

Barwa Real Estate (BRES.QA)

OVERWEIGHT

CMP	QAR 34.20
Target	QAR 38.33
Potential Upside	12.1%

MSCI GCC Index	416.75
Qatar Exchange	7,193.38

Key Stock Data

Sector	Real Estate & Investments
Reuters Code	BRES.QA
Bloomberg Code	BRES QD Equity
Net Out. Shares (mn)	262.50
Market Cap (QAR bn)	8.978
Market Cap (USD bn)	2.466
Avg. 12m Vol. (mn)	1.328
Volatility (30 day)	28.059
Volatility (180 day)	42.393

Stock Performance (%)

52 week high / low (QAR) 41.20 / 16.80

	1M	3M	12M
Absolute (%)	-2.8	3.3	48.7
Relative (%)	-0.9	-0.9	15.5

Shareholding Pattern (%)

Qatari Diar Real Estate Investment Company	45.00
Public	55.00

Barwa and Qatar Exchange



Quarterly Result Update

- Barwa Real Estate (Barwa) posted a total income of QAR 1,307.40 million in 9M09, a YoY increase of 45.2%.
- We have changed our FY2009 estimates for total income and net income by 64.5% and 72.1%, driven by the significant increase in share of results from equity accounted investees in 3Q09.
- We are revising our earlier NEUTRAL recommendation on Barwa Real Estate to OVERWEIGHT with DCF target price changed to QAR 38.33, implying an upside of 12.1%.

Overview

QAR Millions	2007A	2008A	2009E	2010E	2011E
Total Income	901.89	1,406.41	1,517.93	967.61	1,396.63
% Change YoY	62.7	55.9	7.9	-36.3	44.3
EBITDA	753.81	894.86	735.09	134.76	401.21
% Change YoY	45.8	18.7	-17.9	-81.7	197.7
Net Profit	529.69	309.96	556.20	8.15	241.82
% Change YoY	17.1	-41.5	79.4	-98.5	2,868.9
Adj. EPS (QAR)	2.02	1.18	2.12	0.03	0.92
ROAE	19.5%	8.4%	11.9%	0.2%	4.8%

Revenues

During 9M09, Barwa's total income increased 45.2% to QAR 1,307.40 million from QAR 900.18 million in 9M08 on increased share of results from equity accounted investees, partially offset by reduced profit from property sales. The share of results from equity accounted investees reached QAR 780.28 million from QAR 15.94 million in the comparable period of last year. The company also recorded a gain from the sale of subsidiary of QAR 250.11 million during the period under review compared to nil in the same period of last year. Rental income increased 28.3% to QAR 121.51 million from QAR 94.70 million led by an increase in investment properties. Meanwhile, gain on revaluation of investment properties amounted to QAR 673.96 million compared to QAR 3.75 million in 9M08. On the other hand, profit on sale of properties fell 80.6% to QAR 87.65 million, while profit from hotel activities and finance income was nil as opposed to QAR 12.11 million and QAR 54.32 million in 9M08, respectively.

Expenses

The company's total expenses more than doubled to QAR 1,361.28 million in 9M09 from QAR 598.33 million in 9M08 hurt by impairment losses of QAR 477.63 million compared to nil last year. Moreover, operating expenses jumped to QAR 648.55 million from QAR 317.36 million last year. The increase was due to a 99.5% spike in general & administrative expenses to QAR 622.63 million and a depreciation charge of QAR 25.91 million compared to QAR 5.28 million in 9M08.

Profitability

Increased rental income, huge jump in share of results from equity accounted investees, gain on sale of subsidiary and significant gain on revaluation of investment properties resulted in net profit more than doubling to QAR 622.61 million in 9M09 from QAR 299.40 million in 9M08. Accordingly, adjusted EPS rose to QAR 3.16 from QAR 1.52. Meanwhile, RoAA and RoAE increased to 3.1% and 17.6% from 1.9% and 10.5% in 9M08, respectively.

Peer Comparison

For the purpose of peer comparison, we have taken Aldar Properties (the UAE), Dar Al-Arkan Real Estate Development (Saudi Arabia) as the comparable companies involved in real estate and investment activities across the GCC.

