BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED FINANCIAL STATEMNETS

31 DECEMBER 2008

Barwa Real Estate Company Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

CONTENTS Page

	Page
Independent Auditors' Report to the Board of Directors	1
Consolidated financial statements	
Consolidated balance sheet	3
Consolidated statement of income	4
Consolidated interim statement of changes in equity	5-6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8-61

KPMG
Audit
2nd Floor
Arab Bank Branch Building
25 C Ring Road
P.O. Box 4473, Doha,
State of Qatar

Telephone +974 432 9698
Fax +974 442 5626
Internet www.kpmg.com

Independent auditors' report to the shareholders of Barwa Real Estate Company Q.S.C.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Barwa Real Estate Company Q.S.C. ("Barwa") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2008, the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2008, and a summary of significant accounting policies and other explanatory notes. The consolidated financial statements of the Group as at and for the year ended 31 December 2007 were audited by another auditor whose report dated 24 February 2008 expressed an unqualified audit opinion.

Responsibility of the directors for the consolidated financial statements

The directors of the Group are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a registered firm under Qatar law, is a member of
KPMG International, a Swiss cooperative.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

The consolidated income statement includes Qatar Riyals 55,564,000 relating to the Group's share of profits from equity accounting of the results of an investee for the period ended 31 December 2008. This amount has been included based on the management accounts prepared by the investee as the audit of the financial statements of the investee has not been completed by another auditor whose draft report issued expressed an unqualified audit opinion with an "emphasis of matter" paragraph in relation to the material uncertainty over the recoverability of the receivable as disclosed in note 15 to these consolidated financial statements. We did not carry out any other procedures in this regard to quantify the effect of the above matter on the consolidated financial statements.

Report on other legal and regulatory requirements

In addition, in our opinion, the Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We have reviewed the accompanying report of the Board of Directors and confirm that the financial information contained therein is in agreement with the books and records of the Group. We are not aware of any violations of the provisions of Qatar Financial Centre Regulatory Authority's regulations or the terms of Articles of Association having occurred during the period which might have had a material effect on the business of the Group or its consolidated financial position as at 31 December 2008. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

2 March 2009
Doha
State of Qatar

Ahmed Hussain
KPMG
Qatar Auditor's Registry No. 197

BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED BALANCE SHEET
as at 31 December 2008

In thousands of Qatari Riyals

	Notes	2008	2007 Restated
ASSETS			
Cash and bank balances	5	538,833	769,925
Financial assets at fair value through profit or loss	6	3,987	6,514
Trading properties	7	104,732	375,749
Receivables and prepayments	8	807,562	200,145
Available for sale financial assets	9	1,853,507	1,642,812
Advances for projects and investments	10	3,097,100	4,157,023
Property under development	11	10,472,637	3,245,909
Due from related parties	12.a	2,522,977	2,642,963
Investment property	13	1,506,218	1,659,254
Investment in associates	14	543,092	596,852
Investment in a joint venture	15	285,407	-
Goodwill	16.c	97,547	68,659
Other intangible assets	17	8,018	8,000
Property, plant and equipment	18	1,009,865	321,798
Assets classified as held for sale	19	1,465,661	-
TOTAL ASSETS		**24,317,143**	15,695,603
LIABILITIES AND EQUITY			
Payables and accruals	20	1,850,731	686,709
Due to related parties	12.b	656,725	1,599,331
Liabilities for purchase of land	21	3,414,871	-
Obligations under Islamic finance contracts	22	12,476,365	9,141,981
Liabilities under derivative contracts	23	106,699	-
Deferred tax liabilities	24.a	108,190	139,279
Provisions	25	909,271	903,412
Liabilities related to assets classified as held for sale	19	21,774	-
TOTAL LIABILITIES		**19,544,626**	12,470,712
EQUITY (pages 5 and 6)			
Share capital	26	2,625,000	2,000,000
Legal reserve	27	126,853	98,222
General reserve	28	1,041,697	40,000
Available for sale investments fair value reserve		45,781	18,773
Cash flow hedge reserve	23	(112,384)	-
Translation reserve	29	35,937	42,850
Retained earnings		679,857	775,328
Equity attributable to shareholders of the Parent		**4,442,741**	2,975,173
Minority interest	30	329,776	249,718
TOTAL EQUITY		**4,772,517**	3,224,891
TOTAL LIABILITIES AND EQUITY		**24,317,143**	15,695,603

These consolidated financial statements were approved and signed on behalf of the Board of Directors by the following on 2 March 2009:

Ghanem Bin Saad Al-Saad
Chairman and Managing Director

Nasser Al-Ansari
Board Member

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF INCOME
for the year ended 31 December 2008 **In thousands of Qatari Riyals**

	Notes	2008	2007
INCOME AND GAINS			
Profit on sale of property	31	773,656	215,497
Profit from hotels activities		1,665	-
Gain on sale of a subsidiary	32	43,731	-
Finance income	33	167,618	181,780
Management fees income	12.d	41,168	-
Commission income		18,200	-
Dividend income		106,480	42,363
Rental income		115,066	68,158
Gain on sale of available for sale investments		6,490	-
Share of results from associates	14.b	17,255	424,182
Share of results from a joint venture	15	55,564	-
Foreign currency revaluation gain / (loss)		24,836	(32,529)
Other income		34,681	2,435
		1,406,410	901,886
EXPENSES AND LOSSES			
Loss / (gain) on revaluation of investment property	13	109,314	(147,873)
Staff cost		196,908	60,639
Advertising and promotion		26,770	9,542
Professional fees		100,757	25,710
Finance charges	33	457,092	361,788
General and administrative expenses	34	204,682	57,340
Unrealized losses / (gains) on re-measurement of financial assets at fair value through profit or loss	6	2,527	(514)
Losses / (gains) from derivative instruments	23,33	36,990	(26,570)
		1,135,040	340,062
NET PROFIT BEFORE TAXES		**271,370**	561,824
Income taxes (net deferred tax benefit)	24.b	34,504	-
NET PROFIT FOR THE YEAR		**305,874**	561,824
Attributable to			
Equity holders of the Parent		309,960	529,693
Minority interest	30.b	(4,086)	32,131
		305,874	561,824
BASIC AND DILUTED EARNINGS PER SHARE	35	**1.46**	2.49

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2008

In thousands of Qatari Riyals

	Attributable to Equity Holders of the Parent									
2007 (Restated)	Share Capital	Legal reserve	General reserve	Available for sale investments fair value reserve	Cash flow hedge reserve	Translation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 31 December 2006 as previously stated	2,000,000	45,253	40,000	10,869	-	-	407,280	2,503,402	-	2,503,402
Prior year adjustments (Note 42)	-	-	-	-	-	(122)	(107,176)	(107,298)	-	(107,298)
As at 31 December 2006 as restated	2,000,000	45,253	40,000	10,869	-	(122)	300,104	2,396,104	-	2,396,104
Net profit for the year	-	-	-	-	-	-	529,693	529,693	32,131	561,824
Net movement in unrealized gains on available-for-sale financial assets	-	-	-	7,904	-	-	-	7,904	-	7,904
Movement in translation reserve	-	-	-	-	-	42,972	-	42,972	-	42,972
Total recognized income and expense for the year	-	-	-	7,904	-	42,972	529,693	580,569	32,131	612,700
Transfer to legal reserve	-	52,969	-	-	-	-	(52,969)	-	-	-
Board of directors' remuneration	-	-	-	-	-	-	(1,500)	(1,500)	-	(1,500)
Minority's share in issued capital of subsidiaries (Note 30.b)	-	-	-	-	-	-	-	-	217,587	217,587
Balance at 31 December 2007	2,000,000	98,222	40,000	18,773	-	42,850	775,328	2,975,173	249,718	3,224,891

