

Barwa Real Estate Company Q.S.C.

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

31 March 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 31 March 2013 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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 International Financial Reporting Standard 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.



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



Date: 29 April 2013
Doha
State of Qatar

Barwa Real Estate Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

		<i>31 March 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
ASSETS			
Cash and bank balances		653,005	665,514
Receivables and prepayments	6	632,966	720,589
Finance lease receivables	6	2,724,392	2,792,229
Due from related parties	7	2,835,406	2,724,291
Financial assets at fair value through profit or loss		7,495	6,704
Assets of subsidiaries classified as held for sale	8	-	5,782,872
Non-current assets held for sale	9	-	373,856
Advances for projects and investments	10	2,675,332	2,671,292
Available-for-sale financial assets		355,509	366,406
Trading properties	11	18,742,657	18,396,769
Investment properties	12	12,435,191	12,431,909
Investments in associates	13	2,354,000	2,323,755
Property, plant and equipment		857,439	856,821
Goodwill		126,411	126,411
Deferred tax assets		141	113
TOTAL ASSETS		44,399,944	50,239,531
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	14	2,617,196	3,030,334
Due to related parties	7	1,469,418	7,091,839
Liabilities of subsidiaries classified as held for sale	8	-	11,540
Obligations under Islamic finance contracts	15	26,569,743	26,661,159
Liabilities under derivative financial instruments		19,738	142,128
Deferred tax liabilities		187	205
TOTAL LIABILITIES		30,676,282	36,937,205
EQUITY			
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		(62,868)	(325,916)
Retained earnings		3,944,937	3,786,403
Total equity attributable to equity holders of the parent		13,219,982	12,798,400
Non-controlling interests		503,680	503,926
TOTAL EQUITY		13,723,662	13,302,326
TOTAL LIABILITIES AND EQUITY		44,399,944	50,239,531

These interim condensed consolidated financial statements were approved and signed on behalf of the Board of Directors by the following on 29 April 2013.

Hitmi Ali Khalifa Al-Hitmi
Chairman

Yousef Ali Abdul Rahman Al Obaidan
Board Member

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 three months ended 31 March 2013

		<i>For the three months ended 31 March</i>	
		2013	2012
		<i>(Reviewed)</i>	
Notes		<u>QR'000</u>	<u>QR'000</u>
Continuing operations			
REVENUES AND GAINS			
	Rental income	204,504	177,282
	Income from consultancy and other related services	88,880	111,034
	Profit on sale of properties	16 954	78,451
	Profit on disposal of subsidiaries	17 232,327	194,660
	Net fair value loss on investment properties	-	(25,383)
	Share of results of associates	13 37,457	12,238
	Other income – net	<u>61,127</u>	<u>102,310</u>
	TOTAL REVENUES AND GAINS	<u>625,249</u>	<u>650,592</u>
EXPENSES AND LOSSES			
	Operating expenses	(97,819)	(73,199)
	General and administrative expenses	(92,509)	(130,944)
	Net finance costs	(61,684)	(130,401)
	Net impairment losses	-	(342)
	Depreciation	<u>(17,592)</u>	<u>(16,497)</u>
	TOTAL EXPENSES AND LOSSES	<u>(269,604)</u>	<u>(351,383)</u>
	Profit before income tax	355,645	299,209
	Income tax expense	18 (670)	(633)
	Profit for the period from continuing operations	354,975	298,576
Discontinued operations			
	Loss for the period from discontinued operations	8 (196,499)	(4,494)
	Profit for the period	<u>158,476</u>	<u>294,082</u>
Attributable to:			
	Equity holders of the parent	158,534	292,462
	Non-controlling interests	<u>(58)</u>	<u>1,620</u>
		<u>158,476</u>	<u>294,082</u>
Basic and diluted earnings per share			
<i>(attributable to shareholders of the parent expressed in QR per share)</i>			
		19 0.41	0.75

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 three months ended 31 March 2013