Financial Performance of Comparable Companies						
	Aldar		AlArkan		Barwa	
	2008	9M09	2008	9M09	2008	9M09
Ratios:						
RoAA	9.5%	3.6%*	12.2%	10.3%*	1.5%	3.1%*
RoAE	29.1%	12.6%*	20.7%	17.6%*	8.4%	17.6%*
Debt to Equity (D/E) Ratio (x)	1.41	2.14	0.65	0.62	2.81	3.40
Shareholders' Equity to Total Assets Ratio (x)	0.32	0.26	0.58	0.59	0.18	0.17
Total Liabilities to Shareholder equity (x)	1.83	2.85	0.72	0.69	4.40	4.84
Market Indicators:						
Adj. EPS (USD)	0.36	0.22*	0.58	0.55*	0.32	0.87*
P/E (x)	4.16	6.85	7.29	7.76	28.96	10.81
Adj. BVPS (USD)	1.69	1.82	2.90	3.31	4.65	5.24
P/BV (x)	0.89	0.83	1.46	1.28	2.02	1.79
Market Capitalisation** (USD Million)	3,901	3,901	4,580	4,580	2,466	2,466
(USD Millions)						
Operating Profit	898	358	705	482	386	359
% YoY change	66.4	-59.2	16.5	-15.3	55.9	45.2
EBITDA	906	358	719	490	246	188
% YoY change	66.3	-60.2	16.5	-15.8	18.7	16.4
Net Profit	938	427	628	442	85	171
% YoY change	77.5	-53.3	17.3	-10.8	-41.5	107.9
Total Assets	13,549	18,078	5,378	6,023	6,679	8,116
% YoY change	119.1	47.8	9.7	18.4	54.9	14.3
Shareholders' Equity	4,365	4,689	3,130	3,573	1,220	1,375
% YoY change	108.5	5.7	6.7	19.2	49.3	8.1

Source: Zawya, Barwa

*Annualised

** Price as on November 26, 2009

New Projects and Updates

In November 2009, Barwa announced a QAR 2.5 billion (USD 686.7 million) investment to construct a tourist resort, consisting of hotel, villas, and apartments. Earlier, in October, Barwa entered into a joint venture with Qatar Insurance Company, Qatar Islamic Bank, Rayan Bank and Qinvest Company to establish a QAR 200 million Islamic insurance company named Damman Islamic Insurance Company. Barwa owns 20.0% of the venture, which is likely to start operations from January 2010. Moreover, during the same month, the company merged its three entities - Barwa Real Estate Management, Barwa Maintenance Service Management and Barwa Hotels & Resorts, to form a new entity called 'Waseef' to act as a link between customers and service providers.

As per latest updates, Barwa's QAR 1.5 billion residential and retail development project - Barwa Village Project - was 85% complete as of September 2009 and is expected to be completed during 1Q10. With the completion of this project, the company is expected to benefit from the sale of properties and rental income over the coming years.

Risks and Concerns to Valuation:

- ❖ A major part of the company's profit includes non-recurring items like gain on sale of subsidiary and gain on revaluation of properties. The unavailability of detailed information regarding the company's and its subsidiaries' properties, investment and other assets has restricted our forecasts to the available information. Any drastic change in these non-recurring items would impact the forecasted EPS.
- ❖ Demand for real estate properties has shown some signs of recovery on account of a likely improvement in the economic scenario. Any sudden change in macroeconomic factors would however impact the overall industry.

Valuation Methodology:

We have used the DCF valuation method to arrive at the fair value, as discussed below:

Assumptions:

- (i) Risk free Rate (Rf) of 3.14%, taken from the one year average yield on a 10-year US T-bill;
- (ii) Unlevered Beta of 1.04;
- (iii) Terminal growth rate of 2.0%.

Based on the inputs and using the Capital Asset Pricing Model (CAPM), we have arrived at a Cost of Equity of 9.90% and a WACC of 4.62%.

