



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

Condensed Consolidated Interim Financial Statements

30 September 2019

نبني المستقبل

BUILDING THE FUTURE



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QR. 99-8

RN: 0326/MMS/FY2020

INDEPENDENT AUDITOR'S REVIEW REPORT

The Board of Directors
Barwa Real Estate Company Q.P.S.C.
Doha - Qatar

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Barwa Real Estate Company Q.P.S.C.**, (the "Company") and its subsidiaries (together the "Group") as at September 30, 2019, and the related condensed consolidated interim statements of profit or loss and condensed consolidated interim statements of comprehensive income for the three month and nine month periods ended September 30, 2019 and the condensed consolidated interim statements of changes in equity and cash flows for the nine month period then ended and certain explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim 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 the condensed consolidated interim financial statements 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 statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".


INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)


Other matter

The comparative amounts in the condensed consolidated interim statement of financial position at December 31, 2018 and related explanatory information were audited by another auditor whose report dated February 25, 2019 expressed an unmodified opinion thereon. The prior period comparative amounts in the condensed consolidated interim statements of profit or loss and comprehensive income for the three month and nine month periods ended September 30, 2018 and the condensed consolidated interim statements of changes in equity and cash flows for the nine month period ended September 30, 2018 and certain explanatory notes, were reviewed by the same auditor who issued unmodified conclusion dated October 28, 2018.

**Doha – Qatar
October 28, 2019**

**For Deloitte & Touche
Qatar Branch**


Midhat Salha
Partner
License No. 257
QFMA Auditor License No. 120156



Barwa Real Estate Company Q.P.S.C.
Condensed consolidated interim financial statements
As at 30 September 2019

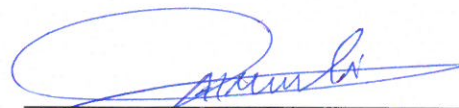
Condensed consolidated interim statement of financial position

		30 September 2019 (Reviewed) QR'000	31 December 2018 (Audited) QR'000
	Notes		
ASSETS			
Cash and bank balances	5	1,431,892	1,347,332
Financial assets at fair value through profit or loss		31,660	27,870
Receivables and prepayments	6	569,634	481,543
Trading properties	7	1,661,230	1,572,539
Finance lease receivables	6	120,209	166,886
Due from related parties	8	205,036	227,484
Financial assets at fair value through other comprehensive income		135,555	138,576
Advances for projects and investments		4,969,098	4,979,666
Investment properties	9	20,736,135	18,261,969
Property, plant and equipment		746,486	791,035
Right-of-use assets	3	102,548	-
Investments in associates	10	544,074	509,763
Intangible assets	24	210,180	1,815,276
Deferred tax assets		2,234	2,341
TOTAL ASSETS		31,465,971	30,322,280
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	11	1,724,073	2,363,455
Provisions	12	51,114	51,014
End of service benefits		107,557	109,814
Due to related parties	8	313,906	320,845
Lease liabilities	3	338,065	-
Obligations under Islamic finance contracts	13	9,568,296	7,925,280
Deferred tax liabilities		1,704	1,785
TOTAL LIABILITIES		12,104,715	10,772,193
EQUITY			
Share capital		3,891,246	3,891,246
Legal reserve		1,793,489	1,793,489
General reserve		4,639,231	4,639,231
Other reserves		(445,715)	(430,274)
Retained earnings		9,282,639	9,451,322
Total equity attributable to equity holders of the parent		19,160,890	19,345,014
Non-controlling interests		200,366	205,073
TOTAL EQUITY		19,361,256	19,550,087
TOTAL LIABILITIES AND EQUITY		31,465,971	30,322,280

These condensed consolidated interim financial statements were authorised for issuance by the Board of Directors on 28 October 2019 and signed on their behalf by:



H.E. Salah Bin Ghanem Al Ali
Chairman



Issa Bin Mohd Al Mohannadi
Deputy Chairman & Managing Director

Barwa Real Estate Company Q.P.S.C.
Condensed consolidated interim financial statements
For the nine months ended 30 September 2019

Condensed consolidated interim STATEMENT OF PROFIT OR LOSS

	Notes	<i>For the three months ended</i>		<i>For the nine months ended 30 September</i>	
		<i>30 September</i>		<i>ended 30 September</i>	
		2019	2018	2019	2018
		(Reviewed)		(Reviewed)	
		QR'000	QR'000	QR'000	QR'000
Rental income		279,798	320,886	869,788	981,213
Rental operation expenses		(81,119)	(86,803)	(235,283)	(273,476)
Net rental income		198,679	234,083	634,505	707,737
Finance lease income		4,764	6,823	15,896	21,875
Net rental and finance lease income		203,443	240,906	650,401	729,612
Income from consultancy and other services		95,555	96,968	267,787	257,609
Consulting operation and other services expenses		(64,143)	(71,556)	(190,797)	(202,870)
Net consulting and other services income		31,412	25,412	76,990	54,739
Profit on sale of property		-	105,095	3,344	105,095
Net fair value gain/ (loss) on investment properties	9	85,787	(22,060)	376,009	277,029
Share of results of associates	10	67,994	7,448	64,067	18,811
General and administrative expenses		(57,485)	(56,534)	(176,206)	(171,989)
Depreciation		(3,606)	(4,377)	(10,897)	(12,355)
Net reversal of impairment	14	54,103	41,116	52,889	58,568
Other income	15	799	2,969	27,008	31,068
Operating profit before finance cost, amortisation and income tax		382,447	339,975	1,063,605	1,090,578
Finance income	16	11,061	15,352	30,551	195,914
Finance cost	16	(85,999)	(75,871)	(252,626)	(197,609)
Profit before amortisation and income tax		307,509	279,456	841,530	1,088,883
Amortisation of right-of-use assets	3	(10,551)	-	(31,472)	-
Income tax expense		(1,142)	(512)	(1,663)	(1,134)
Net profit for the period		295,816	278,944	808,395	1,087,749
Attributable to:					
<i>Equity holders of the Parent</i>	17	294,494	279,468	804,129	1,083,190
<i>Non-controlling interests</i>		1,322	(524)	4,266	4,559
		295,816	278,944	808,395	1,087,749
Basic and diluted earnings per share					
<i>attributable to equity holders of the Parent (expressed in QR per share)</i>	17	0.08	0.07	0.21	0.28