		<i>For the three months ended</i>	
		<i>31 March</i>	
		<i>2013</i>	<i>2012</i>
		<i>(Reviewed)</i>	
<i>Note</i>		<i>QR'000</i>	<i>QR'000</i>
	Profit for the period	<u>158,476</u>	<u>294,082</u>
	Other comprehensive income		
	Net movement on cash flow hedges	20 -	10,525
	Exchange differences on translation of foreign operations	20 266,480	2,362
	Net (loss) gain on available-for-sale financial assets	20 <u>(3,620)</u>	<u>10,666</u>
	Other comprehensive income for the period	<u>262,860</u>	<u>23,553</u>
	Total comprehensive income for the period	<u>421,336</u>	<u>317,635</u>
	<i>Attributable to:</i>		
	Equity holders of the parent	421,582	315,652
	Non-controlling interests	<u>(246)</u>	<u>1,983</u>
		<u>421,336</u>	<u>317,635</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 three months ended 31 March 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 (Audited)	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,786,403	12,798,400	503,926	13,302,326
Profit for the period	-	-	-	-	-	158,534	158,534	(58)	158,476
Other comprehensive income for the period (Note 20)	-	-	-	-	263,048	-	263,048	(188)	262,860
Total comprehensive income for the period	-	-	-	-	263,048	158,534	421,582	(246)	421,336
Balance at 31 March 2013 (Reviewed)	3,891,246	(4,119)	811,555	4,639,231	(62,868)	3,944,937	13,219,982	503,680	13,723,662

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 (CONTINUED)

For the three months ended 31 March 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 2012 (Audited)	3,891,246	(4,119)	481,107	4,639,231	(49,533)	3,097,740	12,055,672	475,435	12,531,107
Profit for the period	-	-	-	-	-	292,462	292,462	1,620	294,082
Other comprehensive income for the period (Note 20)	-	-	-	-	23,190	-	23,190	363	23,553
Total comprehensive income for the period	-	-	-	-	23,190	292,462	315,652	1,983	317,635
Dividends for 2011 (Note 21)	-	-	-	-	-	(389,125)	(389,125)	-	(389,125)
Transfers on disposal of a subsidiary	-	-	-	-	-	-	-	(2,998)	(2,998)
Balance at 31 March 2012 (Reviewed)	3,891,246	(4,119)	481,107	4,639,231	(26,343)	3,001,077	11,982,199	474,420	12,456,619

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 three months ended 31 March 2013

	Notes	For the three months ended	
		31 March	
		2013	2012
		(Reviewed)	
		QR'000	QR'000
OPERATING ACTIVITIES			
Profit for the period from continuing operations		354,975	298,576
Loss for the period from discontinued operations	8	(196,499)	(4,494)
Profit for the period		158,476	294,082
<i>Adjustments for:</i>			
Net fair value gain on investment properties		-	25,383
Unrealised gain on financial assets at fair value through profit or loss		(791)	(1,134)
Gain on sale of available-for-sale financial assets		(1,795)	(958)
Depreciation		17,592	16,830
Share of results of associates	13	(37,457)	(19,342)
Fair value change in derivative financial instruments		(70,951)	7,180
Net impairment losses		-	342
Profit on sale of properties	16	(954)	(78,451)
Profit on disposal of subsidiaries	17	(232,327)	(194,660)
Fair value loss on call option		6,829	-
Amortisation of unearned finance lease income		(87,402)	(98,839)
Gain on reversal of provision		(3,890)	-
Dividend income		(5,377)	-
Reversal of board of directors remuneration		(10,500)	-
Gain on disposal of property, plant and equipment		(8,498)	-
Operating loss before working capital changes		(277,045)	(49,567)
<i>Changes in working capital:</i>			
Change in receivables and prepayments		234,732	181,219
Amounts due from / due to related parties		(192,358)	(408,344)
Change in payables and other liabilities		(402,656)	248,518
NET CASH USED IN OPERATING ACTIVITIES		(637,327)	(28,174)
INVESTING ACTIVITIES			
Cash flows from acquisitions of subsidiaries		-	176,305
Proceeds from disposal of subsidiaries		477,557	10,398
Purchase of investment properties and trading properties		(365,723)	(1,078,630)
Payments for purchase of available-for-sale financial assets		(4,595)	(2,998)
Payments for purchase of property, plant and equipment		(18,210)	(17,989)
Proceeds from sale of available-for-sale financial assets		12,503	8,246
Proceeds from sale of properties		375,000	942,419
Dividend income		5,377	-
Net movement in short term deposits maturing after three months		(16,500)	-
NET CASH FROM INVESTING ACTIVITIES		465,409	37,751

