

**Barwa Real Estate Company Q.S.C.**

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**30 September 2013**

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

*Introduction*

We have reviewed the accompanying interim 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 September 2013 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the nine-month 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 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 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*

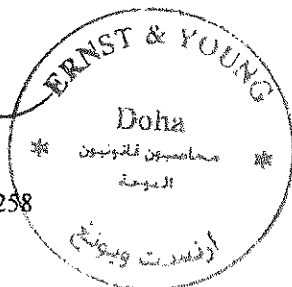
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

*Emphasis of matter*

Without modifying our conclusion, we draw attention to the fact that during the current period, the Group has recognised its share of results, share of other comprehensive income and carrying value of equity accounted investees amounting to a loss of QR 2,926 thousand (for the nine month period ended 30 September 2012: gain of QR 104,851 thousand), a gain of QR 1,206 thousand (for the nine month period ended 30 September 2012: gain of QR 569 thousand) and QR 538,275 thousand (as at 31 December 2012: QR 555,403 thousand), respectively, based on financial information provided by the management of these investees. While there is no reason to believe that the financial information provided by the management is not reasonably accurate, a review of financial statements, performed in accordance with International Standard on Review Engagements 2410, may result in adjustments affecting the recognized share of results, share of other comprehensive income and carrying value of these investments.

  
Ziad Nader  
of Ernst & Young  
Auditor's Registration No. 258

Date: 27 October 2013  
Doha  
State of Qatar



Barwa Real Estate Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	Notes	30 September 2013 (Reviewed) QR'000	31 December 2012 (Audited) QR'000 (Restated)
<b>ASSETS</b>			
Cash and bank balances	5	1,103,248	665,514
Receivables and prepayments	6	1,009,204	720,589
Finance lease receivables	6	2,582,370	2,792,229
Due from related parties	7	2,953,211	2,724,291
Financial assets at fair value through profit or loss		8,799	6,704
Assets of subsidiaries classified as held for sale	8	-	5,782,872
Non-current assets held for sale	9	20,648,774	373,856
Advances for projects and investments	10	2,500,818	2,671,292
Available-for-sale financial assets		221,681	366,406
Trading properties	11	2,451,784	18,396,769
Investment properties	12	10,912,773	12,431,909
Investments in equity accounted investees	13	600,460	2,290,001
Property, plant and equipment		444,977	856,821
Goodwill		126,411	126,411
Deferred tax assets		-	113
<b>TOTAL ASSETS</b>		<b>45,564,510</b>	<b>50,205,777</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Payables and other liabilities	14	2,346,879	3,030,334
Due to related parties	7	2,124,467	7,091,839
Liabilities of subsidiaries classified as held for sale	8	-	11,540
Obligations under Islamic finance contracts	15	27,606,091	26,661,159
Liabilities under derivative financial instruments		56,995	142,128
Deferred tax liabilities		25	205
<b>TOTAL LIABILITIES</b>		<b>32,134,457</b>	<b>36,937,205</b>
<b>EQUITY</b>			
Share capital		3,891,246	3,891,246
Treasury shares		(4,119)	(4,119)
Legal reserve		811,555	811,555
General reserve		4,639,231	4,639,231
Other reserves		(45,037)	(325,916)
Retained earnings		3,636,446	3,752,649
Total equity attributable to equity holders of the parent		12,929,322	12,764,646
Non-controlling interests		500,731	503,926
<b>TOTAL EQUITY</b>		<b>13,430,053</b>	<b>13,268,572</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>45,564,510</b>	<b>50,205,777</b>

These interim condensed consolidated financial statements were approved and signed on behalf of the Board of Directors by the following on 27 October 2013.

H.E. Salah Bin Ghanem Al Ali  
Chairman

Abdulla Abdulaziz Al-Subaie  
Group Chief Executive Officer

The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Barwa Real Estate Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine months ended 30 September 2013

	Notes	<i>For the three months ended</i>		<i>For the nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
		<i>(Reviewed)</i>		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<b>Continuing operations</b>					
<b>REVENUES AND GAINS</b>					
Rental income		264,279	189,857	710,372	542,741
Income from consultancy and other related services		69,301	70,884	228,211	276,947
Profit on disposal of properties	16	-	-	954	284,787
Profit on disposal of subsidiaries	17	-	-	232,327	194,660
Net fair value gain on investment properties		-	125,283	-	74,801
Share of results of equity accounted investees	13	2,061	29,129	61,164	141,786
Other income – net		235,688	61,801	327,584	183,670
<b>TOTAL REVENUES AND GAINS</b>		<b>571,329</b>	<b>476,954</b>	<b>1,560,612</b>	<b>1,699,392</b>
<b>EXPENSES AND LOSSES</b>					
Operating expenses		(98,573)	(119,781)	(290,398)	(290,824)
General and administrative expenses		(78,396)	(78,355)	(275,336)	(302,367)
Net finance costs		(113,844)	(75,734)	(283,833)	(252,137)
Net impairment losses		-	-	-	(302)
Depreciation		(11,137)	(14,863)	(46,444)	(54,587)
<b>TOTAL EXPENSES AND LOSSES</b>		<b>(301,950)</b>	<b>(288,733)</b>	<b>(896,011)</b>	<b>(900,217)</b>
<b>Profit before income tax</b>		<b>269,379</b>	<b>188,221</b>	<b>664,601</b>	<b>799,175</b>
Income tax expense	18	(1,601)	(374)	(3,845)	(2,892)
<b>Profit for the period from continuing operations</b>		<b>267,778</b>	<b>187,847</b>	<b>660,756</b>	<b>796,283</b>
<b>Discontinued operations</b>					
Loss for the period from discontinued operations	8	-	(1,798)	(196,499)	(14,156)
<b>Profit for the period</b>		<b>267,778</b>	<b>186,049</b>	<b>464,257</b>	<b>782,127</b>
<i>Attributable to:</i>					
Equity holders of the parent		268,301	185,393	467,484	779,080
Non-controlling interests		(523)	656	(3,227)	3,047
		<b>267,778</b>	<b>186,049</b>	<b>464,257</b>	<b>782,127</b>
<b>Basic and diluted earnings per share</b>					
<i>(attributable to shareholders of the parent expressed in QR per share)</i>					
	19	<b>0.69</b>	<b>0.48</b>	<b>1.20</b>	<b>2.00</b>

The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements.

