

Barwa Real Estate Company Q.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2016

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Barwa Real Estate Company Q.S.C. (the “Parent Company”) and its subsidiaries (collectively “the Group”) as of 30 June 2016 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, ‘Interim financial reporting’ as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with 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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB.

A handwritten signature in blue ink, appearing to read 'Mohamed Elmoataz', is enclosed within a blue oval scribble.

Mohamed Elmoataz
PricewaterhouseCoopers

Auditor’s registration number 281
Doha, 4 July 2016

Barwa Real Estate Company Q.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 (Reviewed) QR'000	31 December 2015 (Audited) QR'000
ASSETS			
Cash and bank balances	5	3,278,790	3,833,755
Financial assets at fair value through profit or loss		26,186	27,884
Receivables and prepayments	6	904,125	1,041,679
Trading properties	8	3,259,384	3,792,753
Finance lease receivables	6	1,657,620	1,843,823
Due from related parties	7	196,134	224,831
Available-for-sale financial assets		182,676	199,386
Advances for projects and investments		4,820,217	4,747,151
Investment properties	10	12,776,730	11,222,850
Property, plant and equipment		621,436	651,072
Investments in associates	9	722,990	723,494
Goodwill		126,411	126,411
Deferred tax assets		1,106	1,068
TOTAL ASSETS		28,573,805	28,436,157
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	11	2,267,153	2,297,434
Provisions	12	61,087	207,028
Due to related parties	7	578,617	514,975
Obligations under Islamic finance contracts	13	7,633,816	7,697,837
Deferred tax liabilities		460	444
TOTAL LIABILITIES		10,541,133	10,717,718
EQUITY			
Share capital		3,891,246	3,891,246
Treasury shares		(4,119)	(4,119)
Legal reserve		1,399,641	1,399,641
General reserve		4,639,231	4,639,231
Other reserves	18	(221,153)	(210,026)
Retained earnings		8,199,735	7,855,259
Total equity attributable to equity holders of the Parent		17,904,581	17,571,232
Non-controlling interests		128,091	147,207
TOTAL EQUITY		18,032,672	17,718,439
TOTAL LIABILITIES AND EQUITY		28,573,805	28,436,157

These condensed consolidated interim financial statements were approved by the Board of Directors on 4th July 2016 and signed on their behalf by:

H.E. Salah Bin Ghanem Al Ali
Chairman

Salman Bin Mohamad Al Muhannadi
Group Chief Executive Officer

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016	2015	2016	2015
		(Reviewed)		(Reviewed)	
		QR'000	QR'000	QR'000	QR'000
Rental income		273,683	259,295	541,848	517,327
Rental operation expenses		(78,435)	(70,795)	(153,848)	(140,989)
Finance lease income		55,258	66,244	113,355	135,087
Net rental and finance lease income		250,506	254,744	501,355	511,425
Income from consultancy and other services		97,177	116,715	203,862	250,344
Consulting operation and other services expenses		(58,048)	(64,528)	(128,161)	(134,511)
Net consulting and other services income		39,129	52,187	75,701	115,833
Profit on sale of properties	14	-	-	-	2,701,685
Net fair value gain/ (loss) on investment properties	10	323,414	(69,050)	630,243	240,823
Share of results of associates	9	9,064	6,766	25,133	20,967
Gain /(Loss) on sale of available-for-sale financial assets		2,726	319	2,726	(194)
Loss on sale of investments in associates		(313)	-	(313)	-
Loss on financial assets at fair value through profit or loss		(1,963)	(146)	(1,273)	(1,025)
General and administrative expenses		(55,946)	(63,792)	(110,066)	(118,101)
Depreciation		(13,724)	(17,777)	(28,361)	(34,736)
Impairment losses - net	15	(3,740)	13,112	(3,762)	(4,822)
Other income	16	25,356	38,839	155,024	71,232
Operating profit before finance cost and tax		574,509	215,202	1,246,407	3,503,087
Finance cost		(38,337)	(37,361)	(74,537)	(85,111)
Finance income		19,947	18,865	41,196	38,387
Profit before income tax		556,119	196,706	1,213,066	3,456,363
Income tax expense		(1,144)	(642)	(2,295)	(792)
Net profit for the period		554,975	196,064	1,210,771	3,455,571
<i>Attributable to:</i>					
Equity holders of the Parent	17	549,092	192,994	1,200,550	3,447,881
Non-controlling interests		5,883	3,070	10,221	7,690
		554,975	196,064	1,210,771	3,455,571
Basic and diluted earnings per share <i>attributable to equity holders of the Parent</i> <i>(expressed in QR per share)</i>	17	1.42	0.50	3.09	8.86