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 (CONTINUED)**

For the three months ended 31 March 2013

		<i>For the three months ended</i>	
		<i>31 March</i>	
		<i>2013</i>	<i>2012</i>
		<i>(Reviewed)</i>	
<i>Note</i>		<i>QR'000</i>	<i>QR'000</i>
		<i>(Restated)</i>	
FINANCING ACTIVITIES			
	Proceeds from obligations under Islamic finance contracts	-	1,461,700
	Payments for the obligations under Islamic finance contracts	(91,416)	(1,542,200)
	Payments for liabilities for purchase of lands	-	(70,092)
	Dividends paid	-	(389,125)
	Settlement of derivative financial liabilities	(51,440)	(140,559)
	Restricted bank balances	(8,705)	-
	NET CASH USED IN FINANCING ACTIVITIES	(151,561)	(680,276)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
	Net foreign exchange difference	282,134	22,817
	Cash and cash equivalents at 1 January	611,531	2,662,356
	Cash and cash equivalent for loss of control on subsidiaries	(4,625)	(37,434)
	CASH AND CASH EQUIVALENTS AT 31 MARCH	565,561	1,977,040
		5	

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 31 March 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 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 three months ended 31 March 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 three months ended 31 March 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.

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2013

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 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 31 March 2013

4 BUSINESS COMBINATION

No acquisitions took place during the three month period ended 31 March 2013.

Acquisition during the three month period ended 31 March 2012

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

During the three month period ended 31 March 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 control in 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>
Fair value of net identifiable assets at the date of acquisition	<u>2,558,096</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>
Loss on previously held interest in ASAS	<u>(233)</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>176,305</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2013

5 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	<i>For the three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Cash on hand	501	501
Short term deposits	88,178	839,150
Current account balances	240,293	183,658
Call account balances	313,766	934,766
Margin bank account	10,267	1,463
Total cash and bank balances	653,005	1,959,538
Less:		
Cash and bank balances attributable to discontinued operations	-	18,965
Short term bank deposits maturing after 3 months	(77,177)	-
Restricted bank balances	(10,267)	(1,463)
Cash and cash equivalents	565,561	1,977,040

Notes:

- (i) Short term 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 the profit rates at commercial market rates.
- (ii) Short term deposits maturing after three months carry profit rates at commercial market rates.
- (iii) Restricted bank balances are restricted to cover the 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 allocation of receivables and prepayments and finance lease receivables at reporting date.

	<i>Receivables and prepayments</i>		<i>Finance lease receivables</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</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	524,197	597,534	292,402	284,213
Non-current	108,769	123,055	2,431,990	2,508,016
	632,966	720,589	2,724,392	2,792,229

Note:

Finance lease receivable amounting to QR 1,132,000 thousand (31 December 2012: QR 1,287,000 thousand) owned by a subsidiary of the Group has been pledged as 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 31 March 2013

7 RELATED PARTY DISCLOSURES

Related parties represent non-controlling interests in the subsidiaries, associated companies, entities where the Group is one of their founders, major shareholders, 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 are as follows:

	<i>For the three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</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)	<u>6,109,011</u>	<u>31,000</u>
Reconciliation of Islamic financing facility obtained from a related party with the consideration for the disposal of subsidiaries	<u>5,808,454</u>	<u>-</u>
Profit on Islamic financing facility extended to a related party	<u>-</u>	<u>13,212</u>
Finance income charged from a related party	<u>24,893</u>	<u>-</u>
Gain from sale of property, plant and equipment to an associate company	<u>8,421</u>	<u>-</u>
Income from consultancy and other services	<u>26,294</u>	<u>29,210</u>
Rental income	<u>3,616</u>	<u>8,489</u>
Finance costs	<u>8,566</u>	<u>155,119</u>

Due from related parties

Due from related parties include an Islamic financing facility extended to a related company amounting to QR 2,483,272 thousand (31 December 2012: 2,555,363 thousand). The facility carries profit at commercial rates. The management is of the opinion that the due from related parties balance is not impaired and will be fully recovered along with the finance charges 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 1,266,100 thousand (31 December 2012: QR 1,266,573 thousand). The Islamic finance is non-secured and carries fixed and variable profit rates.