Barwa Real Estate Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2013

	Note	<i>For the three months ended</i>		<i>For the nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
		<i>(Reviewed)</i>		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Profit for the period		<u>267,778</u>	<u>186,049</u>	<u>464,257</u>	<u>782,127</u>
<b>Other comprehensive income</b>					
Net movement on cash flow hedges	20	-	4,799	-	17,565
Exchange differences on translation of foreign operations and on disposal of subsidiaries	20	<u>18,832</u>	<u>(5,169)</u>	<u>276,546</u>	<u>(44,548)</u>
Net gain on available-for-sale financial assets	20	<u>1,390</u>	<u>(1,167)</u>	<u>4,365</u>	<u>33,889</u>
<b>Other comprehensive income (loss) for the period</b>		<u>20,222</u>	<u>(1,537)</u>	<u>280,911</u>	<u>6,906</u>
<b>Total comprehensive income for the period</b>		<u>288,000</u>	<u>184,512</u>	<u>745,168</u>	<u>789,033</u>
<i>Attributable to:</i>					
Equity holders of the parent		<u>288,364</u>	<u>183,522</u>	<u>748,363</u>	<u>785,694</u>
Non-controlling interests		<u>(364)</u>	<u>990</u>	<u>(3,195)</u>	<u>3,339</u>
		<u>288,000</u>	<u>184,512</u>	<u>745,168</u>	<u>789,033</u>

The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements.

# Barwa Real Estate Company Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2013

	<i>Equity attributable to the equity holders of the parent</i>							<i>Non-controlling interests</i> QR '000	<i>Total equity</i> QR '000
	<i>Share capital</i> QR '000	<i>Treasury shares</i> QR '000	<i>Legal reserve</i> QR '000	<i>General reserve</i> QR '000	<i>Other reserves</i> QR '000	<i>Retained earnings</i> QR '000	<i>Total</i> QR '000		
Balance at 1 January 2013, as previously reported (Audited)	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,786,403	503,926	13,302,326	
Prior periods adjustment (Note 26)	-	-	-	-	-	(33,754)	-	(33,754)	
Balance at 1 January 2013 (Audited) (Restated)	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,752,649	503,926	13,268,572	
Profit (loss) for the period	-	-	-	-	-	467,484	(3,227)	464,257	
Other comprehensive income for the period (Note 20)	-	-	-	-	280,879	-	32	280,911	
Total comprehensive income (loss) for the period	-	-	-	-	280,879	467,484	(3,195)	745,168	
Dividends for 2012 (Note 21)	-	-	-	-	-	(583,687)	-	(583,687)	
<b>Balance at 30 September 2013 (Reviewed)</b>	<b>3,891,246</b>	<b>(4,119)</b>	<b>811,555</b>	<b>4,639,231</b>	<b>(45,037)</b>	<b>3,636,446</b>	<b>500,731</b>	<b>13,430,053</b>	

	<i>Equity attributable to the equity holders of the parent</i>							<i>Non-controlling interests</i> QR '000	<i>Total equity</i> QR '000
	<i>Share capital</i> QR '000	<i>Treasury shares</i> QR '000	<i>Legal reserve</i> QR '000	<i>General reserve</i> QR '000	<i>Other Reserves</i> QR '000	<i>Retained earnings</i> QR '000	<i>Total</i> QR '000		
Balance at 1 January 2012 (Audited)	3,891,246	(4,119)	481,107	4,639,231	(49,533)	3,206,395	584,090	12,748,417	
Profit for the period	-	-	-	-	-	779,080	3,047	782,127	
Other comprehensive income for the period (Note 20)	-	-	-	-	6,614	-	292	6,906	
Total comprehensive income for the period	-	-	-	-	6,614	779,080	3,339	789,033	
Dividends for 2011 (Note 21)	-	-	-	-	-	(389,125)	-	(389,125)	
Disposal of subsidiaries	-	-	-	-	(20,149)	20,149	(59,396)	(59,396)	
Acquisition of non-controlling interests (Note 4)	-	-	-	-	-	(53,473)	(7,084)	(60,557)	
Other movements	-	-	-	-	-	1,408	85	1,493	
<b>Balance at 30 September 2012 (Reviewed)</b>	<b>3,891,246</b>	<b>(4,119)</b>	<b>481,107</b>	<b>4,639,231</b>	<b>(63,068)</b>	<b>3,564,434</b>	<b>521,034</b>	<b>13,029,865</b>	

The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements.

# Barwa Real Estate Company Q.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2013

		<i>For the nine months ended</i>	
		<i>30 September</i>	
		<i>2013</i>	<i>2012</i>
		<i>(Reviewed)</i>	
<i>Notes</i>		<i>QR'000</i>	<i>QR'000</i>
<b>OPERATING ACTIVITIES</b>			
	Profit for the period from continuing operations	660,756	796,283
	Loss for the period from discontinued operations	<u>(196,499)</u>	<u>(14,156)</u>
		464,257	782,127
	Adjustments for:		
	Depreciation	46,619	55,745
	Share of results of equity accounted investees	13 (61,164)	(141,786)
	Profit on sale of properties	16 (954)	(284,787)
	Fair value change in derivative financial instruments	57,331	(61,327)
	Fair value loss (gain) on call option	50	(30,958)
	Amortisation of unearned finance lease income	(255,857)	(307,292)
	Profit on disposal of subsidiaries	17 (232,327)	(194,660)
	Gain on disposal of property, plant and equipment	(8,498)	-
	Gain on reversal of impairment provision	(221,278)	-
	Reversal of board of directors remuneration	(10,500)	-
	Loss (gain) on disposal of available-for-sale financial assets	851	(6,876)
	Dividend income	(8,271)	-
	Unrealised gain on financial assets at fair value through profit or loss	(2,095)	(2,759)
	Fair value gain on investment properties	-	(74,801)
	Impairment allowances on receivables	-	303
	Operating loss before working capital changes	(231,836)	(267,071)
	Working capital changes:		
	Change in receivables and prepayments	393,140	625,756
	Amounts due from/due to related parties	82,227	992,039
	Change in payables and other liabilities	<u>(97,446)</u>	<u>(856,314)</u>
	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>146,085</u>	<u>494,410</u>
<b>INVESTING ACTIVITIES</b>			
	Acquisitions of subsidiaries, including net cash acquired	4 -	176,305
	Purchase of investment properties and trading properties	(1,024,064)	(2,046,925)
	Proceeds from sale of available-for-sale financial assets	26,966	77,109
	Proceeds from sale of properties	375,000	1,032,142
	Advances for purchase of investments and properties	(36,328)	(74,294)
	Payments for purchase of available-for-sale financial assets	(22,463)	(1,257)
	Payments for purchase of property, plant and equipment	(65,230)	(32,399)
	Proceeds from disposal of subsidiaries	17 477,557	31,000
	Net movement in short term deposits maturing after three months	1,965	(20,600)
	Dividend income	8,271	-
	Dividends received from equity accounted investees	<u>12,000</u>	<u>36,298</u>
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(246,326)</u>	<u>(822,621)</u>
<b>FINANCING ACTIVITIES</b>			
	Proceeds from Islamic financing contracts	1,699,415	1,961,700
	Payments for the obligations under Islamic financing contracts	(754,483)	(2,813,704)
	Dividends paid	(313,022)	(190,308)
	Receipts of government grant	12 346,800	-
	Payments of liability for purchase of land	-	(266,556)
	Movement in restricted bank balances	485	-
	Settlement of derivative financial liabilities	<u>(142,465)</u>	<u>(153,848)</u>
	<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<u>836,730</u>	<u>(1,462,716)</u>
	<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>736,489</u>	<u>(1,790,927)</u>
	Net foreign exchange differences	(299,936)	143,048
	Cash and cash equivalents at 1 January	611,531	2,624,922
	Cash and cash equivalents for loss of control on subsidiaries	<u>(4,625)</u>	<u>(37,434)</u>
	<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<u>5 1,043,459</u>	<u>939,609</u>