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	554,975	196,064	1,210,771	3,455,571
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	(14,936)	44,765	(4,131)	(20,641)
Net gain on available-for-sale financial assets	(7,614)	1,899	(6,234)	(2,113)
Other comprehensive (loss) / income for the period	(22,550)	46,664	(10,365)	(22,754)
Total comprehensive income for the period	532,425	242,728	1,200,406	3,432,817
<i>Attributable to:</i>				
Equity holders of the Parent	526,666	239,231	1,189,423	3,426,061
Non-controlling interests	5,759	3,497	10,983	6,756
	532,425	242,728	1,200,406	3,432,817

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

Equity attributable to owners of the parent

	Share capital QR'000	Treasury shares QR'000	Legal reserve QR'000	General reserve QR'000	Other reserves QR'000	Retained earnings QR'000	Total QR'000	Non- controlling interests QR'000	Total Equity QR'000
Balance at 1 January 2016	3,891,246	(4,119)	1,399,641	4,639,231	(210,026)	7,855,259	17,571,232	147,207	17,718,439
Profit for the period	-	-	-	-	-	1,200,550	1,200,550	10,221	1,210,771
Other comprehensive income for the period	-	-	-	-	(11,127)	-	(11,127)	762	(10,365)
Total comprehensive income for the period	-	-	-	-	(11,127)	1,200,550	1,189,423	10,983	1,200,406
Partners' contribution:									
Dividends for 2015 (Note 23)	-	-	-	-	-	(856,074)	(856,074)	-	(856,074)
Transaction with non-controlling interest	-	-	-	-	-	-	-	(30,000)	(30,000)
Other movements	-	-	-	-	-	-	-	(99)	(99)
Total transactions with owners	-	-	-	-	-	(856,074)	(856,074)	(30,099)	(886,173)
Balance at 30 June 2016 (Reviewed)	3,891,246	(4,119)	1,399,641	4,639,231	(221,153)	8,199,735	17,904,581	128,091	18,032,672

Equity attributable to owners of the parent

	Share capital QR'000	Treasury shares QR'000	Legal reserve QR'000	General reserve QR'000	Other reserves QR'000	Retained earnings QR'000	Total QR'000	Non- controlling interests QR'000	Total Equity QR'000
Balance at 1 January 2015	3,891,246	(4,119)	1,110,169	4,639,231	(90,436)	6,213,240	15,759,331	159,399	15,918,730
Profit for the period	-	-	-	-	-	3,447,881	3,447,881	7,690	3,455,571
Other comprehensive income for the period	-	-	-	-	(21,820)	-	(21,820)	(934)	(22,754)
Total comprehensive income for the period	-	-	-	-	(21,820)	3,447,881	3,426,061	6,756	3,432,817
Partners' contribution:									
Excess of purchase consideration over the carrying amount of all amounts due to non-controlling interest "50% of Lusail Golf Development Company	-	-	-	-	-	(145,372)	(145,372)	-	(145,372)
Dividends for 2014 (Note 23)	-	-	-	-	-	(856,074)	(856,074)	-	(856,074)
Purchasing Minority Shares of Lusail Golf Development Company	-	-	-	-	-	-	-	(5,140)	(5,140)
Other movements	-	-	-	-	-	-	-	(45)	(45)
Total transactions with owners	-	-	-	-	-	(1,001,446)	(1,001,446)	(5,185)	(1,006,631)
Balance at 30 June 2015 (Reviewed)	3,891,246	(4,119)	1,110,169	4,639,231	(112,256)	8,659,675	18,183,946	160,970	18,344,916