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements

Barwa Real Estate Company Q.P.S.C.
Condensed consolidated interim financial statements
For the nine months ended 30 September 2019

Condensed consolidated interim STATEMENT OF COMPREHENSIVE INCOME

	Note	<i>For the three months ended</i>		<i>For the nine months ended</i>	
		2019	2018	2019	2018
		<i>(Reviewed)</i>		<i>(Reviewed)</i>	
		QR'000	QR'000	QR'000	QR'000
Net profit for the period		<u>295,816</u>	<u>278,944</u>	<u>808,395</u>	<u>1,087,749</u>
Other comprehensive income					
<i>Other comprehensive income that will be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations	18	(11,675)	13,347	(7,060)	(15,759)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>					
Net change in the fair value of financial assets at fair value through other comprehensive income	18	(3,764)	5,582	(6,036)	(11,982)
Other comprehensive (loss) / income for the period		<u>(15,439)</u>	<u>18,929</u>	<u>(13,096)</u>	<u>(27,741)</u>
Total comprehensive income for the period		<u>280,377</u>	<u>297,873</u>	<u>795,299</u>	<u>1,060,008</u>
<i>Attributable to:</i>					
Equity holders of the Parent		<u>276,630</u>	<u>298,264</u>	<u>788,688</u>	<u>1,054,895</u>
Non-controlling interests		<u>3,747</u>	<u>(391)</u>	<u>6,611</u>	<u>5,113</u>
		<u>280,377</u>	<u>297,873</u>	<u>795,299</u>	<u>1,060,008</u>

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements

Barwa Real Estate Company Q.P.S.C.
Condensed consolidated interim financial statements
For the nine months ended 30 September 2019

Condensed consolidated interim STATEMENT OF CHANGES IN EQUITY

	<i>Equity attributable to owners of the parent</i>					<i>Total</i> <i>QR'000</i>	<i>Non-</i> <i>controlling</i> <i>interests</i> <i>QR'000</i>	<i>Total</i> <i>Equity</i> <i>QR'000</i>
	<i>Share</i> <i>capital</i> <i>QR'000</i>	<i>Legal</i> <i>reserve</i> <i>QR'000</i>	<i>General</i> <i>reserve</i> <i>QR'000</i>	<i>Other</i> <i>reserves</i> <i>QR'000</i>	<i>Retained</i> <i>earnings</i> <i>QR'000</i>			
Balance at 31 December 2018 (Audited)	3,891,246	1,793,489	4,639,231	(430,274)	9,451,322	19,345,014	205,073	19,550,087
Profit for the period	-	-	-	-	804,129	804,129	4,266	808,395
Other comprehensive (loss) / income for the period	-	-	-	(15,441)	-	(15,441)	2,345	(13,096)
Total comprehensive (loss) / income for the period	-	-	-	(15,441)	804,129	788,688	6,611	795,299
<i>Shareholders' contribution:</i>								
Dividends for 2018 (Note 23)	-	-	-	-	(972,812)	(972,812)	-	(972,812)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(11,318)	(11,318)
Total transactions with owners	-	-	-	-	(972,812)	(972,812)	(11,318)	(984,130)
Balance at 30 September 2019 (Reviewed)	<u>3,891,246</u>	<u>1,793,489</u>	<u>4,639,231</u>	<u>(445,715)</u>	<u>9,282,639</u>	<u>19,160,890</u>	<u>200,366</u>	<u>19,361,256</u>

	<i>Equity attributable to owners of the parent</i>					<i>Total</i> <i>QR'000</i>	<i>Non-</i> <i>controlling</i> <i>interests</i> <i>QR'000</i>	<i>Total</i> <i>Equity</i> <i>QR'000</i>
	<i>Share</i> <i>capital</i> <i>QR'000</i>	<i>Legal</i> <i>reserve</i> <i>QR'000</i>	<i>General</i> <i>reserve</i> <i>QR'000</i>	<i>Other</i> <i>reserves</i> <i>QR'000</i>	<i>Retained</i> <i>earnings</i> <i>QR'000</i>			
Balance at 31 December 2017 (Audited)	3,891,246	1,540,266	4,639,231	(260,669)	9,113,376	18,923,450	217,203	19,140,653
Adjustment at initial adoption of IFRS 9	-	-	-	-	(214,874)	(214,874)	-	(214,874)
Adjusted total equity at 1 January 2018	<u>3,891,246</u>	<u>1,540,266</u>	<u>4,639,231</u>	<u>(260,669)</u>	<u>8,898,502</u>	<u>18,708,576</u>	<u>217,203</u>	<u>18,925,779</u>
Profit for the period	-	-	-	-	1,083,190	1,083,190	4,559	1,087,749
Other comprehensive (loss) / income for the period	-	-	-	(28,295)	-	(28,295)	554	(27,741)
Total comprehensive (loss) / income for the period	-	-	-	(28,295)	1,083,190	1,054,895	5,113	1,060,008
<i>Shareholders' contribution:</i>								
Dividends for 2017 (Note 23)	-	-	-	-	(972,812)	(972,812)	-	(972,812)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	(7,500)	(7,500)
Acquisition of non-controlling interests	-	-	-	-	6,146	6,146	(10,694)	(4,548)
Non-controlling interest assumed through business combination	-	-	-	-	-	-	91,172	91,172
Total transactions with owners	-	-	-	-	(966,666)	(966,666)	72,978	(893,688)
Balance at 30 September 2018 (Reviewed)	<u>3,891,246</u>	<u>1,540,266</u>	<u>4,639,231</u>	<u>(288,964)</u>	<u>9,015,026</u>	<u>18,796,805</u>	<u>295,294</u>	<u>19,092,099</u>