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2008

In thousands of Qatari Riyals

2008	*Attributable to Equity Holders of the Parent*									
	Share Capital	Legal reserve	General reserve	Available for sale investments fair value reserve	Cash flow hedge reserve	Translation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 31 December 2007 as restated (page 5) – Note 42	2,000,000	98,222	40,000	18,773	-	42,850	775,328	2,975,173	249,718	3,224,891
Net profit for the year	-	-	-	-	-	-	309,960	309,960	(4,086)	305,874
Net movement in effective portion of cash flow hedges (Note 23)	-	-	-	-	(112,384)	-	-	(112,384)	-	(112,384)
Net movement in unrealized gains on available-for-sale financial assets	-	-	-	27,008	-	-	-	27,008	-	27,008
Movement in translation reserve	-	-	-	-	-	(6,913)	-	(6,913)	(50,900)	(57,813)
Total recognized income and expense for the year	-	-	-	27,008	(112,384)	(6,913)	309,960	217,671	(54,986)	162,685
Bonus shares issued	125,000	-	-	-	-	-	(125,000)	-	-	-
Additional share capital introduced	500,000	-	1,001,697	-	-	-	-	1,501,697	-	1,501,697
Cash dividend declared for 2007	-	-	-	-	-	-	(250,000)	(250,000)	-	(250,000)
Transfer to legal reserve	-	28,631	-	-	-	-	(28,631)	-	-	-
Board of directors' remuneration	-	-	-	-	-	-	(1,800)	(1,800)	-	(1,800)
Minority's share in issued capital of subsidiaries (Note 30.b)	-	-	-	-	-	-	-	-	135,044	135,044
Balance at 31 December 2008	**2,625,000**	**126,853**	**1,041,697**	**45,781**	**(112,384)**	**35,937**	**679,857**	**4,442,741**	**329,776**	**4,772,517**

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

BARWA REAL ESTATE COMPANY Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2008

In thousands of Qatari Riyals

	Note	2008	2007
OPERATING ACTIVITIES			
Net profit for the year		305,874	561,824
Adjustments for:			
Loss / (Gain) on fair value adjustment of investment property	13	109,314	(147,873)
Unrealized losses / (gains) on financial assets held for trading	6	2,527	(514)
Gain on liquidation of investments		(6,490)	-
Depreciation	18	17,567	5,156
Net deferred tax benefit	24	(34,504)	-
Share of results from associates	14	(17,255)	(424,182)
Share of results from joint venture	15	(55,564)	-
Loss on sale of equipment		-	588
Dividend declared by associates	14	352,654	-
Deferred income from sales to associates	32	11,916	-
Provided severance provision	25	5,859	338
Net finance expense and dividends		219,984	-
Operating profit / (loss) before working capital changes		**911,882**	(4,663)
Changes in working capital			
Increase in receivables and prepayments		(830,442)	-
Decrease in due from related parties		119,986	516,547
Decrease / (Increase) in trading property		271,017	(301,532)
Increase in payables and other credit balances		1,164,022	1,047,386
(Decrease) / Increase in due to related parties		(942,606)	89,520
Net finance expense and dividends		(219,984)	-
NET CASH FROM OPERATING ACTIVITIES		**473,875**	1,347,258
INVESTING ACTIVITIES			
Payments for acquisition of subsidiaries net of cash acquired	16	(693,455)	(184,324)
Payments for establishment of property under development		(4,259,299)	(7,240,347)
Receipts from Government grant	11	325,000	-
Payments for acquisition of associates	14	(293,555)	(178,443)
Payments for acquisition of a joint venture	15	(229,843)	-
Payments for purchase of available for sale financial assets		(183,687)	(751,154)
Payments for enhancement / acquisition of investment property		(576)	(1,417,217)
Payments for purchase of property, plant and equipment		(542,512)	(11,936)
Proceeds from sale of available for sale financial assets		47,399	-
NET CASH USED IN INVESTING ACTIVITIES		**(5,830,528)**	(9,783,421)
FINANCING ACTIVITIES			
Proceeds from increase in the Parent's capital	26	1,501,697	-
Proceeds from obligations under Islamic finance contracts	22	6,687,669	8,722,607
Payments from the outstanding Islamic finance obligations	22	(3,282,094)	-
Dividends paid		(250,000)	-
Board of Directors' remuneration paid		(1,800)	(1,500)
Proceeds from minority's share in subsidiaries' capital	30	135,044	217,587
Restricted bank balances	5	159,447	-
NET CASH FROM FINANCING ACTIVITIES		**4,949,963**	8,938,694
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(406,690)**	502,531
Net translation differences		16,151	42,972
Cash and cash equivalents at the beginning of the year		769,925	224,422
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**379,386**	769,925

The attached notes from 1 to 43 form an integral part of these consolidated financial statements.

1. REPORTING ENTITY

Barwa Real Estate Company Q.S.C. ("the Company" or "the Parent") was incorporated 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 principal activities of the Parent include investment in all types of real estate including acquiring, reclamation, dividing, developing and reselling of lands and to establish agricultural, industrial, commercial projects on lands, or lease those lands, 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 Parent, along with its subsidiaries ("the Group") are engaged in the business of developing domestic and international real estate projects, investing, hotels management, banking and others.

The Group's major subsidiaries included in these consolidated financial statements are:

Name of the Subsidiary	Country of incorporation	Shareholding percentage
Barwa International S.P.C.	Qatar	100%
Barwa Al-Doha Real Estate Company W.L.L.	Qatar	50%
Barwa Al-Rayyan For Real Estate Development W.L.L.	Qatar	70%
Barwa Al-Qassar Real Estate Company W.L.L.	Qatar	100%
Barwa City Real Estate Company W.L.L.	Qatar	100%
Barwa Ain-Khaled Real Estate Company W.L.L.	Qatar	100%
Barwa West-Bay Real Estate Company W.L.L.	Qatar	100%
Hasad Barwa Company W.L.L.	Qatar	50%
Barwa Cooling Company S.P.C.	Qatar	100%
Barwa Al-Saad Company S.P.C.	Qatar	100%
Nozol Qatar Company Limited W.L.L.	Qatar	50%
Barwa Hotels and Resorts Company W.L.L.	Qatar	100%
Barwa Building Materials Company Limited S.P.C.	Qatar	100%
Barwa Bank Q.S.C.	Qatar	100%
Barwa Lusail Company Limited W.L.L.	Qatar	100%
Qatar Projects Management Company C.Q.S.C.	Qatar	100%
Barwa Media Company S.P.C.	Qatar	100%
Barwa Company For Technology S.P.C.	Qatar	100%
Barwa Knowledge Company S.P.C.	Qatar	100%
Barwa Cavendish Capital	U.K.	60%
Barwa Cavendish Company Limited	Cayman Islands	100%