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	<i>For the six months ended</i>	
		<i>30 June</i>	
		<i>2016</i>	<i>2015</i>
		<i>(Reviewed)</i>	
		<i>QR'000</i>	<i>QR'000</i>
OPERATING ACTIVITIES			
Profit for the period		1,210,771	3,455,571
Adjustments for:			
Finance cost		108,590	116,268
Finance income		(74,825)	(11,694)
Net fair value gain on investment properties	10	(630,243)	(240,823)
Depreciation		32,614	34,736
Share of results of associates		(25,133)	(20,967)
Loss on sale of investments in associate	9	313	-
Impairment losses - net	15	3,762	4,822
(Gain) / loss on sale of available-for-sale financial assets		(2,726)	194
Gain on disposal of furniture and equipment		-	(77)
Other income	16	(155,024)	(71,232)
Net deferred tax benefit		(60)	(492)
Change in Provisions – net	12	(85)	6,724
Unrealised gains on financial assets at fair value through profit or loss		1,273	1,025
Gain on sale of financial assets at fair value through profit or loss		(39)	-
Finance lease income		(113,355)	(135,087)
Operating income before working capital changes		355,833	3,138,968
Working capital changes:			
Change in receivables and prepayments		8,129	1,746
Amounts due from/due to related parties		(292,894)	36,982
Change in finance lease receivables		427,129	195,934
Change in trading properties		(249,113)	(463,081)
Change in payables and other liabilities		(42,366)	141,091
NET CASH FROM OPERATING ACTIVITIES		206,718	3,051,640
INVESTING ACTIVITIES			
Finance income received		74,825	11,694
Purchase of investment properties	10	(110,375)	(20,419)
Proceeds from sale of available-for-sale financial assets		10,899	21,708
Proceeds from disposal of property, plant and equipment		-	2,110
Proceeds from sale of an associate		1,183	-
Advances for purchase of investments and properties		(92,471)	(95,900)
Payments for purchase of available-for-sale financial assets		(92)	(19,866)
Payments for purchase of property, plant and equipment		(2,979)	(4,392)
Net receipts from / (payments for) financial assets at fair value through profit or loss		464	(1,555)
Net movement in short term deposits maturing after three months		619,991	(2,466,390)
Dividend income received	16	4,373	5,366
Dividends received from associates	9	4,000	20,816
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		509,818	(2,546,828)

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

		<i>For the six months ended</i>	
		30 June	
		2016	2015
		<i>(Reviewed)</i>	
Notes		QR'000	QR'000
	FINANCING ACTIVITIES		
	Finance cost paid	(108,590)	(116,268)
	Payments for the obligations under Islamic financing contracts	(61,450)	(113,473)
	Dividends paid	(445,766)	(426,789)
	Payment to non-controlling interest	(30,000)	-
	Movement in restricted bank balances	(18,399)	(58,312)
	NET CASH USED IN FINANCING ACTIVITIES	(664,205)	(714,842)
	INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	52,331	(210,030)
	Net foreign exchange differences	(5,704)	(5,428)
	Cash and cash equivalents at 1 January	1,003,256	1,225,069
	CASH AND CASH EQUIVALENTS AT 30 JUNE	1,049,883	1,009,611

The attached notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Barwa Real Estate Company Q.S.C. (“the Company” or “the Parent”) was incorporated pursuant to the provision of Article 68 of the Qatar Commercial Companies Law No. 5 of 2002 as Qatari Public Shareholding Company under Commercial Registration No. 31901 dated 27 December 2005. The term of the Company is 100 years starting from the date of declaration in the Commercial Register. The Company is a listed entity on 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 June 2015. The Ministry of Economy and Commerce (MOEC) had extended the transitional period determined for complying with the Companies Law till February 2017. Additionally, the executive regulations necessary to apply the Companies Law have not yet been issued by the MOEC. The group is currently in communication with the MOEC in order to amend its articles of association to be in compliance with the new Companies Law.

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 are 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 June 2016</i>	<i>31 December 2015</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%
Lusail Golf Development Company W.L.L.	Qatar	100%	100%
Barwa Al Sadd Company W.L.L	Qatar	100%	100%
Barwa Al- Baraha W.L.L.	Qatar	100%	100%
Barwa Village Company W.L.L	Qatar	100%	100%
Masaken Al Sailiya & Mesameer 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%

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the period ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards, IAS 34 “Interim Financial Reporting” (“IAS 34”).

The condensed consolidated interim financial statements are presented in Qatari 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 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 2015. In addition, results for the six months period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

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 2015. There are no amendments to IFRSs that have a material effect on the group for the period ended 30 June 2016.

(a) New standards and interpretations are effective for annual periods beginning after 1 January 2016 and not yet adopted by the Group

IFRS 9, 'Financial instruments' on hedge accounting (Annual periods beginning on or after 1 January 2018). The amendments to IFRS 9 bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

IFRS 16, 'leases' (Annual periods beginning on or after 1 January 2019) requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability to pay rentals. The lessor's accounting model largely remains unchanged.