DCF Calculation

DCF Valuation (FCFF Model)					
(in QAR '000)	2009E	2010E	2011E	2012E	2013E
Operating Profit (EBIT)	37,465	86,402	342,452	646,980	1,025,728
Zakat on EBIT	370	853	3,380	6,386	10,124
Effective Tax Rate	1.0%	1.0%	1.0%	1.0%	1.0%
NOPAT	37,095	85,550	339,073	640,595	1,015,604
Add: Depreciation and Amortisation	12,857	48,359	58,762	69,699	80,996
Less: Capex	106,471	326,427	354,172	372,355	384,597
Less: Change in Net Working Capital	-42,538	-53,869	-76,651	-90,275	-98,479
Free Cash Flow to Firm (FCFF)	-13,981	-138,650	120,314	428,214	810,482
WACC	4.62%	4.62%	4.62%	4.62%	4.62%
Present Value / Discount Factor	0.9888	0.9451	0.9034	0.8635	0.8254
Long-Term Growth Rate (g)					2.00%
Terminal Multiple [(1 + g) / (WACC - g)]					38.95
Nominal Terminal Value [(FCFF * (1 + g)) / (WACC - g)]					31,566,463
Present Value of Free Cash Flows	-13,824	-131,041	108,691	369,767	668,961

Calculation of Equity Value and Fair Value Per Share	
NPV of Free Cash Flows (during Explicit Forecast Period)	1,002,554
Terminal Value:	
Residual Cash Flow (FCFF of 2013E)	810,482
WACC	4.62%
Long-Term/Terminal Growth Rate (g)	2.00%
Divided by Capitalisation Rate (WACC - g)	2.62%
Equals Nominal Terminal Value	31,566,463
<i>Implied Multiple of 2013E EBITDA</i>	28.52
Times PV/Discount Factor	0.83
Present Value of Terminal/Residual Value	26,054,509
Enterprise Value	27,057,063
<i>Implied Multiple of 2013E EBITDA</i>	24.45
Less: Market Value of Long-term Debts	16,995,965
Less: Market Value of Preferred Shares	0
Add: Surplus Cash and Investments	0
Equity Value	10,061,098
Net shares outstanding ('000)	262,500
Fair Value Per Share (QAR)	38.33

* figures in QAR '000 unless specified

Sensitivity Analysis

The following tables present a sensitivity analysis, showing the probable nominal terminal value, discounted terminal value and enterprise value, given different growth rate and WACC scenarios. The shaded areas represent the most probable outcomes.

Sensitivity Analysis of Nominal Terminal Value (QAR '000)					
Discount Factor	Long-Term Growth Rate				
	1.00%	1.50%	2.00%	2.50%	3.00%
3.62%	31,256,987	38,824,020	51,065,254	74,246,972	134,885,419
4.12%	26,246,077	31,411,725	39,015,272	51,315,574	74,609,152
4.62%	22,619,820	26,376,008	31,566,463	39,206,523	51,565,894
5.12%	19,873,959	22,731,799	26,505,939	31,721,200	39,397,774
5.62%	17,722,582	19,972,344	22,843,779	26,635,871	31,875,938

Sensitivity Analysis of Discounted Terminal Value (QAR '000)					
Discount Factor	Long-Term Growth Rate				
	1.00%	1.50%	2.00%	2.50%	3.00%
3.62%	26,873,955	33,379,895	43,904,594	63,835,639	115,971,018
4.12%	22,108,733	26,460,085	32,865,033	43,226,357	62,848,012
4.62%	18,670,078	21,770,382	26,054,509	32,360,507	42,561,756
5.12%	16,074,633	18,386,137	21,438,771	25,657,025	31,866,060
5.62%	14,048,344	15,831,687	18,107,817	21,113,734	25,267,433

Sensitivity Analysis of Enterprise Value (QAR '000)					
Discount Factor	Long-Term Growth Rate				
	1.00%	1.50%	2.00%	2.50%	3.00%
3.62%	27,916,862	34,422,803	44,947,501	64,878,547	117,013,926
4.12%	23,131,223	27,482,575	33,887,523	44,248,847	63,870,502
4.62%	19,672,631	22,772,936	27,057,063	33,363,060	43,564,309
5.12%	17,057,717	19,369,221	22,421,855	26,640,109	32,849,144
5.62%	15,012,413	16,795,756	19,071,886	22,077,803	26,231,502