The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements.

# Barwa Real Estate Company Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

### 1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Barwa Real Estate Company Q.S.C. ("the Company" or "the Parent") was incorporated pursuant to the provision of Article 68 of the Qatar Commercial Companies Law No. 5 of 2002 as Qatari Public 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 Company is a listed entity on Qatar Exchange.

The Company's registered office address is P.O. Box 27777, Doha, State of Qatar.

The principal activities of the Company include investment in all types of real estate including acquiring, reclamation, dividing, developing and reselling of land and to establish agricultural, industrial, commercial projects on land, or lease those land, and also buying, selling and leasing buildings or projects. It also administers and operates real estate investments in and outside the State of Qatar. The Company, along with its subsidiaries (together referred to as "the Group") are engaged in the business of developing domestic and international real estate projects, investing, hotels ownership and management, projects consulting, advertisement, brokerage services and others.

### 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine months ended 30 September 2013 have been prepared in accordance with International Financial Reporting Standards, IAS 34 – "Interim Financial Reporting" ("IAS 34").

The interim condensed consolidated financial statements are prepared in Qatar Riyals, which is the Company's functional and presentational currency and all values are rounded to the nearest thousands (QR'000) except when otherwise indicated.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. In addition, results for the nine months ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

### 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 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

During the period, the Group has adopted the following standards effective for the annual period beginning on or after 1 January 2013.

#### **IAS 1 Presentation of Items of Other Comprehensive Income - Amendments to IAS 1**

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.



**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)**

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides these disclosure in Note 25.

**IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements**

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 "Consolidated and Separate Financial Statements" that dealt with consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

**IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements of the current period. The Group provides these disclosures in Note 24.

In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

The following amendments to standards became effective in 2013, but did not have any impact on the accounting policies, financial position or performance of the Group.

<i>Standards</i>	<i>Contents</i>
IFRS 7	Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7
IFRS 11	Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures
IFRS 12	Disclosure of Interests in Other Entities
IAS 1	Clarification of the requirement for comparative information (Amendment)
IAS 19	Employee Benefits (Revised 2011) (IAS 19R)
IAS 32	Tax effects of distributions to holders of equity instruments (Amendment)

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

<i>Standards</i>	<i>Contents</i>	<i>Effective date</i>
IFRS 9	Financial instruments	1 January 2015
IAS 32	Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting	1 January 2014

## Barwa Real Estate Company Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

#### 4 BUSINESS COMBINATION

No acquisitions took place during the nine month period ended 30 September 2013.

##### Acquisition during the nine month period ended 30 September 2012

###### *Acquisition of non-controlling interest in Barwa Al-Doha Real Estate Company W.L.L.*

On 31 August 2012, the Group acquired an additional stake of 35% of the voting rights and increased its ownership to 100% in Barwa Al-Doha Real Estate Company W.L.L. The net consideration for the acquisition amounted to QR 60,557 thousand. The carrying value of the net assets immediately prior to the additional acquisition of Barwa Al-Doha Real Estate Company W.L.L., was QR 20,239 thousand and the share of carrying value of the additional interest acquired was QR 7,084 thousand. The excess of the consideration over the carrying values of net assets acquired amounting to QR 53,473 thousand has been recognised in retained earnings within equity.

###### *Step acquisition of Asas Real Estate Company W.L.L.*

During the nine month period ended 30 September 2012, Qatar Real Estate Investment Company P.J.S.C. a fully owned subsidiary of the Group acquired the residual 50% of shareholding interest in its previous associate, Asas Real Estate Company W.L.L. ("ASAS") under the share purchase agreement concluded with the previous shareholders.

ASAS' assets mainly consist of investment properties that were fair valued at the date of acquisition. The purchase consideration was for the fair value of the assets and therefore there was no additional valuation for obtaining control over the subsidiary.

###### *Identifiable assets acquired, liabilities assumed, and resulting loss on previously held interest*

The fair values of the identifiable assets and liabilities of ASAS recognised as a result of the acquisition were as follows:

	<i>Fair value of assets and liabilities acquired QR'000</i>
Cash and bank balances	11,465
Available-for-sale financial assets	25,876
Receivables and other assets	5,050
Property, plant and equipment	931
Investment properties (Note 12)	<u>2,550,542</u>
	2,593,864
Less: Liabilities	<u>(35,768)</u>
<b>Fair value of net identifiable assets at the date of acquisition</b>	<u><b>2,558,096</b></u>
Fair value of previously held interest in ASAS (50% of net assets above)	1,279,048
Less: Carrying amount of previous interest in associate at date of acquisition	(1,275,918)
Less: Fair value reserve of available-for-sale financial assets of associate at the date of acquisition	<u>(3,363)</u>
<b>Loss on previously held interest in ASAS</b>	<u><b>(233)</b></u>
<i>Cash flow from the acquisition</i>	
Net cash acquired with the subsidiary	11,465
Add: Cash received as settlement from the previous shareholder	<u>164,840</u>
	<u><b>176,305</b></u>

## Barwa Real Estate Company Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

#### 5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	<i>As at</i>		<i>As at</i>
	<i>30 September</i>		<i>31 December</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Cash on hand	354	426	506
Short term bank deposits	368,712	123,610	75,178
Current account balances	183,767	201,399	168,969
Call account balances	549,338	634,774	419,299
Margin bank account	1,077	1,463	1,562
<b>Total cash and bank balances</b>	<b>1,103,248</b>	<b>961,672</b>	<b>665,514</b>
Less:			
Cash and bank balances attributable to discontinued operations	-	-	8,256
Short term bank deposits maturing after 3 months	(58,712)	(20,600)	(60,677)
Restricted bank balances	(1,077)	(1,463)	(1,562)
<b>Cash and cash equivalents</b>	<b>1,043,459</b>	<b>939,609</b>	<b>611,531</b>

Notes:

- (i) Short term bank deposits are made for varying periods depending on the immediate cash requirements of the Group with original maturity dates of less than three months and carry profit at commercial market rates.
- (ii) Short term bank deposits maturing after three months carry profit at commercial market rates.
- (iii) Restricted bank balances are restricted to cover certain bank guarantees given by the Parent.

