-
Miscellaneous income	55,970	47,514
	<b>176,769</b>	47,514

**21 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Six months ended</b>	
	<b>30 June 2011 Reviewed</b>	<b>30 June 2010 Reviewed</b>
Staff costs	216,550	217,492
Advertising and promotion expenses	44,461	70,125
Professional expenses	106,372	92,314
Management fees	10,736	6,785
Rent expense	74,928	87,293
Other expenses	51,737	58,649
	<b>504,784</b>	<b>532,658</b>

**22 NET FINANCE COST**

	<b>Six months ended</b>	
	<b>30 June 2011 Reviewed</b>	<b>30 June 2010 Reviewed</b>
<b><i>Finance costs</i></b>		
Banks profits on Islamic financing charged to profit or loss	605,536	414,442
Losses from derivative financial instruments	192,543	355,143
Net foreign exchange gains on financing activities	59,119	93,468
Finance costs for the period	<b>857,198</b>	<b>863,053</b>
<b><i>Finance income</i></b>		
Income from Murabaha and Islamic deposits	88,247	50,396
Unwinding of discount on deferred sale arrangements	-	118,713
Unwinding of discount on finance lease receivables	147,786	31,504
Finance income for the period	<b>236,033</b>	<b>200,613</b>
<b>Net finance costs for the period</b>	<b>621,165</b>	<b>662,440</b>

**23 ADJUSTED EARNINGS PER SHARE**

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

	<b>Six months ended</b>	
	<b>30 June 2011 Reviewed</b>	30 June 2010 Reviewed (Restated)
Net profit for the period (attributable to the owners of the Parent)	752,512	498,455
Adjusted weighted average number of shares outstanding during the six months period (in thousands)	389,125	389,125
Adjusted basic / diluted earnings per share (expressed in QR per share as calculated for six months)	<b>1.93</b>	1.28

During the first half of the year 2010, 126 Million additional shares amounting to QR 1,266 Million were issued by the Parent. The earnings per share would have been QR 1.63 for the six months ended 30 June 2010, if the weighted average number of shares outstanding would have been calculated from the date of the abovementioned share issue.

**24 DIVIDEND**

At the General Assembly Meeting held on 5 April 2011, the shareholders of the Parent approved and declared cash dividend of 10% amounting to QR 389,124,637.

**25 CONTINGENT LIABILITIES**

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
Bank guarantees	5,637	104,192
Letters of credit	<b>400,000</b>	420,659

**26 COMMITMENTS**

	<b>30 June 2011 Reviewed</b>	31 December 2010 Audited
Contractual commitments to contractors and suppliers for property under development	<b>6,589,450</b>	9,402,122
Commitments for operating leases	<b>514,311</b>	759,209
Commitments for purchase of property	<b>6,991</b>	-
Unused facilities	-	21,693

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

QR' 000s

**27 SEASONALITY**

Sale of real estate property, other income items as well as the non-operating expenses of the Group are subject to business and seasonal fluctuations and changes in real estate economic conditions locally and internationally. For the six months ended 30 June 2011, the recognized consolidated net profit represented 55.18% of the annual consolidated net profit for the year ended 31 December 2010 (six months ended 30 June 2010: 35.15% from the annual consolidated profit for the year ended 31 December 2010). Accordingly, the six month results reported in this interim condensed consolidated financial information may not represent a proportionate share of the overall annual consolidated profit or loss.

**28 SEGMENT REPORTING**

For management purposes, the Group is organized into three major business segments. The real estate segment develops and sells condominiums, villas and plots of land. Banking and financing is involved in providing banking activities and other financing services. While the investing, consulting and other segments include businesses that individually do not meet the criteria for a reportable segment. These businesses are mainly related to equity and debt investments.

The operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results, which are considered as measure of the individual segment's profit and losses.

<b>30 June 2011 (Reviewed)</b>	<b>Real estate</b>	<b>Banking and financing activities</b>	<b>Investing, consulting and other activities</b>	<b>Total</b>
Total segment income	1,872,179	162,893	310,369	2,345,441
Total segment expenses	(1,181,130)	(97,932)	(287,783)	(1,566,845)
<b>Segment results</b>	<b>691,049</b>	<b>64,961</b>	<b>22,586</b>	<b>778,596</b>
<b>Segment assets</b>	<b>66,411,486</b>	<b>126,996</b>	<b>768,730</b>	<b>67,307,212</b>
<b>30 June 2010 (Reviewed)</b>	<b>Real estate</b>	<b>Banking and financing activities</b>	<b>Investing, consulting and other activities</b>	<b>Total</b>
Total segment income	1,557,694	113,759	187,587	1,859,040
Total segment expenses	(1,006,030)	(164,768)	(192,289)	(1,363,087)
Segment results	551,664	(51,009)	(4,702)	495,953
Segment assets	46,422,114	4,612,453	609,993	51,644,560

**29 COMPARATIVE FIGURES**

Certain comparative information has been reclassified wherever necessary to conform to the current period's presentation. Such reclassifications did not have any effect on the reported profit or the retained earnings of the comparative period.