IFRS 15, 'Revenue from contracts with customer' (Annual periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

4 ACCOUNTING ESTIMATES

The preparation of these interim condensed consolidated 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.

In preparing these condensed consolidated interim financial statements, the significant judgments made by 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 2015.

5 CASH AND BANK BALANCES

Cash and bank balances are comprised of the following:

	<i>As at 30 June 2016 (Reviewed) QR'000</i>	<i>As at 31 December 2015 (Audited) QR'000</i>
Cash on hand	371	260
Short term deposits	2,562,093	3,162,052
Current accounts	280,408	189,338
Call accounts	283,203	347,789
Restricted balances	137,036	118,056
Margin bank accounts	15,679	16,260
Total cash and bank balances	3,278,790	3,833,755
Short term bank deposits maturing after 3 months (i)	(2,076,192)	(2,696,183)
Restricted bank balances (ii)	(152,715)	(134,316)
Cash and cash equivalents	1,049,883	1,003,256

Notes:

- (i) Short term bank deposits are made for varying periods depending on the immediate cash requirements of the Group with original maturity period ranging up to twelve months and carry profit at commercial market rates.
- (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.

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

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

	<i>Receivables and prepayments</i>		<i>Finance lease receivables</i>	
	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>
Current	871,592	1,027,111	408,318	384,156
Non-current	32,533	14,568	1,249,302	1,459,667
	904,125	1,041,679	1,657,620	1,843,823

Note:

Finance lease receivables amounting to QR 523,791 thousand (31 December 2015: QR 632,000 thousand) have been pledged as a security against the Islamic facility "Sukuk Al Musharakah" amounting to QR 30,725 thousand (31 December 2015: QR 92,175 thousand)

7 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 Parent Company has transactions with related parties, i.e. shareholders having control on the Company, 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>For the six months ended 30 June</i>	
	<i>2016 (Reviewed) QR'000</i>	<i>2015 (Reviewed) QR'000</i>
Income from consultancy and other services – Main shareholder	64,248	82,158
Rental income – Main shareholder / associates	1,277	3,335

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

7 RELATED PARTY DISCLOSURES (Continued)

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

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>
Qatari Diar Real Estate Investment Company Q.S.C.	24,539	39,376	547,867	482,624
Associate companies	97,158	97,144	28,704	29,851
Entities under common control	74,437	88,311	-	-
Other related parties	-	-	2,046	2,500
	196,134	224,831	578,617	514,975

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 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>
Non-current	85,633	85,633	574	574
Current	110,501	139,198	578,043	514,401
	196,134	224,831	578,617	514,975

Compensation of directors and other key management personnel

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

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2016 (Reviewed) QR'000</i>	<i>2015 (Reviewed) QR'000</i>	<i>2016 (Reviewed) QR'000</i>	<i>2015 (Reviewed) QR'000</i>
Total key management staff benefits (Group basis)	22,327	19,305	34,880	30,748

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

8 TRADING PROPERTIES

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>
Properties available for sale	176,112	176,112
Properties under development- net	<u>3,083,272</u>	<u>3,616,641</u>
	<u>3,259,384</u>	<u>3,792,753</u>

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

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>30 June 2015 (Reviewed) QR'000</i>
At 1 January	176,112	184,472
Additions during the period	-	334
Properties sold during the period	<u>-</u>	<u>(1,739)</u>
At 30 June	<u>176,112</u>	<u>183,067</u>

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

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>30 June 2015 (Reviewed) QR'000</i>
At 1 January	3,616,641	3,381,724
Additions	231,430	465,405
Capitalised finance cost	37,090	30,905
Transfer to investment property (Note 10)	(820,482)	-
Reversal of impairment	16,368	14,486
Foreign exchange adjustment	<u>2,225</u>	<u>(6,353)</u>
At 30 June	<u>3,083,272</u>	<u>3,886,167</u>