#### 6 CURRENT AND NON-CURRENT PRESENTATION OF RECEIVABLES AND PREPAYMENTS AND FINANCE LEASE RECEIVABLES

The following table presents the current and non-current distinction of receivables and prepayments and finance lease receivables at the reporting date.

	<i>Receivables and prepayments</i>		<i>Finance lease receivables</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Current	882,230	597,534	309,427	284,213
Non-current	126,974	123,055	2,272,943	2,508,016
	<b>1,009,204</b>	<b>720,589</b>	<b>2,582,370</b>	<b>2,792,229</b>

Note:

Finance lease receivables amounting to QR 1,123,194 thousand (31 December 2012: QR 1,287,000 thousand) owned by a subsidiary of the Group has been pledged as a security against the US\$ 270,000,000 (QR 983,205,000) of Sukuk Al Musharaka facility.

## Barwa Real Estate Company Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

#### 7 RELATED PARTY DISCLOSURES

Related parties represent non-controlling interests in subsidiaries, associated companies, entities where the Group is one of their founders and/or, major shareholders and 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 management.

##### Related party transactions

Transactions with related parties during the period were as follows:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Consideration for the disposal of subsidiaries, out of which QR 477,557 thousand received in cash (Note 17)	-	-	<b>6,109,011</b>	31,000
Reconciliation of Islamic financing facility obtained from a related party with the consideration for the disposal of subsidiaries	-	-	<b>5,808,454</b>	-
Profit on Islamic financing facility extended to a related party	-	36,887	-	130,082
Gain from disposal of property, plant, and equipment to an associate	-	-	<b>8,421</b>	-
Income from consultancy and other services	<b>47,285</b>	41,505	<b>99,365</b>	112,067
Rental income	<b>5,031</b>	4,152	<b>14,289</b>	25,597
Finance costs	<b>6,967</b>	156,481	<b>24,548</b>	470,741

Current and non-current portions of due from and due to related parties were as follows:

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Current	<b>2,889,853</b>	2,619,057	<b>2,101,868</b>	6,954,217
Non-current	<b>63,358</b>	105,234	<b>22,599</b>	137,622
	<b>2,953,211</b>	2,724,291	<b>2,124,467</b>	7,091,839

##### Due from related parties

Due from related parties include an Islamic financing facility extended to a related company amounting to QR 2,612,663 thousand (31 December 2012: 2,555,363 thousand). The facility carries profit at commercial rates. The Group has obtained a guarantee from another related party on the recoverability of the above Islamic financing facility granted to the related company. The management is of the opinion that the due from related parties balance is not impaired and will be fully recovered from the related party.

##### Due to related parties

Due to related parties include an Islamic financing facilities (Murabaha) obtained from a related party amounting to QR 1,288,290 thousand (31 December 2012: QR 1,281,515 thousand). This Islamic financing facility is non-secured and carries fixed and variable profit rates.

## Barwa Real Estate Company Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

#### 7 RELATED PARTY DISCLOSURES (continued)

##### Compensation of directors and other key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Board of Directors' remuneration	-	-	-	12,250
Total key management staff benefits (Group basis)	<b>6,389</b>	6,325	<b>19,376</b>	17,624
	<b>6,389</b>	6,325	<b>19,376</b>	29,874

#### 8 DISCONTINUED OPERATIONS

On 16 October 2012, the Group announced the decision of its Board of Directors to dispose off its ownership in Barwa Egypt Group to a related party. The Barwa Egypt Group consists of Barwa Egypt Real Estate S.A.E and its subsidiaries; Barwa New Cairo for Real Estate Development S.A.E, Barwa Egypt for Real Estate Development S.A.E and Tarek Fouad Sayed El Shazly and Partners. The operations of Barwa Egypt Group have been classified as a discontinued operation in 2012. The business of Barwa Egypt Group was included in the real estate operating segment. On 26 February 2013, the Group completed the disposal of Barwa Egypt Group. The net realisable value of the net assets of Barwa Egypt Group that was disposed off amounted to QR 5,612,548 thousand, resulting in an actual gain on disposal amounted to QR 232,327 thousand (after the effect of translation reserve amounting to QR 264,136 thousand) as more explained in Note 17 to the interim condensed consolidated financial statements.

Further during the nine month period ended 30 September 2012, the Group disposed off the following subsidiaries and accordingly lost the control over these entities as more explained in Note 17 to the interim condensed consolidated financial statements.

- a) Barwa Luxembourg S.A.R.L
- b) Marafeq Qatar Company W.L.L.

The expenses and results of the subsidiaries classified as discontinued operations during the periods were as follows:

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<b>EXPENSES</b>				
General and administrative expenses	-	(2,289)	<b>(809)</b>	(12,432)
Net finance costs	-	872	<b>(195,516)</b>	(685)
Depreciation	-	(381)	<b>(174)</b>	(1,158)
Other income	-	-	-	119
<b>Loss for the period from discontinued operations</b>	-	<b>(1,798)</b>	<b>(196,499)</b>	<b>(14,156)</b>

## Barwa Real Estate Company Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

#### 8 DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities of subsidiaries classified as held for sale as at reporting date were as follows:

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
<b>Assets</b>		
Cash and bank balances	-	8,256
Receivables and prepayments	-	817
Properties under development (Note 11)	-	5,771,474
Property, plant and equipment	-	2,325
	<u>-</u>	<u>5,782,872</u>
<b>Assets of subsidiaries classified as held for sale</b>		
	-	5,782,872
<b>Liabilities</b>		
Payables and other liabilities	-	(10,883)
End of service benefits	-	(657)
	<u>-</u>	<u>(11,540)</u>
<b>Liabilities of subsidiaries classified as held for sale</b>		
	-	(11,540)
<b>Net assets of subsidiaries held for sale</b>		
	<u>-</u>	<u>5,771,332</u>

As the Barwa Egypt Group was disposed off prior to 30 September 2013, the assets and liabilities classified as part of the discontinued operation as at 31 December 2012 are no longer included in the interim consolidated statement of financial position as at 30 September 2013.