1. REPORTING ENTITY (CONTINUED)

Major subsidiaries of the group (continued)

Name of the Subsidiary	Country of incorporation	Shareholding percentage
Barwa Real Estate Al-Bahrain S.P.C.	Bahrain	100%
Guidance Hotel Investment Company B.S.C.C.	Bahrain	95%
Barwa Emirates Real Estate Company W.L.L.	U.A.E.	100%
Blue Wave Real Estate Company W.L.L.	U.A.E.	100%
Barwa Saudia Arabia Real Estate Company	Saudi Arabia	100%
Barwa Malta Limited W.L.L.	Malta	100%
Barwa Egypt Real Estate S.A.E.	Egypt	100%
Barwa Egypt for Real Estate Development Company S.A.E.	Egypt	80%
Barwa New Cairo for Real Estate Investments S.A.E	Egypt	55%
Gulf Company for Urban Development S.A.E.	Egypt	100%
Barwa Sudanese Holding Company	Sudan	100%
Barwa Luxemburg S.A.R.L.	Luxemburg	100%
Barwa International Hotel Management Luxemburg	Luxemburg	100%
Barwa Bauinvest Company S.A.R.L.	Luxemburg	50%
Barwa Russia Company S.A.R.L.	Luxemburg	100%
Amlak Finance Q.S.C.	Qatar	60%
Barwa Europe Limited.	U.K.	100%
Barwa Royal Company S.P.C.	Qatar	100%

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of Qatar Commercial Companies Law No. 5 of 2002.

The consolidated financial statements of the Group was authorized for issue in accordance with the resolution of the Board of Directors on 2 March 2009.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Investment property is measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Derivative financial instruments are measured at fair value

The methods used to measure fair values are discussed further in Note 35.

2. BASIS OF PREPARATION (Continued)

c) Functional and presentation currency
These consolidated financial statements are presented in Qatari Riyals, which is the Company's functional currency. All financial information presented in Qatari Riyals has been rounded to the nearest thousand except otherwise indicated.

d) Use of estimates and judgments
The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 40.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1) Basis of consolidation

a) Subsidiaries
Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the Parent using the same accounting policies, except for Barwa Al-Doha W.L.L. which assets, liabilities and equity as at and for the year ended 31 December 2008 was included in these consolidated financial statements based on its audit financial statements for the year ended 30 November 2008.

b) Special purpose entities
The Group has established a number of special purpose entities (SPEs) for trading and investment purposes. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPEs' risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

c) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1) Basis of consolidation (continued)

d) Minority interests
Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Losses applicable to the minority in excess of the minority's interests are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover losses.

3.2) Revenue recognition

Sale of property
Revenue from the sale of trading property is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing involvement with the transferred property, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the sale contract of property, however and in the lack of other contractual determinants, it is presumed that risks and rewards are transferred to the buyer upon transfer of possession of the sold property.

When the Group is contractually required to perform further work on real estate already delivered to the buyer, the Group recognizes a provision and expense for the present value of the expenditures required to settle its obligations under such further works.

Income from Murabha and Islamic deposits
Income from Murabha and Islamic deposits is recognized on a time apportionment basis taking account of the principal invested and the profit rate applicable to such contracts and agreements.

Rental income
Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Dividend income
Dividend income is recognized when the right to receive the dividend is established.

Management income
Management income is recognized based on the terms and conditions of the relevant management agreements concluded with external parties to the Group.

3.3) Trading properties
Trading properties are real estate properties (including non-developed plots of land) developed and / or held for sale in the ordinary course of business. Trading properties are held at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of trading properties is determined on the basis of specific identification of their individual costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. Any gain or loss arising from a change in fair value is recognized in the consolidated income statement.

Property that is being constructed for future use as investment property is accounted for as property under development until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in profit or loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in equity. Any loss is recognised immediately in profit or loss.

3.5) Property under development

Properties that are being developed and constructed for sale or lease in the ordinary course of business are classified as projects under construction until construction or development is complete, at which stage it is classified and subsequently accounted for as trading property or investment property based on management's intentions. Such properties are initially recorded at cost and are held at the lower of cost and net realizable value at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined on the basis of specific identification of their individual costs.

3.6) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that computers and office equipment.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land, if any, is not depreciated.

The estimated useful lives of the depreciable assets are as follows:

Buildings	20 years
Furniture and fixtures	3-7 years
Motor vehicles	5 years
Computers and office equipment	3 years
Leasehold improvements	3 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6) Property, plant and equipment (continued)

Depreciation methods, useful lives and residual values are reviewed at each reporting date.
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the consolidated income statement as the expense is incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the year the asset is derecognized.

3.7) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognized in the consolidated income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the consolidated income statement.

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement;
b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of the estimated future cash flows discounted at the original effective finance cost rate.
d) Significant financial assets are tested for impairment on an individual basis.
e) The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7) Impairment (continued)

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated income statement.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.8) Borrowing costs

Borrowing costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognizes other borrowing costs as an expense in the period in which it incurs them.

The Group begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Group first meets all of the following conditions:
(a) incurs expenditures for the asset;
(b) incurs borrowing costs; and
(c) undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

The borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific borrowings mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset. The amount of borrowing costs that the Group capitalizes during the period is not to exceed the amount of borrowing costs it incurred during that period.

The Group suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.9) Investment in associates

The Group's investments in associates are accounted for under the equity method of accounting. These are entities over which the Group exercises significant influence and which are neither subsidiaries nor joint ventures.

Investments in associates are carried in the balance sheet at cost, plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The income statement reflects the Group's share of the results of its associates. Unrealized profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10) Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

3.11) Available-for-sale financial assets

Available-for-sale financial assets are recognized and derecognized, on a trade date basis, when the Group becomes, or ceases to be, a party to the contractual provisions of the instrument.

Investments designated as available-for-sale financial assets are initially recorded at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component of equity. Upon impairment or upon derecognition, any gain or loss previously reported as "cumulative changes in fair values" within equity is included in the consolidated income statement.

3.12) Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

3.13) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts and restricted bank balances.

3.14) Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.15) Obligations under Islamic financing contracts

Obligations under Islamic financing contracts are recognized initially at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, those obligations are measured at amortized cost using the effective cost method.

Gains or losses are recognized in the consolidated income statement when the liabilities are derecognized as well as through the amortization process. Finance cost and other related charges are recognized as an expense when incurred.

Installments due within one year are shown as a current liability. Installments due after 1 year are shown as non-current liability.

3.16) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases, and are not recognized in the Group's consolidated balance sheet.

3.18) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

3.19) Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Qatar labour law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to the General Pension Fund Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

3.20) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective finance cost and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
3.20) Foreign currencies (continued)

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Qatari Riyal at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Qatari Riyal at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in equity and are recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

3.21) Derecognition of financial assets and financial liabilities

a) Financial assets
A financial asset is derecognised where:
- the right to receive cash flows from the asset have expired or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and
- either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.21) Derecognition of financial assets and financial liabilities

b) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the consolidated income statement.

3.22) Fair values
The fair value is the estimated amount for which assets could reasonably be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the buyer and seller has each acted knowledgeably, prudently and without compulsion.

3.22) Income tax
Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, if any, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22) Income tax (continued)
Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities, if any, to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.23) Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, if any, are not capitalized and expenditure is reflected in the consolidated income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

3.24) Business combinations and goodwill
Business combinations are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups), if any, that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24) Business combinations and goodwill (continued)

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at year-end.