9 INVESTMENTS IN ASSOCIATES

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

	<i>Six months ended 30 June 2016 (Reviewed) QR'000</i>	<i>Six months ended 30 June 2015 (Reviewed) QR'000</i>
At 1 January	723,494	817,053
Dividends received from associates	(4,000)	(20,816)
Share of results of associates	25,133	20,967
Disposal	(1,495)	-
Impairment losses (Note 15)	(25,260)	(16,700)
Share of change in fair value reserve of available for sale financial assets	2,103	1,782
Reversal of impairment (Note 15)	6,810	-
Currency translation adjustment	(3,795)	(7,598)
At 30 June	722,990	794,688
	<i>Six months ended 30 June 2016 (Reviewed) QR'000</i>	<i>Six months ended 30 June 2015 (Reviewed) QR'000</i>
Total group's share of the associates' statement of financial position:		
Total Assets	1,646,057	1,696,912
Total liabilities	(923,067)	(902,224)
Group share of net assets of associates	722,990	794,688
Carrying amount of the investments	722,990	794,688
Group's share of associates' revenues and results:		
Revenues	187,044	147,325
Results	25,133	20,967

10 INVESTMENT PROPERTIES

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>30 June 2015 (Reviewed) QR'000</i>
At 1 January	11,222,850	11,093,173
Additions	110,375	20,419
Transfer from trading properties (Note 8)	820,482	-
Transfer to property, plant and equipment	-	(2,711)
Net fair value gain	630,243	240,823
Foreign exchange adjustment	(7,220)	(5,191)
At 30 June	12,776,730	11,346,513

10 INVESTMENT PROPERTIES (continued)

Notes:

- (i) Investment properties are located in the State of Qatar, 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 June 2016. 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 judgement 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.
- (iv) Included in investment properties are certain properties with a carrying value of QR 1,254,000 thousand at 30 June 2016 (31 December 2015: QR 1,254,000 thousand) for which the title deeds will be transferred to the Group on completion of the construction of the projects or upon settlement of full amount of the investment properties. 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)</i>
Commercial properties	DCF method	Estimated rental value per sqm per month	QR 17-270
		Rent growth p.a.	0%-3%
		Long-term vacancy rate	0%-19%
		Discount rate	8.38%-8.79%
		Market cap	3.95%-7%
Residential properties	DCF method	Estimated rental value per sqm per month	QR 31-69
		Rent growth p.a.	0%-5%
		Long-term vacancy rate	0%-19%
		Discount rate	8.38%-8.79%
		Market cap	3.95%-7%
Land Bank	Direct comparison	Estimated land value per sqm	QR 2,000 -17,000

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 or internally calculated rate 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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11 PAYABLES AND OTHER LIABILITIES

	30 June 2016 (Reviewed) QR'000	31 December 2015 (Audited) QR'000
Subcontractors and suppliers	465,328	472,407
Clients advances and unearned income	95,866	108,553
Retention payable	242,661	235,114
Contribution to social and sports fund	87,249	87,249
Accrued expenses	285,162	295,848
Accrued finance cost	34,857	31,820
Employees end of services benefits	83,025	79,635
Other payables	973,005	986,808
	<u>2,267,153</u>	<u>2,297,434</u>

The maturity of payables and other liabilities are as follows:

Non-current	920,055	828,324
Current	1,347,098	1,469,110
	<u>2,267,153</u>	<u>2,297,434</u>

12 PROVISIONS

	Six months ended 30 June 2016 (Reviewed) QR'000	Six months ended 30 June 2015 (Reviewed) QR'000
At 1 January	207,028	164,938
Provided during the period	-	6,739
Utilized during the year	(85)	-
Reversal during the period (note 16)	(145,857)	(15)
Translation adjustments	1	-
At 30 June	<u>61,087</u>	<u>171,662</u>

Provisions are analysed by nature as follows:

	30 June 2016 (Reviewed) QR'000	31 December 2015 (Audited) QR'000
Provision for litigations	20,806	166,747
Provision for committed costs	40,281	40,281
At 30 June / 31 December	<u>61,087</u>	<u>207,028</u>

13 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS

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

	30 June 2016 (Reviewed) QR'000	30 June 2015 (Reviewed) QR'000
At 1 January	7,697,837	7,919,983
Facilities obtained during the period (i)	-	-
Repayment during the period	<u>(61,450)</u>	<u>(113,473)</u>
	7,636,387	7,806,510
Deferred Finance Charges	<u>(2,571)</u>	<u>2,400</u>
At 30 June	<u>7,633,816</u>	<u>7,808,910</u>

Note:

- (i) During the period the Group refinanced obligations under Islamic finance contracts amounting to QR 6,969,208 thousand.