#### 9 NON-CURRENT ASSETS HELD FOR SALE

During the current period the Group announced the decision of its Board of Directors to dispose certain trading properties, investments in equity accounted investees, investment properties, property, plant and equipment and available-for-sale financial assets to a related party. The disposal of these assets is planned to be completed within twelve months from the reporting date. As of 30 September 2013, the negotiations for the sale were in progress, and accordingly, these assets were classified as non-current assets held for sale.

During the year 2012, the Group entered into an agreement with a third party to dispose off one of the subsidiaries' investment property and property, plant and equipment at market value. The disposal transaction was completed during the current period and the profit on disposal of non-current assets held for sale is disclosed in Note 16 to the interim condensed consolidated financial statements.

Carrying value of non-current assets held for sale are as follows;

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Trading properties (Note 11)	16,931,832	-
Investments in equity accounted investees (Note 13)	1,717,090	-
Investment properties, net of impairment (Note 12) (i)	1,422,416	370,095
Property, plant and equipment	430,456	3,761
Available-for-sale financial assets (ii)	146,980	-
	<u>20,648,774</u>	<u>373,856</u>

## Barwa Real Estate Company Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

#### 9 NON-CURRENT ASSETS HELD FOR SALE (continued)

Notes:

- (i) As at 31 December 2012, non-current assets held for sale amounting to QR 31,832 thousand were impaired and fully provided for.
- (ii) As at 30 September 2013, the Group reclassified previously classified available-for-sale financial assets amounted to QR 24,665 thousand (31 December 2012: QR Nil) from non-current assets held for sale to available-for-sale financial assets.

#### 10 ADVANCES FOR PROJECTS AND INVESTMENTS

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Advances for purchase of properties (i) and (ii)	2,308,842	2,634,514
Advances against exchange of land	1,836,459	1,836,459
Advances to subcontractors and suppliers	<u>435,713</u>	<u>517,349</u>
	<b>4,581,014</b>	4,988,322
Less: allowance for impairment	<u>(2,080,196)</u>	<u>(2,317,030)</u>
	<b><u>2,500,818</u></b>	<b><u>2,671,292</u></b>

The classification of advances for projects and investments between non-current and current is as follows:

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Non-current	2,149,347	2,071,408
Current	<u>351,471</u>	<u>599,884</u>
	<b><u>2,500,818</u></b>	<b><u>2,671,292</u></b>

Notes:

- (i) Advances for purchase of properties include an amount of QR 2,148,587 thousand (31 December 2012: QR 2,074,294 thousand) paid to related parties.
- (ii) During the current period the Group has entered into a formal agreement with a counter party to recover QR 227,965 thousand (United Arab Emirates Dirhams 230,000 thousand) against the previously fully impaired advances amounting to QR 330,183 thousand. The amount is receivable in thirty equal monthly instalments starting from 1 July 2013. During the current period the Group received QR 22,796 thousand (United Arab Emirates Dirhams 23,000 thousand) and the remaining balance is receivable in twenty seven equal monthly instalments. As a result, the Group reversed previously recorded allowance for impairment amounting to QR 215,168 thousand (30 September 2012: QR Nil) discounted using an effective commercial rate which has been recognised as other income and the remaining receivable balance amounted to QR 192,371 thousand (31 December 2012: QR Nil) is classified under receivables and prepayments. Advances for purchase of properties include the remaining impaired advance amounting to QR 102,218 thousand (31 December 2012 QR 330,183 thousand).
- (iii) As at 30 September 2013, the Group has transferred advances for projects and investments amounted to QR 211,802 thousand to investment properties (31 December 2012: Nil) (Note 12).

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

**11 TRADING PROPERTIES**

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Properties available for sale	94,029	6,956,524
Properties under development	<u>2,357,755</u>	<u>11,440,245</u>
	<u><b>2,451,784</b></u>	<u><b>18,396,769</b></u>

Movements in the properties under development during the period/year were as follows:

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
At 1 January	11,440,245	37,902,634
Additions during the period/year	883,599	2,376,394
On disposal of subsidiaries	-	(13,206,195)
Disposal	-	(2,604,384)
Capitalised finance cost	105,373	1,051,333
Transferred to non-current assets held for sale	<b>(10,069,337)</b>	-
Transferred to properties available for sale	-	(7,507,406)
Transferred to property, plant and equipment	-	(222,629)
Transferred to investment properties (Note 12)	-	(207,398)
Transferred to assets of subsidiaries classified as held for sale (Note 8)	-	(5,771,474)
Impairment loss	-	(87,000)
Reversal of impairment	-	4,288
Exchange adjustment	<u>(2,125)</u>	<u>(287,918)</u>
<b>At 30 September / 31 December</b>	<u><b>2,357,755</b></u>	<u><b>11,440,245</b></u>

As at 30 September 2013, the Group has transferred trading properties amounting to QR 16,931,832 thousand, comprising of QR 10,069,337 thousand of properties under development and QR 6,862,495 thousand of properties available for sale, to non-current assets held for sale (31 December 2012: Nil) (Note 9).



Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

12 INVESTMENT PROPERTIES

	<i>Land</i> <i>QR'000</i>	<i>Buildings</i> <i>QR'000</i>	<i>30 September</i> <i>2013</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>31 December</i> <i>2012</i> <i>(Audited)</i> <i>QR'000</i>
At 1 January	6,394,866	6,037,043	12,431,909	10,662,946
Relating to acquisition of a subsidiary (Note 4)	-	-	-	2,550,542
Additions during the period/year	15,286	19,808	35,094	12,524
Transferred from advances for projects and investments (Note 10)	211,802	-	211,802	-
Transferred from trading properties - available for sale	-	-	-	900,952
Transferred from trading properties - properties under development (Note 11)	-	-	-	207,398
Transferred to non-current assets held for sale (Note 9)	(466,626)	(955,790)	(1,422,416)	(401,927)
Transferred from property, plant and equipment	-	-	-	90,455
On disposal of subsidiaries (Note 17)	-	-	-	(593,162)
Net fair value gain (i)	-	-	-	433,111
Plot of land swapped on acquisition of a subsidiary	-	-	-	(1,454,137)
Government grant received (iii)	(346,800)	-	(346,800)	-
Translation adjustments	2,261	923	3,184	23,207
<b>At 30 September / 31 December</b>	<b>5,810,789</b>	<b>5,101,984</b>	<b>10,912,773</b>	<b>12,431,909</b>

Notes:

- (i) Investment properties are stated at fair value, which has been determined based on valuation performed by an accredited independent valuers as at 31 December 2012. The valuations were performed by an accredited independent valuers with recognized and relevant professional qualifications and with recent experience in the location and category of investment property being valued. In arriving at estimated market values the valuers used their market knowledge and professional judgement and not only relied on historical transactional comparable. In case the current prices in an active market are not available, the valuations were based on the aggregate of the estimated cash flows expected to be received from renting the property. A yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation.