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

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</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	<u>2,774,496</u>	<u>2,619,057</u>	<u>1,446,890</u>	<u>6,954,217</u>
Non-current	<u>60,910</u>	<u>105,234</u>	<u>22,528</u>	<u>137,622</u>
	<u>2,835,406</u>	<u>2,724,291</u>	<u>1,469,418</u>	<u>7,091,839</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 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>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Board of directors' remuneration	-	12,250
Total key management staff benefits (Group basis)	<u>6,279</u>	<u>6,573</u>
	<u>6,279</u>	<u>18,823</u>

8 DISCONTINUED OPERATIONS

On 16 October 2012, the Group announced the decision of its Board of Directors to dispose of Barwa Egypt Group. 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 disposed 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) disclosed in Note 17 to the interim condensed consolidated financial statements.

Further during the three months period ended 31 March 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.

Barwa Real Estate Company Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
At 31 March 2013**8 DISCONTINUED OPERATIONS (continued)**

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

	<i>For the three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
EXPENSES		
General and administrative expenses	(809)	(4,086)
Net finance costs	(195,516)	(75)
Depreciation	(174)	(333)
Loss for the period from discontinued operations	(196,499)	(4,494)

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

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

As the Barwa Egypt Group is disposed off prior to 31 March 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.

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2013

9 NON-CURRENT ASSETS HELD FOR SALE

During the year 2012, the Group entered into an agreement with a third party to dispose of one of the subsidiaries' investment property and property, plant and equipment at market value. The disposal transaction has taken place during the current period. 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>31 March 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Investment property, net of impairment (Note 12)	-	370,095
Property, plant and equipment	-	3,761
	<u>-</u>	<u>373,856</u>

As at 31 December 2012, non-current assets held for sale amounting to QR 31,832 thousand were impaired and fully provided for.

10 ADVANCES FOR PROJECTS AND INVESTMENTS

	<i>31 March 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Advances for purchase of properties (i)	2,620,146	2,634,514
Advances against exchange of land	1,836,459	1,836,459
Advances to subcontractors and suppliers	530,757	517,349
	<u>4,987,362</u>	<u>4,988,322</u>
Less: allowance for impairment of advances	<u>(2,312,030)</u>	<u>(2,317,030)</u>
	<u>2,675,332</u>	<u>2,671,292</u>

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

	<i>31 March 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Non-current	2,078,371	2,071,408
Current	596,961	599,884
	<u>2,675,332</u>	<u>2,671,292</u>

Note:

- (i) Advances for purchase of properties include an amount of QR 2,074,294 thousand (31 December 2012: QR 2,074,294 thousand) paid to a related party.

Barwa Real Estate Company Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
At 31 March 2013**11 TRADING PROPERTIES**

	<i>31 March 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Properties available for sale	6,956,524	6,956,524
Properties under development	11,786,133	11,440,245
	<u>18,742,657</u>	<u>18,396,769</u>

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

	<i>31 March 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	310,460	2,378,585
On disposal of subsidiaries	-	(13,206,195)
Disposal	-	(2,604,384)
Capitalised finance cost	40,712	1,051,333
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)
Written off during the period/year	-	(2,191)
Impairment loss	-	(87,000)
Reversal of impairment	-	4,288
Exchange adjustment	(5,284)	(287,918)
At 31 March / 31 December	<u>11,786,133</u>	<u>11,440,245</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2013

12 INVESTMENT PROPERTIES

	<i>Land</i> <i>QR'000</i>	<i>Buildings</i> <i>QR'000</i>	<i>31 March</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 subsidiary (Note 4)	-	-	-	2,550,542
Additions during the period/year	14,368	1,143	15,511	12,524
Transfers from trading properties - available for sale	-	-	-	900,952
Transfer from trading properties - properties under development (Note 11)	-	-	-	207,398
Transfers to non-current assets held for sale (Note 9)	-	-	-	(401,927)
Transfers 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 subsidiary	-	-	-	(1,454,137)
Translation adjustments	(2,846)	(9,383)	(12,229)	23,207
At 31 March / 31 December	6,406,388	6,028,803	12,435,191	12,431,909

Note:

- (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 entire 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 that were not subject to fair valuation are not materially different from their fair values at the reporting date.