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements

Barwa Real Estate Company Q.P.S.C.
Condensed consolidated interim financial statements
For the nine months ended 30 September 2019

Condensed consolidated interim STATEMENT OF CASH FLOWS

		30 September 2019 (Reviewed) QR'000	30 September 2018 (Reviewed) QR'000
OPERATING ACTIVITIES			
Net profit for the period		808,395	1,087,749
<i>Adjustments for:</i>			
Finance cost	16	218,386	197,609
Unwinding of deferred finance cost	16	34,240	-
Finance income	16	(30,551)	(195,914)
Net fair value gain on investment properties	9	(376,009)	(277,029)
Depreciation	(i)	49,562	38,195
Amortisation of right-of-use assets		31,472	-
Share of results of associates	10	(64,067)	(18,811)
Net reversal of impairment	14	(52,889)	(58,568)
Finance lease income		(15,896)	(21,875)
Other income		(27,008)	(31,068)
Operating gain before working capital changes		575,635	720,288
<i>Changes in working capital:</i>			
Change in receivables and prepayments		(104,542)	435,070
Change in trading properties		29,238	(772,422)
Change in finance lease receivables		85,139	2,679
Change in amounts due from / due to related parties		15,241	(10,351)
Change in provisions		100	(14,789)
Change in payables and accruals		(639,691)	139,563
Cash flows (used in) / from operations		(38,880)	500,038
Payment for construction services		(268)	-
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(39,148)	500,038
INVESTING ACTIVITIES			
Cash and cash equivalent acquired through business combination		-	2,945
Payment for business acquired		-	(4,548)
Finance income received		32,308	54,618
Dividends received from associates	10	30,608	31,249
Proceeds from capital reduction of an associate		-	9,380
Proceeds from disposal of an associate		1,996	-
Purchase of investment properties		(200,388)	(393,860)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	4,265
Advances paid for purchase of projects and investments		(26,950)	(256,278)
Payments for purchase of property, plant and equipment		(5,255)	(4,502)
Proceeds from sale of property, plant and equipment		103	153
Dividend income received		6,578	8,188
Net payments for financial assets at fair value through profit or loss		(4,266)	(3,872)
Net movement in short term deposits maturing after three months		(17,682)	8,677
NET CASH USED IN INVESTING ACTIVITIES		(182,948)	(543,585)

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements

Barwa Real Estate Company Q.P.S.C.
Condensed consolidated interim financial statements
For the nine months ended 30 September 2019

Condensed consolidated interim STATEMENT OF CASH FLOWS (continued)

	<i>Notes</i>	<i>30 September 2019 (Reviewed) QR'000</i>	<i>30 September 2018 (Reviewed) QR'000</i>
FINANCING ACTIVITIES			
Finance cost paid		(362,704)	(272,398)
Proceeds from obligations under Islamic finance contracts	13	2,000,000	-
Payments for obligations under Islamic finance contracts	13	(353,198)	(154,622)
Dividend paid to non-controlling interest		(11,318)	(7,500)
Dividends paid		(958,745)	(819,172)
Repayment of lease liabilities		(24,032)	-
Change in restricted bank balances		138,665	24,154
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES		428,668	(1,229,538)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		(1,005)	(587)
Cash and cash equivalents at 1 January	5	331,843	2,200,261
CASH AND CASH EQUIVALENTS AT 30 September	5	537,410	926,589

Note:

- (i) Depreciation for the nine month period ended 30 September 2019 includes an amount of QR 38,665 thousand charged to operation expenses in the condensed consolidated interim statement of profit or loss (2018 - QR 25,840 thousand)

Non-cash movements for the period are summarised as follows:

Description	30 September 2019 QR'000	30 September 2018 QR'000
Change in receivables and prepayments	(16,451)	(205,617)
Changes in amounts due from / due to related parties	(268)	(172,438)
Change in finance lease receivables	38,462	(49,492)
Change in payables and accruals	1,946	131,901
Change in trading properties	120,031	263,461

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements

Barwa Real Estate Company Q.P.S.C.
Condensed consolidated interim financial statements
For the nine months ended 30 September 2019

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Barwa Real Estate Company Q.P.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 the Qatar Exchange.

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

The principal activities of the Company and its subsidiaries (together, “the Group”) 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 Group is engaged in the business of developing domestic and international real estate projects, investing, hotels ownership and management, projects consulting and others.

Qatar Companies Law No. 11 of 2015 (Companies Law) which is applicable to the Group has come into effect from 16 September 2015. The Company and its subsidiaries’ amended articles of association have been approved by the Ministry of Commerce and Industry (MOCI).

The Group’s subsidiaries accounting for more than 2% of the total assets and/or operational results of the Group during the current or previous period are included in these condensed consolidated interim financial statements as listed below. In addition to the below listed subsidiaries, there are a number of other subsidiaries’ financial statements that are consolidated into these condensed consolidated interim financial statements and are accounting for less than 2% of the total assets and/or operational results of the Group.

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Group effective shareholding percentage</i>	
		<i>30 September 2019</i>	<i>31 December 2018</i>
ASAS Real Estate Company W.L.L	Qatar	100%	100%
Al-Waseef Asset Management Company W.L.L.	Qatar	100%	100%
Barwa International Company W.L.L.	Qatar	100%	100%
Barwa Al Sadd Company W.L.L.	Qatar	100%	100%
Barwa Salwa Company W.L.L.	Qatar	100%	100%
Barwa Al- Baraha Company W.L.L.	Qatar	100%	100%
Barwa Village Company W.L.L.	Qatar	100%	100%
Masaken Al Saliya and Mesaimer Company W.L.L.	Qatar	100%	100%
Qatar Real Estate Investment Company P.J.S.C.	Qatar	100%	100%
Qatar Project Management Company Q.P.S.C.	Qatar	70%	70%
Lusail Golf Development Company W.L.L.	Qatar	100%	100%
Barwa Real Estate Saudi Arabia W.L.L.	KSA	100%	100%
Madinat Al Mawater W.L.L.	Qatar	100%	100%

Barwa Real Estate Company Q.P.S.C.
Condensed consolidated interim financial statements
For the nine months ended 30 September 2019

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the period ended 30 September 2019 have been prepared in accordance with International Financial Reporting Standards, IAS 34 “Interim Financial Reporting” (“IAS 34”).