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

- (ii) Included in investment properties are certain properties with a carrying value of QR 2,641,827 thousand at 30 September 2013 (31 December 2012: QR 2,641,827 thousand) for which the title deeds will be transferred on completion of the construction of the projects or upon settlement of full amount of the investment properties. The interim condensed consolidated financial statements have been prepared on the basis that the beneficial interest of these investment properties resides with the Group.
- (iii) During the nine month period ended 30 September 2013, a subsidiary of the Group has received a capital government grant amounting to QR 346,800 thousand relating to infrastructure development costs incurred in prior years.

## Barwa Real Estate Company Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

#### 13 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

The following table illustrates the summarised financial information of the Group's investments in equity accounted investees:

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000 (Restated)</i>
Group's share of the investments in equity accounted investees:		
Total assets	<b>1,281,110</b>	8,649,947
Total liabilities	<b>(680,650)</b>	(6,359,946)
Group's share of net assets of equity accounted investees	<b>600,460</b>	2,290,001
Carrying amount of the investments	<b>600,460</b>	2,290,001
	<i>For the three months ended 30 September</i>	<i>For the nine months ended 30 September</i>
	<i>2013      2012</i>	<i>2013      2012</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>QR'000      QR'000</i>	<i>QR'000      QR'000</i>
Group's share of equity accounted investees revenues and results:		
Revenues	<b>61,543</b>	129,293
Results	<b>2,061</b>	29,129
	<b>61,164</b>	141,786

#### Notes:

- (i) Investments in equity accounted investees comprise of investments in associates and investments in joint ventures analysed as follows;

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000 (Restated)</i>
Investments in associates	<b>595,460</b>	2,285,001
Investments in joint ventures	<b>5,000</b>	5,000
	<b>600,460</b>	2,290,001

- (ii) During 2012, Barwa Bank Q.S.C announced a rights issue of 57.18% of its share capital and the Group subscribed for the entitled shares amounting to a total value of QR 651,946 thousand by obtaining the funds needed from a related party. The agreement with the related party to arrange for subscription in the rights issue, signed in 2012, stipulates that the new shares acquired from the rights issue will be held by the Group as nominee for and on behalf of the related party. Accordingly, the ownership interest in Barwa Bank Q.S.C by the Group was diluted from 37.37% to 23.76%. As per the agreement with the related party, the Group has a right to exercise the "call option" which has arisen from the above transaction. Accordingly, the Group has recognised a fair value loss of QR 50 thousand for the nine month period ended 30 September 2013 (for the nine month period ended 30 September 2012: gain of QR 30,958 thousand) on the call option which is included in other income.
- (iii) As at 30 September 2013, the Group has transferred certain investments in associates amounted to QR 1,717,090 thousand to non-current assets held for sale (31 December 2012: Nil) (Note 9).

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

**14 PAYABLES AND OTHER LIABILITIES**

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Subcontractors and suppliers	748,168	1,344,980
Clients advances and unearned income	101,427	90,136
Retention payable	225,091	257,817
Contribution to social and sports fund	8,398	72,816
Accrued expenses	110,688	130,001
Accrued finance cost	121,637	109,483
Employees end of services benefits	46,591	43,122
Provisions for litigations	112,887	112,887
Other payables	871,992	869,092
	<u>2,346,879</u>	<u>3,030,334</u>
<i>The maturity of payables and other liabilities are as follows:</i>		
Non-current	776,619	783,769
Current	1,570,260	2,246,565
	<u>2,346,879</u>	<u>3,030,334</u>

**15 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS**

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

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
At 1 January	26,661,159	28,371,134
Facilities obtained during the period/year	1,699,415	1,962,084
Relating to disposal of a subsidiary (Note 17)	-	(888,625)
Repayments of outstanding facilities during the period /year	(754,483)	(2,832,952)
Exchange adjustment	-	49,518
<b>At 30 September / 31 December</b>	<u>27,606,091</u>	<u>26,661,159</u>
<i>The maturity profile of obligations under Islamic finance contracts are as follows:</i>		
Non-current	25,443,982	24,962,704
Current	2,162,109	1,698,455
	<u>27,606,091</u>	<u>26,661,159</u>

*Note:*

The Islamic finance contracts have been obtained for the purpose of financing long term projects and working capital requirements of the Group. The contracts carry profits at commercial rates. There were no securities pledged against any of the contracts at 30 September 2013 and 31 December 2012, except for finance lease receivable pledged as security which has been disclosed in Note 6 to the interim condensed consolidated financial statements.

## Barwa Real Estate Company Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

#### 16 PROFIT ON SALE OF PROPERTIES

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Sale consideration	-	-	375,000	2,907,201
Cost of sale	-	-	(374,046)	(2,622,414)
Profit	-	-	954	284,787

*Note:*

The profit on sale of properties recognised for the nine month period ended 30 September 2013 represents the profit recognised on disposal of previously classified non-current assets held for sale.

#### 17 DISPOSAL OF SUBSIDIARIES

##### Disposal of subsidiaries in 2013

During the nine month period ended 30 September 2013, the Group disposed off its ownership in Barwa Egypt Group and accordingly lost the control. The list of subsidiaries disposed are as follows:

<i>Name of the subsidiary</i>	<i>Disposed ownership interest</i>	<i>Sold to a</i>
Barwa Egypt Real Estate S.A.E	100%	Related Party
Barwa New Cairo for Real Estate Development S.A.E	100%	Related Party
Barwa Egypt for Real Estate Development S.A.E	100%	Related Party
Tarek Fouad Sayed El Shazly and Partners	100%	Related Party

The carrying value of assets and liabilities of the above subsidiaries as at the date of disposal were as follows:

	<i>Carrying values on disposal QR'000</i>
<b>Assets</b>	
Cash and bank balances	4,625
Receivables and prepayments	793
Property, plant and equipment	2,025
Deferred tax assets	18
Property under development	5,615,563
	<b>5,623,024</b>
<b>Liabilities</b>	
Employee retirement benefit obligations	641
Payables and accruals	9,835
	<b>10,476</b>
Net assets disposed	5,612,548
Translation reserve transferred from other comprehensive income	264,136
Profit on disposal	232,327
Consideration on disposal of subsidiaries	<b>6,109,011</b>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

**17 DISPOSAL OF SUBSIDIARIES (continued)**

**Disposal of subsidiaries in 2013 (continued)**

The proceeds from disposal of subsidiaries were as follows:

	<i>Carrying values on disposal QR'000</i>
Net cash disposed with the subsidiaries	(4,625)
Cash received on disposal	477,557
	<hr/>
Net cash received on disposal of subsidiaries	<u>472,932</u>

**Disposal of subsidiaries in 2012**

During the nine month period ended 30 September 2012, the Group disposed off the following subsidiaries and accordingly lost the control over these subsidiaries:

<i>Name of the subsidiary</i>	<i>Disposed ownership interest</i>	<i>Sold to a</i>
Barwa Luxembourg S.A.R.L.	100%	Third party
Marafeq Qatar Company W.L.L.	74%	Related party

The carrying value of assets and liabilities of the above subsidiaries as at the date of disposal were as follows:

	<i>Carrying values on disposal QR'000</i>
<b><i>Assets</i></b>	
Cash and bank balances	37,434
Receivables and prepayments	71,563
Due from related parties	70,829
Deferred tax assets	78,348
Investment properties (Note 12)	593,162
	<hr/>
	851,336
<b><i>Liabilities</i></b>	
Obligations under Islamic finance contract (Note 15)	888,625
Due to related parties	21,701
Payables and accruals	101,672
	<hr/>
	1,011,998
Net assets disposed	(160,662)
Non-controlling interest	(2,998)
Profit on disposal	194,660
	<hr/>
Consideration on disposal of subsidiaries	<u>31,000</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

**17 DISPOSAL OF SUBSIDIARIES (continued)**

**Disposal of subsidiaries in 2012 (continued)**

The proceeds from disposal of subsidiaries were as follows:

	<i>Carrying values on disposal QR'000</i>
Net cash disposed with the subsidiaries	(37,434)
Proceeds on disposal	<u>31,000</u>
Net cash movement on disposal of subsidiaries	<u>(6,434)</u>

**18 INCOME TAX**

The income tax for the period included in the interim consolidated statement of income as follows:

	<i>For the three months ended 30 September 2013      2012 (Reviewed)</i>		<i>For the nine months ended 30 September 2013      2012 (Reviewed)</i>	
	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
Income tax expense resulted from continuing operations	<u>(1,601)</u>	<u>(374)</u>	<u>(3,845)</u>	<u>(2,892)</u>

**19 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
Profit attributable to equity holders of the parent from continuing operations (QR 000')	<u>268,301</u>	<u>187,191</u>	<u>663,983</u>	<u>793,236</u>
Loss attributable to equity holders of the parent from discontinued operations (QR 000')	<u>-</u>	<u>(1,798)</u>	<u>(196,499)</u>	<u>(14,156)</u>
Profit attributable to equity holders of the parent for basic earnings (QR 000')	<u>268,301</u>	<u>185,393</u>	<u>467,484</u>	<u>779,080</u>
Weighted average number of shares outstanding during the period (in thousand shares)	<u>389,125</u>	<u>389,125</u>	<u>389,125</u>	<u>389,125</u>
Basic and diluted earnings per share (QR)	<u>0.69</u>	<u>0.48</u>	<u>1.20</u>	<u>2.00</u>

There were no potentially diluted shares outstanding at any time during the period and therefore the diluted earnings per share is equal to the basic earnings per share.

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

20 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<i>Cash flow hedges:</i>				
Net change in fair value of cash flow hedges transferred to interim consolidated statement of income	-	4,799	-	14,220
Effective portion of changes in fair value of cash flow hedges	-	-	-	3,345
	-	4,799	-	17,565
<i>Translation reserves:</i>				
Exchange differences on translation of foreign operations	18,832	(5,169)	12,410	(44,548)
Exchange differences transferred on disposal of subsidiaries	-	-	264,136	-
	18,832	(5,169)	276,546	(44,548)
<i>Available-for-sale financial assets:</i>				
Gain (loss) on remeasurement	1,390	(1,167)	4,365	33,889
	1,390	(1,167)	4,365	33,889
<b>Other comprehensive income (loss) for the period</b>	<b>20,222</b>	<b>(1,537)</b>	<b>280,911</b>	<b>6,906</b>

21 DIVIDENDS

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Approved at the Annual General Assembly Meeting				
Final dividend for the year 2012, QR 1.5 per share (2012: final dividend for the year 2011, QR 1 per share)	-	-	583,687	389,125

The shareholders of the Company approved at the Annual General Meeting held on 2 April 2013 a cash dividend of QR 1.5 per share total amounting to QR 583,687 thousand (2012: the shareholders of the Company approved at the Annual General Meeting held on 21 March 2012 a cash dividend of QR 1 per share total amounting to QR 389,125).

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

**22 CONTINGENT LIABILITIES**

The Group had the following contingent liabilities from which it is anticipated that no material liabilities will arise.

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Bank guarantees	<u>71,586</u>	<u>70,890</u>
Letters of credit	<u>53,883</u>	<u>400,000</u>

**23 COMMITMENTS**

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Contractual commitments to contractors and suppliers for properties under development	<u>2,130,983</u>	<u>2,353,371</u>
Commitments for operating leases (i)	<u>284,456</u>	<u>326,552</u>
Commitments for purchase of properties	<u>185,736</u>	<u>260,030</u>
Commitments for purchase of investments	<u>271,237</u>	<u>273,851</u>

*Note:*

(i) Commitments for operating leases are further analysed as follows:

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Less than one year	66,037	68,854
Between 1 and 5 years	119,617	144,316
More than 5 years	<u>98,802</u>	<u>113,382</u>
	<u>284,456</u>	<u>326,552</u>



# Barwa Real Estate Company Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

### 24 FINANCIAL INSTRUMENTS

#### Fair values

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments as at 30 September 2013 and 31 December 2012:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>	<i>30 September 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
<b>Financial assets</b>				
Bank balances (excluding cash)	1,102,894	665,008	1,102,894	665,008
Receivables	840,357	536,388	840,357	536,388
Finance lease receivables	2,582,370	2,792,229	2,582,370	2,792,229
Due from related parties	2,953,211	2,724,291	2,953,211	2,724,291
Financial assets at fair value through profit or loss	8,799	6,704	8,799	6,704
Assets of subsidiaries classified as held for sale	-	5,782,872	-	5,782,872
Non-current assets held for sale	20,648,774	373,856	20,648,774	373,856
Available-for-sale financial assets	221,681	366,406	221,681	366,406
	<u>28,358,086</u>	<u>13,247,754</u>	<u>28,358,086</u>	<u>13,247,754</u>
<b>Financial liabilities</b>				
Payables and other liabilities	(1,522,770)	(2,220,976)	(1,522,770)	(2,220,976)
Due to related parties	(2,124,467)	(7,091,839)	(2,124,467)	(7,091,839)
Liabilities of subsidiaries classified as held for sale	-	(11,540)	-	(11,540)
Obligations under Islamic finance contracts	(27,606,091)	(26,661,159)	(27,606,091)	(26,661,159)
Liabilities under derivative financial instruments	(56,995)	(142,128)	(56,995)	(142,128)
	<u>(31,310,323)</u>	<u>(36,127,642)</u>	<u>(31,310,323)</u>	<u>(36,127,642)</u>