Where goodwill forms part of a cash-generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

If subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortized goodwill is recognized in the consolidated income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

3.25) Inventory

Inventories resulting from hotel activities, are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each product to its present location and condition. Cost is determined on a weighted average basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

3.26) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in described below for those derivative instruments designated for hedging cash flows, while changes in the fair value of derivative instruments not designated for cash flow hedges are charged directly to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.26) Derivative financial instruments (continued)

Cash flow hedges
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, if any, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3.27) Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

3.28) Segment reporting
A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments in Note 39. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

3.29) Government grants
Unconditional government grant related to assets or income are recognised in profit or loss when the grant becomes receivable.

Other government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of a depreciable asset are recognised in profit or loss on a systematic basis over the useful life of the asset, while grants compensating the Group for assets under development are directly deducted from the carrying amount of the related asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.30) Standards and interpretations not yet adopted

The following International Accounting Standard Board ('IASB') standards and amendments to standards and interpretations are relevant to the Group's operations and transactions, not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial statements:

	Standards and Interpretations	Effective for annual periods beginning on or after:
IAS 1	Presentation of financial statements – Amendments	1 January 2009
IFRS 3	Business combinations – Amendments	1 July 2009
IAS 27	Separate and Consolidated Financial Statements – Amendments	1 July 2009
IAS 23	Borrowing costs – Amendments	1 January 2009
IFRS 8	Operating segments	1 January 2009
IFRIC 15	Agreements for the construction of real estate	1 January 2009
IFRIC 13	Customers loyalty programmes	1 July 2008

IAS 1 *Presentation of Financial Statements - Amendments*
The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

IFRS 3 *Business Combinations and* IAS 27 *Separate and Consolidated Financial Statements - Amendments*
The revised IFRS 3 introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3 and IAS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to take advantage of this possibility.

IAS 23 *Borrowing Costs - Amendments*
The revised IAS 23 states that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense. Therefore the accounting policy election to either capitalize or expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset no longer exists. The amendment has no impact on the financial position or performance of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.30) Standards and interpretations not yet adopted (continued)

IFRS 8 *Operating Segments*
This IFRS requires an entity to adopt the 'management approach' when reporting on the financial performance of its operating segments. Generally, the segment reporting would be based on the information that management uses internally for evaluating segment performance and when deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The IFRS therefore requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognized in the income statement and balance sheet. As the Group operates only in many geographical segments as explained in Note 39, the application of the interpretation is not expected to have material impact on the financial statements of the Group.

IFRIC 15 Agreements for the construction of real estate
IFRIC 15 applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. Agreements in the scope of this Interpretation are agreements for the construction of real estate. In addition to the construction of real estate, such agreements may include the delivery of other goods or services. The interpretation addresses mainly two issues, which are whether the agreements are under the scope of IAS 11: Construction Contracts, or IAS 18: Revenue, and when the revenues associated to real estate agreements should be recognized.

IFRIC 13-Customer Loyalty Programs
IFRIC 13 addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 financial statements, is not expected to have any impact on the consolidated financial statements.

3.31) Investments in joint ventures
Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The jointly controlled entities are accounted for by the Company using the equity method, under which investments in joint ventures are carried in the consolidated balance sheet at cost, plus post-acquisition changes in the Group's share of net assets of the joint venture, less any impairment in value. The consolidated income statement reflects the Group's share of the results of its equity accounted jointly controlled entities.

Unrealized profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture.

4. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

(i) credit risk
(ii) liquidity risk
(iii) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and internal audit activities. The Board is in the process of establishing committees for Risk Management and Internal Audit, which will be responsible for developing and monitoring the Group's risk management policies and internal audit activities. The committees will be reporting regularly to the Board of Directors on their activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's advances to acquire investments, advances to contractors, due from related parties, investment securities and receivables from customers, if any.

Advances, receivables and related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each contractor/customer. The demographics of the Group's project/customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Material amounts of the Group's advances/collections are attributable to contractors/customers originating from the State of Qatar. There is no concentration on credit risk attributable to a single contractor/customer.

The Group's policy is that advances, receivables and related parties are stated at original paid advance / invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery, if any.

Investment securities

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a solid financial position, therefore management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. Outstanding guarantees to the Group are disclosed in Note 34.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (continued)

The Group uses project-based costing to cost its properties and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, finance cost rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

(a) Currency risk

The Group is exposed to high currency risk on transactions with related parties and borrowings that are denominated in a currency other than the respective functional currency, mainly EURO, EGP, CHF, USD, and GBP.

The Group's management enters into financial instruments to securing its position against the fluctuations in different foreign currencies using a base currency of USD that is pegged to Qatari Riyal.

In respect of other monetary assets and liabilities denominated in foreign currencies, the forward deals entered into by the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(b) Finance cost rate risk

The Group adopts a policy of ensuring that finance cost rates on Islamic financing contracts and finance cost rate exposures are reviewed quarterly, and that finance cost rates are not subject to present fluctuations.

(c) Equity price risk

Equity price risk is the risk that the fair values of equity decreases as a result of changes in price indices of investments in other entities' equity instruments as part of the Group's investment portfolio.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The details of the financial instruments risk management tools are described in Note 38.

5. CASH AND CASH EQUIVALENTS

	2008	2007
Cash on hand	5,645	46
Cash in banks		
Fixed deposits	142,328	-
Current accounts	154,547	768,560
Call accounts	188,422	1,319
Restricted bank balances	47,891	-
Total cash and bank	**538,833**	769,925
Less: restricted bank balances*	(159,447)	-
	379,386	769,925

* An amount of USD 30,647 thousand (equivalent to QR 111,556 thousand) is blocked against an outstanding liability for the Group's associate, Ottoman Gayrimenkul A.S. – Turkey.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2008	2007
At 1 January	6,514	6,000
Unrealized fair value adjustment on re-measurement	(2,527)	514
At 31 December	**3,987**	6,514

7. TRADING PROPERTIES

	2008	2007
At 1 January	375,749	74,217
Additions	79,222	301,532
Land transferred from property under development (Note 11)	272,775	2,111,779
Cost of sold property	(623,014)	(2,111,779)
At 31 December	**104,732**	375,749

8. RECEIVABLES AND PREPAYMENTS

	2008	2007
Receivable from Qatari Government (Note i)	325,000	-
Banks profits and dividends receivable (Note ii)	262,334	6,199
Receivables under escrow accounts (Note iii)	70,589	110,615
Prepaid expenses	83,979	48,610
Refundable deposits	14,464	8,986
Other receivables	51,196	25,735
	807,562	200,145

Note i:
The Company, under the directives from the State of Qatar, established a convention centre in Doha, which was transferred for the occupation and utilization of Qatari Government during the current year. The Company has submitted a representation to the State of Qatar for reimbursement of fair value of the transferred property in an amount of QR 325 million which was approved by the authorities accordingly.

Note ii:
Dividends receivable include QR 223,025 thousand receivable from the declared dividends by the associate, Barwa Al-Khour L.L.C. (Note 14.b). Total declared dividends approved by the associate's board of director amounted to QR 352,654 thousand.