These condensed consolidated interim financial statements are presented in Qatari Riyals, which is the Group’s functional and presentational currency and all values are rounded off to the nearest thousands (QR’000) except when otherwise indicated.

These condensed consolidated interim 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 for the year ended 31 December 2018, except for the effect of the implementation of IFRS 16 “Leases”, which became effective on 1 January 2019. The effect of the new IFRS is covered in note 3. In addition, results for the nine month period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

a) The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018, except for the following:

IFRS 16 – LEASES

A) IFRS 16 - LEASES – IMPACT OF ADOPTION

The Group adopted IFRS 16 ‘Leases’ which replaced the existing guidance on leases, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC 15 “Operating Leases – Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”.

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group’s statement of financial position, unless the term is 12 months or less or the lease is of a low value. Thus, the classification required under IAS 17 “Leases” as operating or finance leases is eliminated for lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the remaining lease period.

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For the nine months ended 30 September 2019

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 – LEASES (continued)

The Group has opted to apply the simplified transition approach and did not restate comparative amounts for the year prior to first time adoption, as permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the incremental borrowing rate at the time of first time application. IFRS 16 transition disclosures also require the Group to present the reconciliation. The off-balance sheet lease obligations as of 31 December 2018 are reconciled as follows to the recognized lease liabilities at 1st January 2019:

	QR'000
Operating lease commitments disclosed as of December 31, 2018	494,534
Less: Amount discounted using the lessee's incremental borrowing rate at the date of initial application	(115,469)
Less: short term leases recognised on a straight line basis as expense	(16,913)
Lease liability recognised as at January 1, 2019	<u>362,152</u>
Which were classified as follows:	
Current lease liabilities	38,214
Non-current lease liabilities	<u>323,938</u>
	<u>362,152</u>

Other right-of-use assets were measured at the amount equal to the lease liability, adjusted for the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The right-of-use assets movements during the period were as follows :

	<i>As at</i>
	<i>30 September</i>
	<i>2019</i>
	<i>(Reviewed)</i>
	<i>QR'000</i>
Initial adoption of IFRS 16	134,020
Amortisation of right-of-use assets	<u>(31,472)</u>
	<u>102,548</u>

The change in accounting policy affected the following items in the condensed consolidated interim statement of financial position on 1st January 2019:

- Investment properties – increased by QR 228,076 thousand.
- Right-of-use assets – increased by QR 134,020 thousand.
- Lease liabilities – increased by QR 362,152 thousand.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 – LEASES (continued)

The change in accounting policy affected the following items in the condensed consolidated interim statement of profit or loss :

	<i>For the nine months ended 30 September (Reviewed)</i>
	QR'000
Amortisation of right-of-use assets	(31,472)
Finance cost	(10,931)
Loss for the period	(42,403)

There was no impact on the retained earnings at 1 January 2019.

Practical expedient

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, if any.

Adjusted EBITDA, segment assets and segment liabilities as at 30 September 2019 have increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas lease liabilities were previously excluded from segment liabilities. The following segments have been affected by the change in policy:

	EBITDA	Segment Assets	Segment liabilities
	QR'000	QR'000	QR'000
Right of use assets	-	102,548	112,538
Investment properties	-	-	225,527
Unwinding of deferred finance cost - lease liability	10,931	-	-
Amortisation of right-of-use assets	31,472	-	-
	42,403	102,548	338,065

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 – LEASES (continued)

The Group's leasing activities and how these are accounted for:

The Group leases various plots of land and buildings. Rental contracts are typically made for fixed periods ranging from 1 to 99 years without extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year ended 31 December 2018, leases of lands, buildings and equipments were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

With effect from 1st January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic finance cost on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 determining whether an arrangement contains a lease.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) New standards and interpretations effective for annual periods beginning on or after 1 January 2019 that has an immaterial impact on the Group but has not yet been adopted by the Group are:

Effective for annual periods beginning on or after January 1, 2019:

- Amendments to IFRS 9 “*Prepayment Features with Negative Compensation*”
- Amendments to IAS 28 “*Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures*”.
- Annual Improvements to IFRSs 2015-2017 “*Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*”
- Amendments to IAS 19 “*Employee Benefits Plan Amendment, Curtailment or Settlement*”
- IFRIC 23 “*Uncertainty over Income Tax Treatments*”

Effective for annual periods beginning after January 1, 2020:

- Amendments regarding the definition of “*material*”
- Amendments to clarify the definition of “*a business*”
- IFRS 17: “*Insurance Contracts*”
- Amendments to IFRS 10 “*Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)*” relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.
- Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 ACCOUNTING ESTIMATES

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the condensed consolidated interim financial statement is described in note 46 of the annual consolidated financial statements for the year ended 31 December 2018 and note 3 to these condensed consolidated interim financial statements. In preparing these condensed consolidated interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2018, except for the changes highlighted below:

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). No potential future cash outflows due to non-existence of an extension option.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR").

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5 CASH AND BANK BALANCES

Cash and bank balances are comprised of the following:

	<i>As at</i> 30 September 2019 <i>(Reviewed)</i> QR'000	<i>As at</i> 31 December 2018 <i>(Audited)</i> QR'000
Cash on hand	343	500
Short term deposits (i)	1,024,976	872,310
Current accounts	123,618	60,966
Call accounts	116,552	108,464
Restricted balances	165,894	300,996
Margin bank accounts	3,459	7,020
	1,434,842	1,350,256
Allowance for impairment	(2,950)	(2,924)
Total cash and bank balances	1,431,892	1,347,332
Short term bank deposits maturing after 3 months	(728,079)	(710,397)
Restricted bank balances and margin accounts (ii)	(169,353)	(308,016)
Reversal of non-cash provision	2,950	2,924
Cash and cash equivalents	537,410	331,843

Notes:

- (i) Short term bank deposits are made for varying periods depending on the cash requirements of the Group with original maturity period ranging up to twelve months carrying profit at commercial market rates. Cash and cash equivalents include fixed deposits maturing within three months amounting to QR 296,897 thousand (2018: QR 161,913 thousand).
- (ii) Restricted bank balances are restricted mainly to cover certain bank guarantees issued by the Group and the settlement of dividends yet unclaimed by the parent's shareholders.