Investment Opinion

Qatar's real GDP is expected to grow by 11.5% during 2009 - highest among the GCC countries, according to IMF estimates. This strong growth is attributable to the country's plan of almost doubling its LNG production by the end of this year. The construction sector has emerged stronger over the recent years, contributing about 7.6% to nominal GDP in 2Q09 compared to 4.6% in 2Q08. With nearly USD 212.24 billion worth of projects underway, Qatar accounts for nearly 10% of the overall projects in the GCC region. As the Qatari government continues to undertake massive initiatives to position the country as an economic leader in the region, we believe that real estate activity is likely to witness significant investments and developments over the coming years. However, the prevailing economic slowdown has resulted in a decline in property prices and rents. Moreover, the massive supply coming on-stream across segments would continue to keep property prices under pressure.

During the last quarter, share of results from equity accounted investees of QAR 703.25 million has resulted in a significant 45.2% YoY increase in total income for 9M09. Accordingly, net profit rose two-fold to QAR 622.61 million in the same period, despite stagnant activity in its core businesses (property sales and hotels) during 3Q09. Despite the delay in various projects due to the economic slowdown and financial crisis, the QAR 1.5 billion 'Barwa Village' project is likely to be launched during the first quarter of 2010. Moreover, the newly formed joint venture, Damman Islamic Insurance Company, is also expected to start operations during 1Q10.

We had initiated coverage on Barwa real estate on September 10, 2009 with a NEUTRAL rating (target price of QAR 36.62 with a 4.6% upside). Currently, Barwa's stock is trading at a P/E multiple of 16.14x and 1,102.19x on 2009E and 2010E earnings, and at a P/BV multiple of 1.82x and 1.82x on 2009E and 2010E BVPS, respectively. Meanwhile, the stock has outperformed the 4.5% gain in the Qatar Exchange index, rising 12.9% since the beginning of this year. Considering the above factors, we have arrived at a price target of QAR 38.33, implying an upside of 12.1% over its current price of QAR 34.2 (as on November 26, 2009). **Accordingly, we are revising our earlier NEUTRAL recommendation on Barwa Real Estate to OVERWEIGHT.**

Financial Statements

(QAR Millions)	Consolidated Income Statement						
	2007A	2008A	9M08	9M09	2009E	2010E	2011E
INCOME AND GAINS							
Profit on sale of properties	215.5	773.7	452.1	87.7	149.8	276.7	421.8
Profit from hotels activities	0.0	1.7	12.1	0.0	1.7	1.8	2.0
Gain on sale of subsidiary	0.0	43.7	0.0	250.1	250.1	0.0	0.0
Finance income	181.8	167.6	54.3	0.0	9.8	24.5	59.7
Management fees income	0.0	41.2	14.4	40.0	42.0	44.5	47.9
Commission income	0.0	18.2	0.0	0.0	0.0	0.0	0.0
Dividend income	42.4	106.5	73.1	21.0	22.9	36.5	58.4
Rental income	68.2	115.1	94.7	121.5	168.0	328.1	528.1
Gain on sale of available for sale investments	0.0	6.5	43.9	-1.1	-1.1	0.0	0.0
Share of results of associates	424.2	17.3	15.9		16.8	20.8	26.2
Share of results from joint venture	0.0	55.6	0.0	780.3	840.4	215.6	231.2
Foreign currency revaluation gain/(loss)	-32.5	24.8	0.0	0.0	0.0	0.0	0.0
Other income	2.4	34.7	37.8	7.9	17.3	19.1	21.4
Income from murabaha and deposits	0.0	0.0	101.9	0.0	0.0	0.0	0.0
	901.9	1,406.4	900.2	1,307.4	1,517.9	967.6	1,396.6
EXPENSES AND LOSSES							
Loss/(gain) revaluation of investment properties	-147.9	109.3	-3.8	-674.0	-674.0	-349.0	-408.6
Staff Cost	60.6	196.9	0.0	0.0	288.4	300.0	349.2
Advertising and promotion	9.5	26.8	0.0	0.0	62.3	68.7	85.2
Professional fees	25.7	100.8	0.0	0.0	123.9	132.2	179.7
Finance charges	361.8	457.1	318.1	235.2	332.5	427.2	507.5
General and administrative expenses	52.2	187.1	312.1	622.6	308.2	331.9	381.3
Unrealised losses/(gains) on re-measurement of financial assets at fair value through profit and loss	-0.5	2.5	-18.6	-0.1	-0.1	0.0	0.0
Losses/(gains) from derivatives instrument	-26.6	37.0	-18.5	0.0	0.0	0.0	0.0
Impairment losses	0.0	0.0	0.0	477.6	477.6	0.0	0.0
Depreciation and amortisation	5.2	17.6	5.3	25.9	38.8	48.4	58.8
	340.1	1,135.0	594.6	687.3	957.6	959.4	1,153.0
Net Profit before taxes	561.8	271.4	305.6	620.1	560.3	8.2	243.6
Income taxes (net deferred tax benefit)	0.0	34.5	-8.0	1.0	-5.5	-0.1	-2.4
Profit for the year	561.8	305.9	297.6	621.1	554.8	8.1	241.2
Attributable to:							
Equity holders of the Bank	529.7	310.0	299.4	622.6	556.2	8.1	241.8
Minority interests	32.1	-4.1	-1.8	-1.5	-1.4	0.0	-0.6