- (ii) Included in investment properties are certain properties with a fair value of QR 2,641,827 thousand at 31 March 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.

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2013

13 INVESTMENTS IN ASSOCIATES

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

	<i>31 March 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Group's share of the associates' statement of financial position:		
Total assets	9,329,909	8,683,701
Total liabilities	<u>(6,975,909)</u>	<u>(6,359,946)</u>
Group share of net assets of associates	<u>2,354,000</u>	<u>2,323,755</u>
Carrying amount of the investments	<u>2,354,000</u>	<u>2,323,755</u>
	<i>For the three months ended 31 March</i>	
	<i>2013 (Reviewed) QR'000</i>	<i>2012 QR'000</i>
Group's share of associates' revenues and results:		
Revenues	<u>96,555</u>	<u>378,697</u>
Results (Note ii)	<u>37,457</u>	<u>12,238</u>

Notes:

- (i) 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 total amounting to 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 arisen from the above transaction. Accordingly, the Group has recognised a fair value loss of QR 6,829 thousand for the three months period ended 31 March 2013 (for the three months period ended 31 March 2012: Nil) on the call option which is included in other income.
- (ii) The share of results for the three months ended 31 March 2012 is after deducting the Group's share of unrealized profit on upstream transaction amounting to QR 7,104 thousand (for the three months ended 31 March 2013: Nil).

Barwa Real Estate Company Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 31 March 2013

14 PAYABLES AND OTHER LIABILITIES

	<i>31 March 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Subcontractors and suppliers	1,035,685	1,344,980
Clients advances and unearned income	54,486	90,136
Retention payable	234,062	257,817
Contribution to social and sports fund	72,816	72,816
Accrued expenses	115,169	130,001
Accrued finance cost	112,176	109,483
Employees end of services benefits	45,530	43,122
Provisions for litigations	112,887	112,887
Other payables	834,385	869,092
	<u>2,617,196</u>	<u>3,030,334</u>
<i>The maturity of payables and other liabilities are as follows:</i>		
Non-current	837,744	783,769
Current	1,779,452	2,246,565
	<u>2,617,196</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>31 March 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	-	1,962,084
Relating to disposal of a subsidiary (Note 17)	-	(888,625)
Repayments of outstanding facilities during the period /year	(91,416)	(2,832,952)
Exchange adjustment	-	49,518
At 31 March / 31 December	<u>26,569,743</u>	<u>26,661,159</u>
<i>The maturity of obligations under Islamic finance contracts are as follows:</i>		
Non-current	24,777,310	24,962,704
Current	1,792,433	1,698,455
	<u>26,569,743</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 31 March 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 31 March 2013

16 PROFIT ON SALE OF PROPERTIES

	<i>For the three months ended 31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Sale consideration	375,000	2,687,419
Cost of sales	<u>(374,046)</u>	<u>(2,608,968)</u>
Profit	<u>954</u>	<u>78,451</u>

The profit on sale of properties recognised for the three month period ended 31 March 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 three months period ended 31 March 2013, the Group disposed off Barwa Egypt Group 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 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 and	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>
Assets	
Cash and bank balances	4,625
Receivables and prepayments	793
Property, plant and equipment	2,025
Deferred tax assets	18
Property under development	<u>5,615,563</u>
	<u>5,623,024</u>
Liabilities	
Employee retirement benefit obligations	641
Payables and accruals	<u>9,835</u>
	<u>10,476</u>
Net assets disposed off	5,612,548
Translation reserve transferred from other comprehensive income	264,136
Profit on disposal	<u>232,327</u>
Consideration on disposal of subsidiaries	<u>6,109,011</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2013

17 DISPOSAL OF SUBSIDIARIES (continued)

Disposal of subsidiaries in 2013 (continued)