Note iii:
Receivables under escrow accounts represent amounts relating to the subsidiary, Barwa Luxemburg, in remission of accrued loan's finance costs.

The Group's exposure to credit and currency risks and impairment losses related to receivables and prepayments are disclosed in Note 38.

Receivables and prepayments are segregated between non-current and current portions as follows:

2008	**Non-current**	**Current**	**Total**
Receivable from Qatari Government	-	325,000	325,000
Banks profits and dividends receivable	-	262,334	262,334
Receivables under escrow accounts	-	70,589	70,589
Prepaid expenses	-	83,979	83,979
Refundable deposits	14,464	-	14,464
Other receivables	-	51,196	51,196
	14,464	**793,098**	**807,562**

8. RECEIVABLES AND PREPAYMENTS (CONTINUED)

2007	Non-current	Current	Total
Banks profits and dividends receivable	-	6,199	6,199
Receivables under escrow accounts	-	110,615	110,615
Prepaid expenses	-	48,610	48,610
Refundable deposits	8,986	-	8,986
Other receivables	-	25,735	25,735
	8,986	191,159	200,145

9. AVAILABLE FOR SALE FINANCIAL ASSETS

a) The details of the available for sale financial assets are as follows:

	2008	2007
Islamic Murabha investments	736,111	1,059,127
Investments in quoted securities	184,353	127,956
Unquoted investments	933,043	455,729
	1,853,507	1,642,812

b) The movement on available for sale financial assets during the year is as follows:

	2008	2007
Balance at 1 January	1,642,812	558,812
Cost of acquired investments	4,366,784	1,205,216
Fair value of sold investments (Note i)	(4,183,097)	(129,120)
Fair value adjustment for the year	27,008	7,904
Balance at 31 December	**1,853,507**	1,642,812

The Group's exposure to credit and currency related to available for sale investments is disclosed in Note 38

Note i:
All sold investments during the current year were unquoted at cost and Murabha investments.

c) Sensitivity analysis – equity price risk
Majority of the Group's equity investments are unlisted investments and investments in Islamic Murabha agreements, . While the quoted investments are listed on either the Doha Securities Market or Bahrain Stock Exchange. For such quoted investments classified as available-for-sale, sensitivity is more or less matching the bench mark index.

10. ADVANCES FOR PROJECTS AND INVESTMENTS

	2008	2007
Advances to subcontractors and suppliers	2,194,678	1,552,893
Advances for purchase of investments	391,450	2,476,073
Advances for purchase of property	510,972	128,057
	3,097,100	4,157,023

The advances above are to be utilized in non-current assets.

The Group's exposure to credit and currency risks and impairment losses related to advances for projects and investments are disclosed in Note 38.

11. PROPERTY UNDER DEVELOPMENT

Property under development represents capitalized costs relating to the Group's local and international real estate development projects. Movements on the property under development during the year were as follows:

	2008	2007
At 1 January	3,245,909	990,197
Subsequent development costs and acquired property	7,929,179	4,757,438
Capitalized finance cost (Note i)	277,535	-
Government grant (Note ii)	(325,000)	-
Development cost transferred to an associate (Note iii)	(382,211)	-
Transferred to investment property (Note 13)	-	(284,171)
Transferred to trading property (Note 7)	(272,775)	(2,111,779)
Unrealized profit on downstream sales to a subsidiary	-	(105,776)
At 31 December	**10,472,637**	3,245,909

Note i:
Capitalized finance cost is calculated based on the actual qualifying expenditures related to the projects under development. Finance cost is capitalized using the Group's weighted average finance cost rate of 6.7%.

Note ii:
The Parent received a relief amount of QR 325 million from State of Qatar in June 2008, as reimbursement for certain projects costs incurred by the Parent.

Note iii:
Development costs of a Fast Track Project were transferred from the Parent to its associate, Barwa Al-Baraha Real Estate Company W.L.L., based on development cost transfer agreement signed by the Board of Directors of the Group dated 31 December 2008.

12. RELATED PARTY TRANSACTIONS

Related parties represent major minority holders 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.

a) Due from related parties

Name of related party and nature of relationship	2008	2007
Al-Imtiaz Investment Company K.S.C. (Major Minority)	746,615	1,130,312
Barwa Al-Khor Company (Associate)	1,357,862	1,173,685
Barwa Al-Baraha Real Estate Company (Associate)	391,235	2,735
Other related parties	27,265	336,231
	2,522,977	2,642,963

Due from related parties are segregated between non-current and current portions as follows:

2008	Non-current	Current	Total
Al-Imtiaz Investment Company	-	746,615	746,615
Barwa Al-Khor Company	1,357,862	-	1,357,862
Barwa Al-Baraha Company	391,235	-	391,235
Other related parties	-	27,265	27,265
	1,749,097	**773,880**	**2,522,977**

2007	Non-current	Current	Total
Al-Imtiaz Investment Company	886,920	243,392	1,130,312
Barwa Al-Khor Company	1,173,685	-	1,173,685
Barwa Al-Baraha Company	-	2,735	2,735
Other related parties	-	336,231	336,231
	2,060,605	582,358	2,642,963

b) Due to related parties

Name of related party and nature of relationship	2008	2007
Qatar Diar Real Estate Investment Company Q.S.C. (45% shareholder in the Group)	247,518	1,213,347
Nozol Holdings B.S.C. (Major minority)	137,511	115,000
Al-Tamdeen Investment Company K.S.C. (Major minority)	187,294	187,294
TAS Group Limited (Major minority)	56,844	-
Others	27,558	83,690
	656,725	1,599,331

12. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Due to related parties (continued)

Due to related parties are segregated between non-current and current portions as follows:

2008	**Non-current**	**Current**	**Total**
Qatari Diar Q.S.C.	-	247,518	247,518
Nozol Holdings B.S.C.	137,511	-	137,511
Al-Tamdeen Investment Company K.S.C.	187,294	-	187,294
TAS Group Limited	-	56,844	56,844
Others	-	27,558	27,558
	324,805	**331,920**	**656,725**

2007	Non-current	Current	Total
Qatari Diar Q.S.C.	709,955	503,392	1,213,347
Nozol Holdings B.S.C.	115,000	-	115,000
Al-Tamdeen Investment Company K.S.C.	187,294	-	187,294
Others	-	83,690	83,690
	1,012,249	587,082	1,599,331

c) Compensation of key management personnel

	2008	2007
Board of directors' remuneration (Parent)	1,800	1,500
Total key management staff benefits (group basis)	32,199	8,292
	33,999	9,792

d) Related party transactions charged to the consolidated income statement

	2008	2007
<u>Gains on sale of assets</u>		
Gain on sale of subsidiary (First Leasing) (Note 32)	43,731	-
Gain on sale of property (Qatari Diar)	269,380	215,497
Management fees income (Qatari Diar)	41,168	-

13. INVESTMENT PROPERTY

	2008	2007
At 1 January	1,659,254	-
Acquired through business combinations	-	1,078,514
Transfers from property under development (Note 11)	-	284,171
Subsequent expenditures	576	-
(Loss) / Gain from fair value adjustment	(109,314)	147,873
Translation adjustments	(44,298)	148,696
	1,506,218	1,659,254

14. INVESTMENTS IN ASSOCIATES

a) The outstanding balances of the investments in associates are represented as follows:

Name of the associate and country of incorporation	Shareholding	2008	2007
Barwa Al-Khour W.L.L.- Qatar	40%	86,996	423,708
Nozol Holding Company B.S.C.C. – Bahrain	39%	155,418	155,611
Barwa Al-Baraha Real Estate Company W.L.L. – Qatar	32%	13,929	16,000
Ottoman Gayrimenkul A.S. – Turkey	50%	31,401	1,533
First Leasing Company W.L.L. – Qatar	21.4%	54,413	-
Panceltica Holding Limited – UK.	25.5%	200,935	-
		543,092	596,852

b) The movement on the investments in associates during the year is represented as follows:

	2008	2007
Balance at 1 January	596,852	62,500
Additional acquisitions in associates	293,555	178,443
Share of net results of operations	17,255	424,182
Unrealized profit on downstream sales to associates	(11,916)	(68,273)
Dividend declared by an associate (Note 8)	(352,654)	-
Balance at end of the year	**543,092**	596,852

15. INVESTMENT IN A JOINT VENTURE

	2008
Cost of acquisition	229,843
Share of results from a joint venture	55,564
	285,407

During the current year the Group, through its wholly owned subsidiary Barwa International S.P.C., entered into a shareholders' agreement with other three Qatari entities, under which Barwa International S.P.C. acquired 25% of the share capital for Shard Funding Limited, a Private Company located in Jersey, U.K., in total consideration of GBP 31.625 million (equivalent to QR 229,849 thousand) on 9 January 2008. The purchase consideration was paid by assuming a Murabha facility provided by one of the Qatari Bank as of the same date. Fair value of the acquired net assets of the joint venture (represented in the Murabha agreement mentioned below) equaled the acquisition price.

On 8 January 2008, Shard Funding Limited entered in to a Murabaha agreement ('the Murabaha') with Zijaj Limited.

As stated in the Shard Funding Limited audited financial statements, the directors of Shard Funding Limited consider that the recoverability of the Murabaha receivable is ultimately dependent upon the successful development of property at Southwark Towers, London for which purpose the funds have been applied. The Murabaha receivable is to be repaid from the proceeds from the completion of the asset under construction. The property development is being carried out by subsidiaries of Zijaj ("the property development companies") who are currently in negotiations to secure the necessary additional funding to allow the development to be completed in accordance with the current plan. At the expiry of the existing facilities, the directors of the property development companies expect that continuing funding will be in place. If these negotiations prove unsuccessful, alternative sources of funding will need to be sought to enable the completion of the development to enable the property development companies to continue as going concerns.

The directors of Shard Funding Limited have noted that the ownership of the site being developed and the various contracts for development are legally held with the subsidiaries of Zijaj Limited.

They also noted that a professional valuation of the development at Southwark Towers has been carried out by savills and by Colliers CRE (together the "Valuers").The assumptions made by the Valuers include practical completion of the development (in 2012), the completed property being let to tenants of good covenant and stabilization of the property market at the time of practical completion.

The directors of Shard Funding Limited support the aforementioned assumptions and noted the support of the shareholders of Shard Funding Limited in the project to complete the iconic building to be known as the "Shard of Glass". In light of the liquidity of the financial institutions who are shareholders in the Shard Funding Limited and the current strength of the prospective tenants enquiring into the project, the directors of Shard Funding Limited are of the view that any uncertainty as to delivery of the project or the Murabaha as carried in the balance sheet of the Company, is no greater than would ordinarily be expected in a project of this nature.

16. BUSINESS COMBINATIONS AND GOODWILL

a) New acquisitions during the year:

i) Acquisition of Swiss hotels:
Effective 3 June 2008, the Parent, through its wholly owned subsidiary Barwa Malta, closed the shares transfer agreements for acquiring 100% of share capital of 3 hotel companies ("the acquired entities") in total consideration of CHF 384.485 million (At 3 June 2008 CHF 1= QR 3.427). The acquired entities are engaged in the business of hotels management and operations in Switzerland.

The cost of acquisitions was allocated as follows:

	Total
Acquisition cost in 000 CHF	384,485
Acquisition cost in 000 QR	1,317,632

The fair values of the identifiable assets and liabilities of the acquired entities as at the effective dates of their acquisitions, and the related information on the resultant goodwill on these business combinations are as follows:

	Total
	In 000 QR
Property and buildings	1,302,173
Other assets	39
Inventory	1,733
Receivables and prepayments	7,247
Cash and bank	7,413
Payables and accruals	(9,073)
Fair value of acquired net assets	1,309,532
Acquisition cost	**1,317,632**
Goodwill recognized at acquisition (Note c)	**8,100**

Fair values of the acquired hotels' property exceeded their carrying amounts at date of acquisition by CHF 284 million (equivalent to QR 974 million), while other assets and liabilities carrying amounts equaled their fair values at acquisition date.

Carrying amount of the goodwill acquired through business combinations above have been allocated to individual cash generating units (CGUs) for impairment testing. The CGU for the identified goodwill relating to one of the acquired hotel companies at date of acquisition was the estimated future net earnings before tax from operations in addition to the residual value of the assets of that hotel.

The management of the Group decided to sell the above acquired subsidiaries during the next year (Refer Note 19).

16. BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

a) New acquisitions during the year (continued):

ii) Acquisition by a subsidiary:
On 1 March 2008, the Group, through its 95% owned subsidiary, Guidance Hotel Investment Company B.S.C.C., acquired 100% of the share capital of a Moroccan hotel ("GHIC"), a hotel company operating in Marrakech, Morocco for a total consideration of USD 36.3 million including transaction costs.

The Group has provisionally access the fair values of the acquired GHIC's tangible and intangible assets, liabilities and contingent liabilities. GHIC has been consolidated with effect from the date of acquisition and no goodwill has been recognised. Fair values of the acquired assets equalled their carrying amounts at date of acquisition, and a comparison of the purchase consideration compared to the fair value of the net assets acquired is presented below:

	Fair values *In 000 QR*
Land	87,011
Building	36,285
Machinery & equipment	8,504
Vehicle	113
Other assets	134
Fair value of acquired net assets	132,047
Acquisition cost	**132,047**
Goodwill recognized at acquisition	-

16. BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

a) New acquisitions during the year (continued):

iii) Acquisitions consummated through Cavendish Capital UK.:

The Group, through its 60% owned subsidiary, Barwa Cavendish Capital UK, acquired during the current year the 5 subsidiaries listed below. Fair values of net acquired assets for those subsidiaries equaled their carrying amounts, except for property and equipment of Education and Scientific Research Management & Development Co. LLC., which fair values exceeded the carrying amounts at date of acquisition by QR 12.3 million.