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

As at 30 September 2013 and 31 December 2012, the Group held the following classes of financial instruments measured at fair value:

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

24 FINANCIAL INSTRUMENTS (continued)

Financial assets

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Available-for-sale financial assets	221,681	109,559	-	112,122
Financial assets at fair value through profit or loss	8,799	8,799	-	-
Derivative financial instruments	21,419	-	21,419	-
	<u>251,899</u>	<u>118,358</u>	<u>21,419</u>	<u>112,122</u>
	<i>31 December 2012 (Audited) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Available-for-sale financial assets	366,406	138,619	-	227,787
Financial assets at fair value through profit or loss	6,704	6,704	-	-
Derivative financial instruments	21,469	-	21,469	-
	<u>394,579</u>	<u>145,323</u>	<u>21,469</u>	<u>227,787</u>

Financial liabilities

	<i>30 September 2013 (Reviewed) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Derivative financial instruments	<u>56,995</u>	-	<u>56,995</u>	-
	<i>31 December 2012 (Audited) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Derivative financial instruments	<u>142,128</u>	-	<u>142,128</u>	-

During the period/year ended 30 September 2013 and 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

## Barwa Real Estate Company Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

#### 25 SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different businesses and are managed separately because they require different expertise. For each of the strategic divisions, the Group's top management (the chief operating decision maker) reviews internal management reports on a regular basis. The real estate segment develops, sells and lease condominiums, villas and plots of land. Business services segment provides business support services and financial institution and other services comprise financial and other institutions.

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

#### Operating segments

The operating segments are presented as follows:

<i>For the nine months ended 30 September 2013 (Reviewed)</i>	<i>Real Estate</i>	<i>Business services</i>	<i>Financial institution and other services</i>	<i>Eliminations</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<b>Revenues and gains</b>					
- External parties	1,430,365	125,772	4,475	-	1,560,612
- Internal segments	226,173	69,546	-	(i) (295,719)	-
<b>Total revenues and gains</b>	<b>1,656,538</b>	<b>195,318</b>	<b>4,475</b>	<b>(295,719)</b>	<b>1,560,612</b>
Profit (loss) for the period	645,015	27,614	(1,113)	(207,259)	464,257
Net finance cost	(307,969)	(19)	(89)	24,244	(283,833)
Depreciation	(44,855)	(1,355)	(234)	-	(46,444)
Share of results of equity accounted investees	59,989	-	1,175	-	61,164
<i>For the nine months ended 30 September 2012 (Reviewed)</i>	<i>Real Estate</i>	<i>Business services</i>	<i>Financial institution and other services</i>	<i>Eliminations</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<b>Revenues and gains</b>					
- External parties	1,583,606	113,972	1,814	-	1,699,392
- Internal segments	(64,649)	81,284	-	(i) (16,635)	-
<b>Total revenues and gains</b>	<b>1,518,957</b>	<b>195,256</b>	<b>1,814</b>	<b>(16,635)</b>	<b>1,699,392</b>
Profit (loss) for the period	489,861	3,035	(19,872)	309,103	782,127
Net finance (cost) income	(519,047)	245	2,021	264,644	(252,137)
Depreciation	(42,665)	(5,079)	(6,843)	-	(54,587)
Share of results of equity accounted investees	142,272	-	(486)	-	141,786

Note:

(i) Inter-segment revenues and gains are eliminated on consolidation.

# Barwa Real Estate Company Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

### 25 SEGMENT INFORMATION (continued)

#### Operating segments (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2013 and 31 December 2012:

<i>At 30 September 2013 (Reviewed)</i>	<i>Real Estate</i>	<i>Business services</i>	<i>Financial institution and other services</i>	<i>Eliminations</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Current assets	26,052,560	197,017	38,253	-	26,287,830
Non-current assets	19,514,963	60,822	105,869	(404,974)	19,276,680
<b>Total assets</b>	<b>45,567,523</b>	<b>257,839</b>	<b>144,122</b>	<b>(404,974)</b>	<b>45,564,510</b>
Current liabilities	(5,847,978)	(69,012)	(1,907)	-	(5,918,897)
Non-current liabilities	(26,168,491)	(48,622)	(146,554)	148,107	(26,215,560)
<b>Total liabilities</b>	<b>(32,016,469)</b>	<b>(117,634)</b>	<b>(148,461)</b>	<b>148,107</b>	<b>(32,134,457)</b>
Investments in equity accounted investees	586,998	-	14,301	(839)	600,460
Capital expenditures	1,101,846 (ii)	-	-	-	1,101,846
<i>At 31 December 2012 (Audited)</i>	<i>Real Estate</i>	<i>Business services</i>	<i>Financial institution and other services</i>	<i>Eliminations</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Current assets	17,643,767	212,250	35,068	(5,688)	17,885,397
Non-current assets	33,163,138	48,000	106,513	(997,271)	32,320,380
<b>Total assets</b>	<b>50,806,905</b>	<b>260,250</b>	<b>141,581</b>	<b>(1,002,959)</b>	<b>50,205,777</b>
Current liabilities	(4,066,752)	(79,388)	(2,776)	-	(4,148,916)
Non-current liabilities	(32,705,256)	(65,269)	(140,568)	122,804	(32,788,289)
<b>Total liabilities</b>	<b>(36,772,008)</b>	<b>(144,657)</b>	<b>(143,344)</b>	<b>122,804</b>	<b>(36,937,205)</b>
Investments in equity accounted investees (Restated)	2,316,827	-	13,340	(40,166)	2,290,001
Capital expenditures	4,586,842 (ii)	-	-	-	4,586,842

Note:

- (ii) Capital expenditure consists of additions to trading properties, investment properties and property, plant and equipment and assets from business combinations.

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2013

**26 PRIOR PERIOD ADJUSTMENT**

The consolidated financial statements for the year ended 31 December 2012 have been restated to account for the share of results, share of other comprehensive income and carrying value of one of the equity accounted investee as per their audited financial statements for the year ended 31 December 2012. There is no effect on the interim consolidated statements of income and comprehensive income for the nine month period ended 30 September 2012. The effect of the restatement on those financial statements is summarised below:

	<i>Effect on 31 December 2012</i>
Net decrease in investment in equity accounted investees	<u>33,754</u>
Net decrease in retained earnings	<u>33,754</u>