Consolidated Balance Sheet							
(QAR Millions)	2007A	2008A	9M08	9M09	2009E	2010E	2011E
ASSETS							
Cash at banks and financial institutions	769.9	538.8	1,178.6	1,440.2	1,626.5	1,588.9	1,380.7
Financial assets at fair value through profit or loss	6.5	4.0	116.8	11.3	12.1	14.4	16.3
Trading properties	375.7	104.7	26.9	104.7	104.7	192.9	302.9
Receivables & prepayments	200.1	807.6	0.0	852.9	894.1	986.4	1,037.2
Available for sale financial assets	1,642.8	1,853.5	2,083.0	1,066.4	985.9	1,168.6	1,327.7
Advances for projects and investments	4,157.0	3,097.1	8,893.8	2,681.2	2,553.4	2,976.8	3,425.6
Property under development	3,245.9	10,472.6	9,835.5	11,156.8	12,009.9	14,977.3	17,235.3
Due from related parties	2,643.0	2,523.0	0.0	4,430.5	4,567.3	4,863.1	4,982.7
Investment property	1,659.3	1,506.2	1,658.2	4,577.1	4,747.1	5,923.0	7,502.0
Investment in associates	596.9	543.1	311.2	1,930.5	629.0	708.9	763.7
Investment in a joint venture	0.0	285.4	0.0	0.0	1,456.8	1,635.0	1,753.3
Goodwill	68.7	97.5	182.3	122.7	125.5	141.5	152.4
Other intangible assets	8.0	8.0	0.0	0.0	8.0	8.1	8.1
Property, plant and equipment	321.8	1,009.9	1,566.5	1,176.3	1,258.9	1,536.9	1,832.3
Assets classified as held for sale	0.0	1,465.7	0.0	0.0	0.0	0.0	0.0
TOTAL ASSETS	15,695.6	24,317.1	25,852.9	29,550.6	30,979.3	36,721.7	41,720.2
LIABILITIES AND EQUITY							
Payables and accruals	686.7	1,850.7	1,945.9	1,877.5	2,045.7	2,461.6	2,755.0
Due to a related parties	1,599.3	656.7	0.0	761.7	814.0	928.1	991.9
Liabilities for purchase of land	0.0	3,414.9	4,809.5	3,350.1	3,599.6	3,648.2	3,682.6
Obligation under Islamic finance contracts	9,142.0	12,476.4	13,244.3	16,996.0	18,016.3	23,148.2	27,500.2
Liabilities under derivatives contracts	0.0	106.7	0.0	205.4	215.3	236.9	248.3
Deferred tax liabilities	139.3	108.2	0.0	103.7	118.9	122.6	126.8
Provisions	903.4	909.3	903.4	919.4	919.4	919.4	919.4
Liabilities related to assets classified as held for sale	0.0	21.8	0.0	0.0	0.0	0.0	0.0
TOTAL LIABILITIES	12,470.7	19,544.6	20,903.1	24,213.7	25,729.3	31,465.0	36,224.1
Equity							
Share capital	2,000.0	2,625.0	2,625.0	2,625.0	2,625.0	2,625.0	2,625.0
Legal reserve	98.2	126.9	98.2	127.8	182.5	183.3	207.5
General reserve	40.0	1,041.7	1,041.7	1,041.7	1,041.7	1,041.7	1,041.7
Available for sale investments fair value reserve	18.8	45.8	35.5	-128.1	27.3	27.3	27.3
Cash flow hedge reserve	0.0	-112.4	0.0	0.0	-91.0	-91.0	-91.0
Translation reserve	42.9	35.9	30.7	0.0	-42.7	-42.7	-42.7
Retained earnings	775.3	679.9	800.3	1,338.3	1,178.9	1,184.8	1,400.6
Equity attributable to the shareholders of the parent	2,975.2	4,442.7	4,631.4	5,004.7	4,921.7	4,928.4	5,168.4
Minority interest	249.7	329.8	318.3	332.2	328.3	328.3	327.7
TOTAL EQUITY	3,224.9	4,772.5	4,949.7	5,336.9	5,250.1	5,256.7	5,496.1
TOTAL LIABILITIES AND EQUITY	15,695.6	24,317.1	25,852.9	29,550.6	30,979.3	36,721.7	41,720.2