	Education and Scientific Research Management & Development Co. LLC.	Arab Foundation for Education, Scientific Research and Community Services LLC.	Complyport Limited	Complyport Limited (Channel Islands)	New Cavendish Asset Management LLP	Total fair values
Country of incorporation	**Jordan**	**Jordan**	**U.K.**	**U.K.**	**U.K.**	
Acquired interest	**47.05%**	**52.66%**	**51%**	**51%**	**100%**	
	In 000 QR	*In 000 QR*	*In 000 QR*	*In 000 QR*	*In 000 QR*	*In 000 QR*
Property and equipment	28,579	2,200	262	7	9	31,057
Receivables	1,644	1,746	3,765	160	279	7,594
Loan receivable	-	-	-	2,022	-	2,022
Cash and banks	22,987	7,024	3,254	9	630	33,904
Payables and accruals	(1,428)	(8,643)	(950)	(73)	(142)	(11,236)
Loans payable	(5,262)	-	-	(2,046)	-	(7,308)
Tax liabilities	-	-	(441)	(16)	(31)	(488)
Due to related parties	(74)	-	-	-	(85)	(159)
Fair value of net assets	46,446	2,327	5,890	63	660	55,386
Less: Minority's share	(24,593)	(1,102)	(2,886)	(31)	-	(28,612)
Acquired fair values of net assets	21,853	1,225	3,004	32	660	**26,774**
Acquisition cost	**25,694**	**8,597**	**9,506**	**365**	**2,965**	**47,127**
Goodwill at acquisition	**3,841**	**7,372**	**6,502**	**333**	**2,305**	**20,353**

16. BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

b) Cash outflows on the acquisitions

	Swiss hotels (Note i) *In 000 QR*	GHIC (Note ii) *In 000 QR*	Cavendish (Note iii) *In 000 QR*	Total *In 000 QR*
Acquisition costs	1,317,632	132,047	47,127	1,496,806
Net cash acquired with the subsidiary	(7,413)	-	(33,904)	(41,317)
Net cash outflow	**1,310,219**	**132,047**	**13,223**	**1,455,489**

Net cash paid during the current year from the above business combinations is amounting to QR 693,455 thousand, as QR 762,034 thousand from the net cash outflow above, was outstanding as advance for acquisition of investments as at 31 December 2007.

c) Goodwill

Details of the movement on goodwill balance during the year are as follows:

	2008	2007 Restated
At 1 January	68,659	-
Goodwill resulting at acquisition of subsidiaries	28,453	68,659
Goodwill reclassified to assets held for sale	(8,100)	-
Translation adjustments*	8,535	-
	97,547	68,659

* QR 5,600 thousand resulted from translating goodwill relating to Barwa Luxemburg, and the residue of QR 2,935 thousand resulted from translating the goodwill of the acquired entities by Cavendish Capital. Total translation adjustment on goodwill as at 31 December 2008 is amounting to QR 8,535 thousand (Note 29).

Details of goodwill recognized on entity wise at the reporting date is as follows:

	2008	2007 Restated
Barwa Luxemburg	74,259	68,659
Cavendish Capital acquired subsidiaries	23,288	-
	97,547	68,659

16. BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

d) Estimates used to measure recoverable amounts of cash-generating units containing goodwill

A) Barwa Luxemburg:
The recoverable amount of the CGUs has been determined based on a value in use calculated using the expected cash flow approach covering a period of five years, as the Group's management intends to hold these investments for a minimum tenure of that period. The pre tax discount rate applied to cash flow projections is 6.7 % for individual CGUs.

The expected cash flows from rental activities relating to the subsidiaries' investment property (Note 13) are extrapolated using no growth rate, and the expected net cash flows from the terminal value of the investment property were estimated at lower than the current fair value of the property at the end of five year tenure.

B) Cavendish Capital acquired subsidiaries:
The recoverable amount of the CGUs has been determined based on a value in use calculated using the expected cash flow approach covering a period of five years, as the Group's management intends to hold these investments for a minimum tenure of that period. The pre tax discount rate applied to cash flow projections is 6.7 % for individual CGUs.

17. OTHER INTANGIBLE ASSETS

This is mainly represented in occupancy right for land utilization, obtained from the Qatari Government for the purpose of establishing an agriculture project, carried out by Hasad Barwa, a 50% owned subsidiary by the Group.

In thousands of Qatari Riyals

18. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture and Fixtures	Motor vehicles	Computers software and hardware	Office equipment	Leasehold improve-ments	Projects in progress	Total
Cost									
At 1 January	-	-	14,557	769	4,784	1,572	5,219	300,263	327,164
Acquired through business combinations (Note 16)	90,190	60,853	1,356	143	-	10,632	169	-	163,343
Additions	-	-	23,861	1,619	10,180	2,804	131,514	372,534	542,512
Transfers	-	-	461	-	-	-	813	(1,274)	-
Disposals	-	-	(897)	-	-	-	-	-	(897)
Translation adjustment	-	46	-	-	-	43	-	-	89
At 31 December	90,190	60,899	39,338	2,531	14,964	15,051	137,715	671,523	1,032,211
Accumulated depreciation									
At 1 January	-	-	2,521	98	1,243	239	1,265	-	5,366
Charge for the year	-	1,668	6,627	264	3,160	2,576	3,272	-	17,567
Disposals	-	-	(828)	-	-	-	-	-	(828)
Translation adjustment	-	19	80	17	-	75	50	-	241
At 31 December	-	1,687	8,400	379	4,403	2,890	4,587	-	22,346
Net carrying amount									
31 December 2008	**90,190**	**59,212**	**30,938**	**2,152**	**10,561**	**12,161**	**133,128**	**671,523**	**1,009,865**
31 December 2007	-	-	12,036	671	3,541	1,333	3,954	300,263	321,798

Capitalized finance cost amounting to QR 33,547 thousand (2007: 9,943 thousand) was calculated based on the actual qualifying expenditures related to the projects in progress. Finance cost is capitalized using the Group's weighted average finance cost rate of 6.7%.

19. ASSETS CLASSIFIED AS HELD FOR SALE

The Group decided to dispose of the assets and directly associated liabilities of its wholly owned subsidiary Barwa Malta (as one disposal group), consisting of the hotels property disclosed in Note 16.a. Hence, management resolution dated 21 July 2008 was passed to admit the proposed sale plan provided by management, in which the sale is expected to occur within one year of the management resolution date. The subsidiary's assets and liabilities were classified as held for sale and measured at the lower of cost or fair value less cost to sell as of that date.

The assets and liabilities forming the disposal group as at the above mentioned date of the plan were as follows:

	Carrying amounts at the end of the reporting period before classification as held for sale In 000 QR	Carrying amounts as remeasured immediately before classification as held for sale In 000 QR
Property and buildings (carried at revalued amounts)	1,387,445	1,387,445
Investments	26,812	26,812
Receivables	31,904	31,904
Goodwill	8,536	8,536
Other assets	10,964	10,964
Non-current assets held for sale	**1,465,661**	**1,465,661**
Borrowings	(3,099)	(3,099)
Payables and accruals	(18,675)	(18,675)
Liabilities directly associated with non-current assets held for sale	**(21,774)**	**(21,774)**
Net non-current assets held for sale	**1,443,887**	**1,443,887**

The above assets and liabilities forming the disposal group were included in the consolidated balance sheet as at 31 December 2008 based on the same measured carrying amounts above as the Group entered into a serious negotiation with a counter party, in which the sale price was determined to be not less than QR 1.5 billion, representing a confirmed fair value less cost to sell, which is higher than the carrying amounts of the assets and liabilities of the disposal group. Negotiations regarding the final formalities to transfer the subsidiary, its assets and liabilities are in place and are expected to be finalized within the stipulated time frame set in the management's sale plan.