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

The following table presents the current and non-current classification 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 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Current	558,604	471,948	51,050	62,890
Non-current	11,030	9,595	69,159	103,996
	569,634	481,543	120,209	166,886

7 TRADING PROPERTIES

	<i>30 September 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Properties available for sale (i)	114,469	150,573
Properties under development-net (ii)	1,546,761	1,421,966
	1,661,230	1,572,539

(i) Movements of properties available for sale during the period were as follows:

	<i>30 September 2019 (Reviewed) QR'000</i>	<i>30 September 2018 (Reviewed) QR'000</i>
At 1 January	150,573	150,573
Sold during the period	(36,657)	-
Transfer from trading properties – Properties under development	553	-
At 30 September	114,469	150,573

(ii) Movements of properties under development during the period were as follows:

	<i>30 September 2019 (Reviewed) QR'000</i>	<i>30 September 2018 (Reviewed) QR'000</i>
At 1 January	1,421,966	1,532,575
Additions	5,319	1,013,215
Capitalised finance cost (Note 16)	70,084	30,482
Reversal of impairment (Note 14)	51,385	-
Transfer to trading properties - Properties available for sale	(553)	-
Transfer to investment property (Note 9)	-	(2,197)
Foreign exchange adjustment	(1,440)	(5,617)
At 30 September	1,546,761	2,568,458

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8 RELATED PARTY DISCLOSURES

Qatari Diar Real Estate Investment Company Q.S.C is the main shareholder of the company, which owns 45% of the company's shares including one preferred share that carries preferred rights over the financial and operating policies. The remaining 55% of the shares are widely held and publicly traded at the Qatar Exchange.

The Group has transactions with related parties, i.e. main shareholder, associated companies, directors and key management of the Company, 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>30 September 2019 (Reviewed) QR'000</i>	<i>30 September 2018 (Reviewed) QR'000</i>
Income from consultancy and other services – Main shareholder	48,105	55,655
Rental income – Main shareholder	6,662	13,855

Balances with related parties included in the condensed consolidated interim statement of financial position were as follows:

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>30 September 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Qatari Diar Real Estate Investment Co. Q.S.C.	17,012	11,231	291,166	290,370
Associate companies	3,873	10,737	19,181	28,188
Entities under common control	184,151	205,516	-	-
Other related parties	-	-	3,559	2,287
	205,036	227,484	313,906	320,845

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 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Current	205,036	227,484	313,327	320,266
Non-current	-	-	579	579
	205,036	227,484	313,906	320,845

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8 RELATED PARTY DISCLOSURES (continued)

Compensation of directors and other key management personnel

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

	<i>For the nine months ended 30 September</i>	
	<i>2019 (Reviewed) QR'000</i>	<i>2018 (Reviewed) QR'000</i>
Short term benefits	13,749	15,563
End of service benefits	853	864

9 INVESTMENT PROPERTIES

	<i>30 September 2019 (Reviewed) QR'000</i>	<i>30 September 2018 (Reviewed) QR'000</i>
At 1 January	18,261,969	16,745,985
Additions	232,020	335,336
Capitalised finance cost (Note 16)	43,599	58,522
Right-of-Use (adoption of IFRS 16) (Note 3)	228,076	-
Acquired through business combination	-	57,000
Transfer from Intangible assets (Note 24)	1,605,364	-
Transfer from trading properties (Note 7)	-	2,197
Transfer from property, plant and equipment	135	-
Net fair value gain	376,009	277,029
Foreign exchange adjustment	(11,037)	(9,279)
At 30 September	20,736,135	17,466,790

Notes:

- (i) Investment properties are located in the State of Qatar, Kingdom of Saudi Arabia, Kingdom of Bahrain, Republic of Cyprus and United Kingdom.
- (ii) Investment properties are stated at fair value, which has been determined based on valuations performed by accredited independent valuers as at 30 September 2019 for local properties. International properties have been valued at 30 June 2019, except for 2 properties based in The Kingdom of Bahrain and The Kingdom of Saudi Arabia, which have been last valued at 31 December 2018. Those valuers are accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuers have used their market knowledge and professional judgment and not only relied on historical transactional comparable. In the absence of current prices in an active market, the valuations are 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.
- (iii) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements, other than the commitments disclosed in note 20.

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9 INVESTMENT PROPERTIES (continued)

Note (continued)

- (iv) Included in investment properties are certain properties with a carrying value of QR 1,055,140 thousand at 30 September 2019 (31 December 2018 – QR 1,133,204 thousand) for which the title deeds will be transferred to the Group upon completion of the construction of the projects and settlement of the full amount of the related land. The condensed consolidated interim financial statements have been prepared on the basis that the beneficial interest of these investment properties resides with the Group.
- (v) Description of valuation techniques used by the group and key inputs to valuation on some of the investment properties are as follows:

<i>Type of properties</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range (weighted average) 30 September 2019</i>
Commercial properties	DCF method	Estimated rental value per sqm per month	QR 17 - 198
		Rent growth p.a.	0%-5%
		Long-term vacancy rate	0% - 25%
		Discount rate	7.80% - 8.20%
		Market cap	7.50%
Residential properties	DCF method	Estimated rental value per sqm per month	QR 30 - 90
		Rent growth p.a.	0%-5%
		Long-term vacancy rate	0%-20%
		Discount rate	7.60% - 8.20%
		Market cap	7.50%
Land Bank	Direct comparison	Estimated land value per sqm	QR 1,700 – 13,395

Discounted Cash Flow Method (DCF): It is considered the most commonly used technique for assessing Market Value within the Income Approach. This is a financial modelling technique based on explicit assumptions regarding the prospective cash-flow to a property or business and the costs associated with being able to generate the income. A market-derived discount is applied to estimate cash flows to establish a present value of the income stream. This Net Present Value (“NPV”) is an indication of Market Value.