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

	30 June 2016 (Reviewed) QR'000	31 December 2015 (Audited) QR'000
Non-current portion	7,603,090	1,105,450
Current portion	<u>30,726</u>	<u>6,592,387</u>
	<u>7,633,816</u>	<u>7,697,837</u>

Note:

The Islamic finance contracts have been obtained for the purpose of financing long term projects and working capital requirements of the Group. The contracts carry profits at commercial rates. There were no securities pledged against any of the contracts at 30 June 2016 and 31 December 2015, except for finance lease receivable pledged as security, which has been disclosed in Note 6 to these interim condensed consolidated financial statements.

14 PROFIT ON SALE OF PROPERTIES

	Six months ended 30 June 2016 (Reviewed) QR'000	Six months ended 30 June 2015 (Reviewed) QR'000
Sale proceeds – trading properties	-	2,703,424
Cost of sales – trading properties	<u>-</u>	<u>(1,739)</u>
Profit on sale of properties	<u>-</u>	<u>2,701,685</u>

15 IMPAIRMENT LOSSES - NET

	<i>Six months ended 30 June 2016 (Reviewed) QR'000</i>	<i>Six months ended 30 June 2015 (Reviewed) QR'000</i>
<u>Impairment losses :</u>		
Available for sale financial assets	2,396	75
Receivables and prepayments	743	2,533
Investment in associates (Note 9)	25,260	16,700
<u>Reversal of impairment:</u>		
Trading properties	(16,368)	(14,486)
Receivables and prepayments	(1,459)	-
Investment in associates (Note 9)	(6,810)	-
	<u>3,762</u>	<u>4,822</u>

16 OTHER INCOME

	<i>Six months ended 30 June 2016 (Reviewed) QR'000</i>	<i>Six months ended 30 June 2015 (Reviewed) QR'000</i>
Dividend income	4,373	5,366
Income from reversal of provisions for litigations (Note 12)	145,857	15
Penalties from contractors	-	27,782
Others	4,794	38,069
	<u>155,024</u>	<u>71,232</u>

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 Six months ended 30 June</i>	
	<i>2016 (Reviewed)</i>	<i>2015 (Reviewed)</i>
Profit attributable to owners of the parent (QR'000)	<u>1,200,550</u>	<u>3,447,881</u>
Ordinary shares issued and fully paid (Thousand shares)	389,125	389,125
Treasury Shares (Thousand shares)	(50)	(50)
Weighted average number of shares outstanding during the period (in thousand shares)	<u>389,075</u>	<u>389,075</u>
Basic and diluted earnings per share (QR)	<u>3.09</u>	<u>8.86</u>

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.

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18 OTHER RESERVES

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>30 June 2015 (Reviewed) QR'000</i>
<i>Translation reserves:</i>		
Currency translation differences from foreign operations	(243,582)	(172,588)
<i>Available-for-sale financial assets:</i>		
Gain on remeasurement at fair value	22,429	60,332
	<u>(221,153)</u>	<u>(112,256)</u>

19 CONTINGENT LIABILITIES

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

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>
Bank guarantees	<u>109,481</u>	<u>115,034</u>

20 COMMITMENTS

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>
Contractual commitments to contractors and suppliers for properties under development	<u>332,264</u>	<u>649,896</u>
Commitments for operating leases (i)	<u>206,067</u>	<u>225,708</u>
Commitments for purchase of investments	<u>363,859</u>	<u>456,331</u>

Note:

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

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>
Less than one year	31,217	32,310
Between 1 and 5 years	134,438	136,082
More than 5 years	40,412	57,316
	<u>206,067</u>	<u>225,708</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 2015.

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

21.2 Liquidity risk

Compared to the year end, there were no material changes in the contractual undiscounted cash out flows for financial liabilities.

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 June 2016 and 31 December 2015:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>
Financial assets				
Bank balances (excluding cash)	3,278,419	3,833,495	3,278,419	3,833,495
Receivables	849,604	1,018,333	849,604	1,018,333
Finance lease receivables	1,657,620	1,843,823	1,657,620	1,843,823
Due from related parties	196,134	224,831	196,134	224,831
Financial assets at fair value through profit or loss	26,186	27,884	26,186	27,884
Available-for-sale financial assets	182,676	199,386	182,676	199,386
Financial liabilities				
Payables and other liabilities	(1,412,161)	(1,433,146)	(1,412,161)	(1,433,146)
Due to related parties	(578,617)	(514,975)	(578,617)	(514,975)
Obligations under Islamic finance contracts	(7,633,816)	(7,697,837)	(7,633,816)	(7,697,837)

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.