Consolidated Cash Flow Statement

(QAR Millions)	2007A	2008A	2009E	2010E	2011E
OPERATING ACTIVITIES					
Net profit for the year	561.8	305.9	554.8	8.1	241.2
Adjustments for:					
Loss/(gain) on fair value adjustment investment properties	-147.9	109.3	-674.0	-349.0	-408.6
Unrealised losses/(gains) on financial assets held for trading	-0.5	2.5	-0.1	0.0	0.0
Gain on liquidation of investments	0.0	-6.5	1.1	0.0	0.0
Depreciation	5.2	17.6	38.8	48.4	58.8
Net deferred tax benefit	0.0	-34.5	5.5	0.1	2.4
Share of results of associates	-424.2	-17.3	-16.8	-20.8	-26.2
Share of results from joint venture	0.0	-55.6	-840.4	-215.6	-231.2
Loss on sale of equipment	0.6	0.0	0.0	0.0	0.0
Dividend declared by associates	0.0	352.7	0.0	0.0	0.0
Deferred income from sales to associates	0.0	11.9	0.0	0.0	0.0
Provided severance provision	0.3	5.9	0.0	0.0	0.0
Net finance expense and dividends	0.0	220.0	0.0	0.0	0.0
Impairment losses	0.0	0.0	477.6	0.0	0.0
Gain on restructure of debt	0.0	0.0	-294.7	0.0	0.0
Unrealised losses/(gains) from derivative instrument	0.0	0.0	156.6	0.0	0.0
Gain on sale of subsidiary	0.0	0.0	-250.1	0.0	0.0
(Loss)/Gain on sale of available for sale financial assets	0.0	0.0	1.1	0.0	0.0
Operating profit/(loss) before working capital changes	-4.7	911.9	-840.6	-528.8	-363.7
Changes in Working capital					
Decrease/(increase) in receivables and prepayments	0.0	-830.4	-86.6	-92.3	-50.8
Decrease/(increase) in due from related parties	516.5	120.0	-1,152.9	-295.8	-119.6
Decrease/(increase) in trading property	-301.5	271.0	0.0	-88.1	-110.0
Increase in payables and other credit balances	1,047.4	1,164.0	195.0	415.9	293.4
(Decrease)/increase in due to related parties	89.5	-942.6	157.3	114.2	63.8
Net finance expense and dividends	0.0	-220.0	0.0	0.0	0.0
Net cash from operating activities	1,347.3	473.9	-1,727.8	-474.9	-287.0
INVESTING ACTIVITIES					
Payment of acquisition of subsidiaries net of cash acquired	-184.3	-693.5	-18.3	0.0	0.0
Payment for establishment of property under development	-7,240.3	-4,259.3	-4,087.5	-4,023.4	-3,663.3
Receipt from government grant	0.0	325.0	0.0	0.0	0.0
Payment for acquisition of associates	-178.4	-293.6	-85.9	-79.9	-54.8
Payment for acquisition of joint venture	0.0	-229.8	-331.0	37.4	113.0
Net proceed from (purchase)/sale of available for sale financial assets	-751.2	-136.3	867.6	-182.7	-159.1
Payment for enhancement/acquisition of investment property	-1,417.2	-0.6	0.0	0.0	0.0
Payment for purchase of property, plant and equipment	-11.9	-542.5	-287.8	-326.4	-354.2
Proceeds from sale of subsidiaries	0.0	0.0	40.7	0.0	0.0
Net cash from investing activities	-9,783.4	-5,830.5	-3,902.2	-4,575.0	-4,118.3