Direct Comparison Approach: This approach involves a comparison of the subject property to similar properties that have actually been sold in arms'-length transactions or are offered for sale. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. Generally, the opinion on value is based on evidence of open market transactions in similar property with adjustments of the comparable to differentiate the differences between the subject property and the comparable.

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10 INVESTMENTS IN ASSOCIATES

The following table illustrates the summarised financial information of the Group's investments in associates:

	<i>Nine months ended 30 September 2019 (Reviewed) QR'000</i>	<i>Nine months ended 30 September 2018 (Reviewed) QR'000</i>
At 1 January	509,763	578,791
Dividends from associates	(30,608)	(31,249)
Share of results of associates	64,067	18,811
Capital reduction	-	(9,380)
Disposal during the period	(11,207)	-
Net reversal of impairment / (impairment losses) (Note 14)	9,450	(12,090)
Share of change in fair value reserve	(3,015)	339
Foreign exchange adjustment	5,624	1,440
At 30 September	544,074	546,662
	<i>2019 (Reviewed) QR'000</i>	<i>2018 (Reviewed) QR'000</i>
Total group's share of the associates' statement of financial position as at 30 September :		
Total assets	1,485,180	1,414,582
Total liabilities	(941,106)	(867,920)
Group share of net assets of associates	544,074	546,662
Carrying amount of the investments	544,074	546,662
Group's share of associates' revenues and results for the nine months ended 30 September :		
Revenues	344,869	385,702
Results	64,067	18,811

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11 PAYABLES AND OTHER LIABILITIES

	<i>30 September</i> 2019 <i>(Reviewed)</i> QR'000	<i>31 December</i> 2018 <i>(Audited)</i> QR'000
Contractors and suppliers	468,561	891,564
Clients advances and unearned income	71,049	45,685
Retention payable	124,624	252,442
Contribution to social and sports fund	-	47,875
Accrued expenses	257,355	297,169
Accrued finance cost	56,929	43,322
Other payables	745,555	785,398
	1,724,073	2,363,455

The maturity of payables and other liabilities are as follows:

Non-current	525,545	672,740
Current	1,198,528	1,690,715
	1,724,073	2,363,455

12 PROVISIONS

	<i>30 September</i> 2019 <i>(Reviewed)</i> QR'000	<i>30 September</i> 2018 <i>(Reviewed)</i> QR'000
At 1 January	51,014	41,602
Provided during the period	100	-
Utilised during the year	-	(14,788)
Foreign exchange adjustment	-	(597)
At 30 September	51,114	26,217

Provisions are analysed by nature as follows:

	<i>30 September</i> 2019 <i>(Reviewed)</i> QR'000	<i>31 December</i> 2018 <i>(Audited)</i> QR'000
Provision for litigations	27,214	27,114
Provision for claims	23,900	23,900
	51,114	51,014

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13 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS

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

	<i>Nine months ended 30 September 2019 (Reviewed) QR'000</i>	<i>Nine months ended 30 September 2018 (Reviewed) QR'000</i>
At 1 January	7,925,280	8,172,239
Additional facilities obtained during the period	2,000,000	-
Repayment during the period	(353,198)	(154,622)
Deferred finance charges	(3,734)	5,382
Foreign exchange adjustment	(52)	-
At 30 September	<u>9,568,296</u>	<u>8,022,999</u>

The maturity profile of obligations under Islamic finance contracts were as follows:

	<i>30 September 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Non-current portion	8,664,126	7,415,164
Current portion	<u>904,170</u>	<u>510,116</u>
	<u>9,568,296</u>	<u>7,925,280</u>

During the period, the group signed two new facility agreements amounting to QR 2,000,000 thousand which have been withdrawn in full.

Note:

- (i) The Islamic finance contracts have been obtained for the purpose of financing long term projects, working capital requirements of the Group and settlement of previously obtained banking facilities. The contracts carry profits at commercial rates. There were no securities pledged against any of the contracts at 30 September 2019 and 31 December 2018.

14 NET REVERSAL OF IMPAIRMENT

	<i>Nine months ended 30 September 2019 (Reviewed) QR'000</i>	<i>Nine months ended 30 September 2018 (Reviewed) QR'000</i>
Impairment losses :		
Cash and bank balances (Note 5)	(669)	(113)
Receivables	(16,274)	(8,251)
Investment in associates (Note 10)	(3,150)	(12,490)
Due from related parties	(9,479)	(3,762)
Reversal of impairment:		
Cash and bank balances (Note 5)	643	1,883
Receivables	15,920	78,768
Trading properties (Note 7)	51,385	-
Investment in associates (Note 10)	12,600	400
Finance lease receivables	1,913	2,133
Net reversal of impairment	<u>52,889</u>	<u>58,568</u>

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15 OTHER INCOME

	<i>Nine months ended 30 September 2019 (Reviewed) QR'000</i>	<i>Nine months ended 30 September 2018 (Reviewed) QR'000</i>
Dividend income	6,627	4,671
(Loss) / gain from revaluation of financial assets at fair value through profit or loss	(1,261)	2,295
Gain from sale of financial assets at fair value through Profit or loss	825	-
Others	20,817	24,102
	27,008	31,068

16 NET FINANCE COST

	<i>Nine months ended 30 September 2019 (Reviewed) QR'000</i>	<i>Nine months ended 30 September 2018 (Reviewed) QR'000</i>
Finance costs		
Finance costs on islamic finance contracts	(329,736)	(286,219)
Less: capitalized finance costs (Note 7.ii & 9)	113,683	89,004
	(216,053)	(197,215)
Unwinding of deferred finance cost	(23,309)	-
Finance cost - lease liability (IFRS 16) (Note 3)	(10,931)	-
Net foreign exchange loss	(2,333)	(394)
Finance costs for the period	(252,626)	(197,609)
Finance income		
Income from Murabaha and Islamic deposits	30,551	55,478
Net gain on debt restructure (i)	-	140,436
Finance income for the period	30,551	195,914
Net finance cost for the period	(222,075)	(1,695)

- (i) During 2018 the Group entered into a settlement agreement with the Ministry of Finance of Qatar to settle a debt in equal monthly instalments of QR 7,500 thousand. The last instalment is due in December 2025. The debt is presented under payables and other liabilities. The present value of all future payments using the Group's discount rate resulted in a gain of QR 140,436 thousand.