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

Disposal of subsidiaries in 2012

During the three months period ended 31 March 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>
Assets	
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)	<u>593,162</u>
	<u>851,336</u>
Liabilities	
Obligations under Islamic finance contract	888,625
Due to related parties	21,701
Payables and accruals	<u>101,672</u>
	<u>1,011,998</u>
Net assets disposed	(160,662)
Non-controlling interest	(2,998)
Profit on disposal	<u>194,660</u>
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 31 March 2013**17 DISPOSAL OF SUBSIDIARIES (continued)****Disposal of subsidiaries in 2012 (continued)**

	<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 major components of income tax for the period included in the interim consolidated statement of income are as follows:

	<i>For the three months ended 31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Current income tax		
Current income tax charge	(717)	(633)
Deferred income tax		
Relating to origination and reversal of temporary differences	<u>47</u>	<u>-</u>
Income tax expense	<u>(670)</u>	<u>(633)</u>

	<i>For the three months ended 31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Income tax expense resulted from continuing operations	<u>(670)</u>	<u>(633)</u>

Barwa Real Estate Company Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
At 31 March 2013**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</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	
Profit attributable to equity holders of the parent from continuing operations (in 000 QR)	<u>355,033</u>	<u>296,956</u>
Loss attributable to equity holders of the parent from discontinued operations (in 000 QR)	<u>(196,499)</u>	<u>(4,494)</u>
Profit attributable to equity holders of the parent for basic earnings (in 000 QR)	<u>158,534</u>	<u>292,462</u>
Weighted average number of shares outstanding during the year (in thousand shares)	<u>389,125</u>	<u>389,125</u>
Basic and diluted earnings per share (QR)	<u>0.41</u>	<u>0.75</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.

20 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>For the three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</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	-	7,180
Effective portion of changes in fair value of cash flow hedges	-	3,345
	-	10,525
<i>Translation reserves:</i>		
Exchange differences on translation of foreign operations	2,344	2,362
Exchange differences transferred to interim consolidated statement of income on disposal of subsidiaries	264,136	-
	266,480	2,362
<i>Available-for-sale financial assets:</i>		
(Loss) gain arising during the period	(3,620)	10,666
	(3,620)	10,666
Other comprehensive income for the period	<u>262,860</u>	<u>23,553</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013

21 DIVIDENDS

	<i>For the three months ended</i>	
	<i>31 March</i>	
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>
Proposed for approval at Annual General Assembly Meeting (not recognised as a liability as at 31 March 2013): Dividend for 2012, QR 1 per share (2011: QR 1 per share)	<u>389,125</u>	<u>389,125</u>

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 (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).

22 CONTINGENT LIABILITIES

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

	<i>31 March</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Bank guarantees	<u>69,116</u>	<u>70,890</u>
Letters of credit	<u>400,000</u>	<u>400,000</u>

23 COMMITMENTS

	<i>31 March</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Contractual commitments to contractors and suppliers for properties under development	<u>1,875,357</u>	<u>2,353,371</u>
Commitments for operating leases (i)	<u>306,725</u>	<u>326,552</u>
Commitments for purchase of properties	<u>260,030</u>	<u>260,030</u>
Commitments for purchase of investments	<u>272,891</u>	<u>273,851</u>

Note:

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

	<i>31 March</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Less than one year	68,334	68,854
Between 1 and 5 years	134,097	144,316
More than 5 years	<u>104,294</u>	<u>113,382</u>
	<u>306,725</u>	<u>326,552</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013