Available for sale financial assets amounting to QR 66,819 thousand are unquoted equity securities carried at cost as the fair value could not be reliably measured. Information for such investments is usually limited to periodic investment performance reports from the investment managers. Management has performed a review of its unquoted investments to assess whether impairment has occurred in 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 value of these investments is not impaired more than what is already recorded.

21 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

21.3 Fair value estimation (Continued)

As at 30 June 2016 and 31 December 2015, the Group held the following classes of financial instruments measured at fair value:

Financial assets

	<i>30 June 2016</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Financial assets at fair value through profit or loss	26,186	26,186	-	-
Available-for-sale financial assets	<u>182,676</u>	<u>115,857</u>	<u>-</u>	<u>66,819</u>
	<u>208,862</u>	<u>142,043</u>	<u>-</u>	<u>66,819</u>
	<i>31 December</i> <i>2015</i> <i>(Audited)</i> <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Financial assets at fair value through profit or loss	27,884	27,884	-	-
Available-for-sale financial assets	<u>199,386</u>	<u>122,000</u>	<u>-</u>	<u>77,386</u>
	<u>227,270</u>	<u>149,884</u>	<u>-</u>	<u>77,386</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 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 losses.

Operating segments

The operating segments are presented as follows:

<i>For the six months ended 30 June 2016 (Reviewed)</i>	<i>Real Estate</i> <i>QR'000</i>	<i>Business services</i> <i>QR'000</i>	<i>Other Services</i> <i>QR'000</i>	<i>Eliminations</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenues and gains					
- External parties	1,285,134	203,862	181,609	-	1,670,605
- Internal segments	29,490	23,119	352	(52,961) (i)	-
Total revenues and gains	1,314,624	226,981	181,961	(52,961)	1,670,605
Profit for the period	1,035,235	14,242	161,266	28	1,210,771
Net finance (cost)/ income	(36,642)	3,301	-	-	33,341
Depreciation	(22,950)	(734)	(4,677)	-	28,361
Share of results of associates	-	-	25,133	-	25,133
<i>For the six months ended 30 June 2015 (Reviewed)</i>	<i>Real Estate</i> <i>QR'000</i>	<i>Business services</i> <i>QR'000</i>	<i>Other services</i> <i>QR'000</i>	<i>Eliminations</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenues and gains					
- External parties	3,594,897	242,869	98,480	-	3,936,246
- Internal segments	23,562	24,693	-	(48,255) (i)	-
Total revenues and gains	3,618,459	267,562	98,480	(48,255)	3,936,246
Profit for the period	3,309,734	62,229	86,020	(2,412)	3,455,571
Net finance (cost)/ income	(48,551)	1,827	-	-	(46,724)
Depreciation	(29,459)	(610)	(4,667)	-	(34,736)
Share of results of associates	-	-	20,967	-	20,967

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 June 2016 and 31 December 2015:

<i>At 30 June 2016 (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	7,569,041	424,811	40,420	-	8,034,272
Non-current assets	19,969,624	260,856	943,591	(634,538)	20,539,533
Total assets	27,538,665	685,667	984,011	(634,538)	28,573,805
Current liabilities	(1,852,979)	(160,935)	(21,231)	-	(2,035,145)
Non-current liabilities	(8,183,997)	(77,977)	(411,700)	167,686	(8,505,988)
Total liabilities	(10,036,976)	(238,912)	(432,931)	167,686	(10,541,133)
Investment in associates	-	-	722,990	-	722,990
Capital expenditures	381,875 (ii)	-	-	-	381,875
<i>At 31 December 2015 (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	8,847,843	414,520	41,401	-	9,303,764
Non-current assets	18,581,762	173,134	948,773	(571,276)	19,132,393
Total assets	27,429,605	587,654	990,174	(571,276)	28,436,157
Current liabilities	(8,641,108)	(141,538)	(18,189)	-	(8,800,835)
Non-current liabilities	(1,537,421)	(68,961)	(399,704)	89,203	(1,916,883)
Total liabilities	(10,178,529)	(210,499)	(417,893)	89,203	(10,717,718)
Investment in associates	-	-	723,494	-	723,494
Capital expenditures	970,059 (ii)	-	-	-	970,059

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 15 March 2016 a cash dividend of QR 2.2 per share, amounting to QR 856,074 thousand from the profit of 2015 (2015: cash dividend of QR 2.2 per share; amounting to QR 856,074 thousand from the profit of 2014).