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17 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 nine months ended 30 September</i>	
	<i>2019 (Reviewed)</i>	<i>2018 (Reviewed)</i>
Profit attributable to owners of the parent (QR'000)	804,129	1,083,190
Ordinary shares authorized, issued and fully paid (thousands) (i)	3,891,246	3,891,246
Weighted average number of shares outstanding during the period (thousands)	3,891,246	3,891,246
Basic and diluted earnings per share (QR)	0.21	0.28

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

(i) Share split

During the Extraordinary General Meeting convened on 28 March 2019, the shareholders of the Parent approved amending the par value of the ordinary shares from QR 10 per share to QR 1 per share, in line with the instructions issued by the Qatar Financial Markets Authority.

The share split has been implemented on 1 July 2019 and this has led to an increase in the number of authorised, issued and fully paid shares from 389,124,637 shares to 3,891,246,370 ordinary shares. Consequently, weighted average number of shares outstanding and computed earnings per share (EPS) have been retrospectively adjusted from QR 0.71 for the three-month period ended 30 September 2018 and QR 2.78 for the nine-month period ended 30 September 2018, to QR 0.07 and QR 0.28, respectively.

18 OTHER RESERVES

	<i>30 September 2019 (Reviewed) QR'000</i>	<i>30 September 2018 (Reviewed) QR'000</i>
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
<i>Translation reserves:</i>		
Foreign exchange differences on translation of foreign operations	(7,060)	(15,759)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
<i>Financial assets at fair value through other comprehensive income:</i>		
Loss on remeasurement at fair value	(6,036)	(11,982)
	(13,096)	(27,741)

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19 CONTINGENT LIABILITIES

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

	<i>30 September 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Bank guarantees	<u>141,257</u>	<u>289,662</u>

20 COMMITMENTS

	<i>30 September 2019 (Reviewed) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Contractual commitments to contractors and suppliers for properties under development	<u>298,344</u>	<u>460,914</u>
Commitments for purchase of investments	<u>8,587</u>	<u>8,587</u>

21 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

21.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value profit rate risk, cash flow profit rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2018 and note 3 to these condensed consolidated interim financial statements.

There have been no changes in the risk management policies since the year end.

21.2 Liquidity risk

Compared to 31 December 2018, there were no material changes in the contractual undiscounted cash outflows for the financial liabilities, except for new obligations under islamic finance obtained during the period amounting to QR 2,000,000 thousand.

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21 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

21.3 Fair value estimation

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments as at 30 September 2019 and 31 December 2018:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 September 2019</i>	<i>31 December 2018</i>	<i>30 September 2019</i>	<i>31 December 2018</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>
Financial assets				
Bank balances (excluding cash)	1,434,499	1,349,756	1,434,499	1,349,756
Receivables (excluding prepayments)	525,731	465,689	525,731	465,689
Finance lease receivables	120,209	166,886	120,209	166,886
Due from related parties	205,036	227,484	205,036	227,484
Financial assets at fair value through profit or loss	31,660	27,870	31,660	27,870
Financial assets at fair value through other comprehensive income	135,555	138,576	135,555	138,576
Financial liabilities				
Payables and other liabilities	(1,653,024)	(2,317,770)	(1,653,024)	(2,317,770)
Due to related parties	(313,906)	(320,845)	(313,906)	(320,845)
Lease Liabilities	(338,065)	-	(338,065)	-
Obligations under Islamic finance contracts	(9,568,296)	(7,925,280)	(9,568,296)	(7,925,280)

The carrying amount as at 30 September 2019 and 31 December 2018 approximate the fair value.

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.

Financial assets at fair value through other comprehensive income amounting to QR 53,004 thousand (31 December 2018 - QR 55,355 thousand) are unquoted equity securities carried at fair value. Information for such investments is usually limited to periodic investment performance reports from the investment managers. Management has performed a review of its unquoted equity investments to assess the value of these investments. Based on the latest financial information available in respect of these investments and their operations, management is of the view that the fair value of these investments is not valued by more than what is already recorded.

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21 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

21.3 Fair value estimation (continued)

As at 30 September 2019 and 31 December 2018, the Group held the following classes of financial instruments measured at fair value:

Financial assets

	<i>30 September 2019 (Reviewed) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Financial assets at fair value through profit or loss	31,660	31,660	-	-
Financial assets at fair value through other comprehensive income	135,555	82,551	-	53,004
	<u>167,215</u>	<u>114,211</u>	<u>-</u>	<u>53,004</u>
	<i>31 December 2018 (Audited) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Financial assets at fair value through profit or loss	27,870	27,870	-	-
Financial assets at fair value through other comprehensive income	138,576	83,221	-	55,355
	<u>166,446</u>	<u>111,091</u>	<u>-</u>	<u>55,355</u>

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

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22 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, retail shops, warehouses, workshops and plots of land. Business services segment provides business support services and other services comprise cooling and other services.

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 or loss.