Consolidated Cash Flow Statement					
(QAR Millions)	2007A	2008A	2009E	2010E	2011E
FINANCING ACTIVITIES					
Proceeds from increase in parent's capital	0.0	1,501.7	0.0	0.0	0.0
Net proceeds from raising/(payment) of obligation under Islamic finance contracts	8,722.6	3,405.6	5,540.0	4,902.7	4,117.1
Dividends paid	0.0	-250.0	0.0	0.0	0.0
Board of Director's remuneration paid	-1.5	-1.8	-1.5	-1.5	-1.8
Proceeds from minority's share in subsidiaries' capital	217.6	135.0	3.5	0.0	0.0
Restricted bank balances	0.0	159.4	65.4	64.0	55.7
Proceeds from government grant	0.0	0.0	1,120.0	0.0	0.0
Payments for liability for purchase of land	0.0	0.0	184.7	48.6	34.4
Deposits under lien	0.0	0.0	-100.5	0.0	0.0
Net cash from financing activities	8,938.7	4,950.0	6,811.6	5,013.8	4,205.5
Net (decrease)/increase in cash and cash equivalents	502.5	-406.7	1,181.6	-36.1	-199.9
Net translation differences	43.0	16.2	0.0	0.0	0.0
Cash and cash equivalents at the beginning of the year	224.4	769.9	379.4	1,561.0	1,524.9
Cash and cash equivalents at the end of the year	769.9	379.4	1,561.0	1,524.9	1,325.0

Financial Ratios

	2007A	2008A	9M08	9M09	2009E	2010E	2011E
Profitability							
Return on Average Assets (ROAA)	5.0%	1.5%	1.9%*	3.1%*	2.0%	0.0%	0.6%
Return on Average Equity (ROAE)	19.5%	8.4%	10.5%*	17.6%*	11.9%	0.2%	4.8%
Leverage Ratios							
Debt to Equity (D/E) Ratio (x)	3.07	2.81	2.86	3.40	3.66	4.70	5.32
Shareholders' Equity to Total Assets Ratio (x)	0.19	0.18	0.18	0.17	0.16	0.13	0.12
Total Liabilities to Total Assets Ratio (x)	0.79	0.80	0.81	0.82	0.83	0.86	0.87
Total Liabilities to Shareholders' Equity (x)	4.19	4.40	4.51	4.84	5.23	6.38	7.01
Operating Performance							
% YoY change in Total Income	62.7%	55.9%	0.0%	45.2%	7.9%	-36.3%	44.3%
% YoY change in EBITDA	45.8%	18.7%	0.0%	16.4%	-17.9%	-81.7%	197.7%
% YoY change in Operating Profit	44.9%	17.2%	0.0%	13.0%	-20.6%	-87.6%	296.3%
% YoY change in Net Profit	17.1%	-41.5%	0.0%	107.9%	79.4%	-98.5%	2868.9%
% YoY change in Total Assets	195.6%	54.9%	0.0%	14.3%	27.4%	18.5%	13.6%
% YoY change in Shareholders' Equity	20.8%	49.3%	0.0%	8.1%	10.8%	0.1%	4.9%
Valuation Ratios							
Adj. EPS (QAR)	2.02	1.18	1.52*	3.16*	2.12	0.03	0.92
Adj. BVPS (QAR)	11.33	16.92	17.64	19.07	18.75	18.77	19.69
P/E (x)	16.95	28.96	22.49	10.81	16.14	1,102.19	37.13
P/BV (x)	3.02	2.02	1.94	1.79	1.82	1.82	1.74
CMP** (QAR)	34.20	34.20	34.20	34.20	34.20	34.20	34.20

* Annualised

** Price as on November 26, 2009