24 FINANCIAL INSTRUMENTS

Fair values

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

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>31 March 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>	<i>31 March 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Financial assets				
Bank balances (excluding cash)	652,504	665,008	652,504	665,008
Receivables	447,050	536,388	447,050	536,388
Finance lease receivables	2,724,392	2,792,229	2,724,392	2,792,229
Due from related parties	2,835,406	2,724,291	2,835,406	2,724,291
Financial assets at fair value through profit or loss	7,495	6,704	7,495	6,704
Assets of subsidiaries classified as held for sale	-	5,782,872	-	5,782,872
Non-current assets held for sale	-	373,856	-	373,856
Available-for-sale financial assets	355,509	366,406	355,509	366,406
	<u>7,022,356</u>	<u>13,247,754</u>	<u>7,022,356</u>	<u>13,247,754</u>
Financial liabilities				
Payables and other liabilities	(1,841,081)	(2,220,976)	(1,841,081)	(2,220,976)
Due to related parties	(1,469,418)	(7,091,839)	(1,469,418)	(7,091,839)
Liabilities of subsidiaries classified as held for sale	-	(11,540)	-	(11,540)
Obligations under Islamic finance contracts	(26,569,743)	(26,661,159)	(26,569,743)	(26,661,159)
Liabilities under derivative financial instruments	(19,738)	(142,128)	(19,738)	(142,128)
	<u>(29,899,980)</u>	<u>(36,127,642)</u>	<u>(29,899,980)</u>	<u>(36,127,642)</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013

24 FINANCIAL INSTRUMENTS (continued)

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

Financial assets

	<i>31 March 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	355,509	136,672	218,837	-
Financial assets at fair value through profit or loss	7,495	7,495	-	-
Derivative financial instruments	14,640	-	14,640	-
	<u>377,644</u>	<u>144,167</u>	<u>233,477</u>	<u>-</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>249,256</u>	<u>-</u>

Financial liabilities

	<i>31 March 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	19,738	-	19,738	-
	<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	142,128	-	142,128	-

During the period/year ended 31 March 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 31 March 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 three months ended 31 March 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>
Revenues and gains					
- External parties	577,971	45,035	2,243	-	625,249
- Internal segments	241,742	21,839	-	(263,581) (i)	-
Total revenues and gains	819,713	66,874	2,243	(263,581)	625,249
Profit (loss) for the period	384,386	7,245	784	(233,939)	158,476
Net finance (cost) income	(61,542)	(110)	(32)	-	(61,684)
Depreciation	(17,145)	(541)	(80)	-	(17,766)
Share of results of associates	36,271	-	1,186	-	37,457
			<i>Financial institution and other services</i>		
<i>For the three months ended 31 March 2012 (Reviewed)</i>	<i>Real Estate</i>	<i>Business services</i>	<i>QR'000</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	613,865	36,014	713	-	650,592
- Internal segments	(245,701)	27,933	-	217,768 (i)	-
Total revenues and gains	368,164	63,947	713	217,768	650,592
Profit (loss) for the period	529,867	(168)	(13,542)	(222,075)	294,082
Net finance (cost) income	(130,482)	78	3	-	(130,401)
Depreciation	(14,681)	(1,702)	(447)	-	(16,830)
Share of results of associates	12,238	-	-	-	12,238

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 31 March 2013

25 SEGMENT INFORMATION (continued)

Operating segments (continued)

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

<i>At 31 March 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	11,555,703	216,761	32,614	-	11,805,078
Non-current assets	33,384,769	37,132	101,104	(928,139)	32,594,866
Total assets	44,940,472	253,893	133,718	(928,139)	44,399,944
Current liabilities	(5,017,444)	(70,272)	(2,365)	-	(5,090,081)
Non-current liabilities	(25,604,632)	(64,096)	(138,466)	220,993	(25,586,201)
Total liabilities	(30,622,076)	(134,368)	(140,831)	220,993	(30,676,282)
Investment in associates	2,347,192	-	13,629	(6,821)	2,354,000
Capital expenditures	384,893	(ii) -	-	-	384,893
<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	(963,517)	32,354,134
Total assets	50,806,905	260,250	141,581	(969,205)	50,239,531
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)
Total liabilities	(36,772,008)	(144,657)	(143,344)	122,804	(36,937,205)
Investment in associates	2,316,827	-	13,340	(6,412)	2,323,755
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.

26 EVENTS AFTER THE REPORTING PERIOD

At the Company's General Assembly Meeting held on 2 April 2013, the Company's shareholders approved a dividend of QR 1.5 per share amounting to a total of QR 583,687 thousand and Board of Directors' remuneration of QR 3,500 thousand for the year ended 31 December 2012. The Board of Directors has proposed a dividend of QR 1 per share amounting to QR 389,125 thousand and a Board of Directors remuneration amounting to QR 14,000 thousand for the year ended 31 December 2012.