Operating segments

The operating segments are presented as follows:

For the nine months ended 30 September 2019 (Reviewed):

	<i>Real Estate</i>	<i>Business services</i>	<i>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>
Revenues and gains					
External parties	1,265,037	124,992	233,870	-	1,623,899
Internal segments	21,000	75,275	-	(96,275) (i)	-
Total revenues and gains	1,286,037	200,267	233,870	(96,275)	1,623,899
Net profit for the period	678,765	41,382	109,529	(21,281)	808,395
Net finance (cost)/ income	(225,159)	3,084	-	-	(222,075)
Depreciation	(15,547)	(1,746)	(32,269)	-	(49,562)
Share of results of associates	-	-	64,067	-	64,067

For the nine months ended 30 September 2018 (Reviewed):

	<i>Real Estate</i>	<i>Business services</i>	<i>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>
Revenues and gains					
- External parties	1,385,214	139,737	167,749	-	1,692,700
- Internal segments	93,941	43,707	(250)	(137,398) (i)	-
Total revenues and gains	1,479,155	183,444	167,499	(137,398)	1,692,700
Net profit for the period	961,284	22,944	196,525	(93,004)	1,087,749
Net finance (cost)/ income	(7,837)	6,142	-	-	(1,695)
Depreciation	(15,517)	(3,234)	(19,444)	-	(38,195)
Share of results of associates	-	-	18,811	-	18,811

Note:

(i) Inter-segment revenues and gains are eliminated at the consolidated level.

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22 SEGMENT INFORMATION (Continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2019 and 31 December 2018:

<i>At 30 September 2019 (Reviewed)</i>	<i>Real Estate QR'000</i>	<i>Business services QR'000</i>	<i>Other services QR'000</i>	<i>Eliminations QR'000</i>	<i>Total QR'000</i>
Current assets	3,582,717	323,505	172,256	-	4,078,478
Non-current assets	26,646,083	247,289	752,335	(258,214)	27,387,493
Total assets	30,228,800	570,794	924,591	(258,214)	31,465,971
Current liabilities	(2,371,906)	(141,573)	(26,375)	-	(2,539,854)
Non-current liabilities	(9,340,441)	(104,374)	(466,631)	346,585	(9,564,861)
Total liabilities	(11,712,347)	(245,947)	(493,006)	346,585	(12,104,715)
Investment in associates	-	-	544,074	-	544,074
Capital expenditures	356,276 (ii)	-	-	-	356,276
<i>At 31 December 2018 (Audited)</i>	<i>Real Estate QR'000</i>	<i>Business services QR'000</i>	<i>Other services QR'000</i>	<i>Eliminations QR'000</i>	<i>Total QR'000</i>
Current assets	3,392,138	291,449	150,751	-	3,834,338
Non-current assets	25,739,474	207,894	736,203	(195,629)	26,487,942
Total assets	29,131,612	499,343	886,954	(195,629)	30,322,280
Current liabilities	(2,445,917)	(117,211)	(25,268)	-	(2,588,396)
Non-current liabilities	(7,906,618)	(79,603)	(462,854)	265,278	(8,183,797)
Total liabilities	(10,352,535)	(196,814)	(488,122)	265,278	(10,772,193)
Investment in associates	-	-	509,763	-	509,763
Capital expenditures	683,733 (ii)	-	-	-	683,733

Note:

(ii) Capital expenditure consists of additions to trading properties, investment properties and property, plant and equipment.

23 DIVIDENDS

The shareholders of the Parent Company approved at the Annual General Meeting held on 20 March 2019 a cash dividend of QR 2.5 per share, amounting to QR 972,812 thousand from the profit of 2018 (2018: cash dividend of QR 2.5 per share; amounting to QR 972,812 thousand from the profit of 2017).

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24 INTANGIBLE ASSETS

	<i>Goodwill</i>		<i>Service Concession Arrangement</i>		<i>TOTAL</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
At 1 January	210,180	126,411	1,605,096	62,608	1,815,276	189,019
Additions	-	83,769	268	1,274,972	268	1,358,741
Profit recognized	-	-	-	267,516	-	267,516
Transfer to Investment Properties	-	-	(1,605,364)	-	(1,605,364)	-
At 30 September/ December	210,180	210,180	-	1,605,096	210,180	1,815,276

Service Concession Arrangement

The service concession arrangement represents a construction service revenue recognized till 31 December 2018 for the Affordable Housing Labour project located in Salwa Road.

On 14 December 2017, the Group entered into an agreement with the Ministry of Municipality and Environment (MME) to develop a labour residential project on a land leased from the MME with a total area of 1,179,114 square meters. Based on the agreement, the Group is committed to build and operate the project during the lease term of 27 years.

The terms of the service arrangement require the Group to construct a Labour Housing Project, a bus parking area and related infrastructure and maintain and operate the property to a specified standard with a right to collect rental income at a capped rental rate. No other performance obligations have been identified. The MME has the right to unilaterally terminate the agreement for the public interest. The land along with the project will be transferred back to the MME at the end of the lease.

During the year ended 31 December 2018, the Group recognized a profit from construction services of QR 267,516 thousand.

During the period and based on changes in the facts and circumstances relating to the arrangement, the transaction ceased to meet the recognition criteria of "Service Concession Arrangement" under IFRIC 12. Accordingly the management transferred the previously recognized intangible asset to investment properties under IAS 40 (Note 9).

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25 COMPARATIVE INFORMATION

The comparative figures have been reclassified in order to conform with the presentation for the current period. Such reclassifications have been made by the group to improve the quality of information presented and did not have any impact on the previously reported equity and profits. Below is a summary of significant reclassifications made during the year:

	Previous presentation at 31 December 2018 <i>QR'000</i>	Reclassifications <i>QR'000</i>	Current presentation <i>QR'000</i>
Statement of Financial Position:			
Trading properties	1,570,438	2,101	1,572,539
Investment properties	18,264,070	(2,101)	18,261,969
	Previous presentation at 30 September 2018 <i>QR'000</i>	Reclassifications <i>QR'000</i>	Current presentation <i>QR'000</i>
Statement of Profit or Loss:			
Consulting operation and other services expenses	(183,426)	(19,444)	(202,870)
Depreciation	(31,799)	19,444	(12,355)
Gain on debt restructure	140,436	(140,436)	-
Finance income	55,478	140,436	195,914