20. PAYABLES AND ACCRUALS

	2008	2007
Subcontractors and suppliers	992,401	301,541
Retention payable	214,096	66,876
Accrued expenses	87,972	23,219
Accrued finance cost	417,877	231,540
Clients advances	62,058	-
Dividend payable	7,109	-
Taxes payable	9,032	-
Unearned rent	26,633	47,663
Employees end of services benefits	4,474	700
Other payables	29,079	15,170
	1,850,731	686,709

Payables and other credit balances are segregated between non-current and current portions as follows:

2008	**Non-current**	**Current**	**Total**
Subcontractors and suppliers	-	992,401	992,401
Retention payable	59,307	154,789	214,096
Accrued expenses	-	87,972	87,972
Accrued finance cost	324,950	92,927	417,877
Clients advances	62,058	-	62,058
Taxes payable	-	9,032	9,032
Dividend payable	-	7,109	7,109
Unearned rent	-	26,633	26,633
Employees end of services benefits	4,474	-	4,474
Other payables	-	29,079	29,079
	450,789	**1,399,942**	**1,850,731**

2007	Non-current	Current	Total
Subcontractors and suppliers	-	301,541	301,541
Retention payable	66,876	-	66,876
Accrued expenses	-	23,219	23,219
Accrued finance cost	62,460	169,080	231,540
Unearned rent	-	47,663	47,663
Employees end of services benefits	700	-	700
Other payables	-	15,170	15,170
	130,036	556,673	686,709

The Group's exposure to currency and liquidity risk related to payables and other credit balances is disclosed in Note 38.

21. LIABILITIES FOR PURCHASE OF LAND

Effective on 10 October 2007, the Group acquired a piece of land located in New Cairo from the Egyptian Ministry of Housing and Building Development. The total purchase price is amounting to EGP 6,101 million (QR 4,244 million). In accordance with the contract, equal principal payments installments are due on a quarterly basis started on 16 May 2008. Finance cost is to be added on such principal installments at the effective rate declared by Central Bank of Egypt as of payment date (9% during 2008).

The balance is segregated between current and non-current as follows:

	2008
Non-current portion	2,973,763
Current portion	441,108
	3,414,871

22. OBLIGATIONS UNDER ISLAMIC FINANCING CONTRACTS

a) The movements on the obligations under Islamic financing contracts during the year were as follows:

	2008	2007
At 1 January	9,141,981	419,374
Additional facilities obtained during the year	6,687,669	8,722,607
Repayments of outstanding facilities during the year	(3,282,094)	-
Translation adjustment (surplus)	(71,191)	-
At 31 December	**12,476,365**	9,141,981

b) Obligations under Islamic financing contracts are segregated between non-current and current maturity periods as follows:

	2008	2007
Non-current portion	3,346,168	5,859,887
Current portion	9,130,197	3,282,094
	12,476,365	9,141,981

22. OBLIGATIONS UNDER ISLAMIC FINANCING CONTRACTS (CONTINUED)

c) Terms and conditions of the outstanding facilities were as follows:

	Currency	Profit rate charged by banks	**2008 Carrying amount**	2007 Carrying amount
Unsecured facilities	QR	REPO rate	4,002,570	2,736,530
Unsecured facilities	AED	3m EIBOR	510,571	-
Unsecured facilities	GBP	1Y £ LIBOR	179,417	-
Unsecured facilities	EURO	3m €BOR swap	958,807	1,836,159
Unsecured facilities*	USD	3m LIBOR	6,825,000	4,569,292
			12,476,365	9,141,981

* The Group management has the intention and ability to extend the unsecured USD facilities above to the year 2013. Variable finance cost on notional amount of USD 1.610 billion from those facilities is hedged against fluctuations in banks variable finance cost rates (Note 23).

d) The maturity profiles of the facilities are as follows:

2008	**1 year**	**2-5 years**	**Over 5 years**	**Total**
Unsecured facilities QR	78,010	3,924,560	-	4,002,570
Unsecured facilities AED	-	510,571	-	510,571
Unsecured facilities GBP	-	179,417	-	179,417
Unsecured facilities EURO	-	958,807	-	958,807
Unsecured facilities USD	2,957,500	3,867,500	-	6,825,000
	3,035,510	**9,440,855**	-	**12,476,365**

2007	1 year	2-5 years	Over 5 years	Total
Unsecured facilities QR	1,068,767	1,667,763	-	2,736,530
Unsecured facilities EURO	858,688	977,471	-	1,836,159
Unsecured facilities USD	1,572,480	2,996,812	-	4,569,292
	3,499,935	5,642,046	-	9,141,981

This note provides information about the contractual terms of the Group's profit-bearing obligations which are measured at amortised cost. For more information about the Group's exposure to fluctuation in profit rate on the facilities, foreign currency and liquidity risk, see Note 38.

22. OBLIGATIONS UNDER ISLAMIC FINANCING CONTRACTS (CONTINUED)

e) Major covenants under Islamic Murabha Facilities:
Under Murabha agreements concluded with some of the Group's relationship banks, the Group is required to maintain the following major financial covenants:

i) The ratio of total liabilities to total equity does not exceed 3.5:1.
Total liabilities equals the consolidated liabilities for the Group as at 31 December 2008, excluding the project Group's non-recourse debts and the related finance costs.

At 31 December 2008, total liabilities to total equity is as follows:

	Partial In 000 QR	Total In 000 QR
Total debt (consolidated liabilities as at 31 December 2008)		19,544,626
Less:		
a) Barwa Luxemburg non-recourse outstanding loan balance	(958,807)	
b) Non-recourse liability for purchase of Egypt land (Note 21)	(3,414,871)	
c) Accrued finance cost on Egypt land	(95,971)	
d) Non-recourse IBQ loan balance (GBP 32 million)	(179,417)	
e) Qatari Diar Group subordinated payable balance (Note 12.b)	(247,518)	
		(4,896,584)
Net recourse outstanding debts as at 31 December 2008		14,648,042
Equity attributable to the Parent shareholders as at 31 December 2008		4,442,741
Total liabilities to total equity as at 31 December 2008		3.3

b) The Group's finance cost coverage ratio should be not less than 2:1.
Finance cost coverage is the product of dividing earnings before depreciation, amortization, finance cost and taxes (EBITDA), by the finance cost.

At 31 December 2008, minimum finance cost coverage ratio is as follows:

	Total In 000 QR
Finance charges	
Finance charges as included in the consolidated income statement for the year ended 31 December 2008	457,092
Less:	
a) Finance cost on non-recourse Barwa Luxemburg loan	(80,521)
b) Finance cost on non-recourse IBQ loan	(17,135)
c) Subordinated finance cost relating to Qatari Diar payables	(73,932)
Net finance charges included in the ratio calculation	285,504
EBITDA	
Consolidated net profit for the year ended 31 December 2008	305,874
Add / (Less):	
Depreciation charges	17,567
Net tax income	(34,504)
Net loss for the year from Barwa Luxemburg	79,158
Net finance cost above	285,504
	653,599
Finance cost coverage ratio (EBITDA ÷ Finance Cost)	2.29

23. DERIVATIVE INSTRUMENTS AND CASH FLOW HEDGES

23.a. Derivative instruments designated for cash flow hedges

During the current year, the Parent entered into several profit rate swap agreements with local banks in place with total notional amounts of USD 1.610 billion, that is fixed all over the swaps tenures, whereby the Parent receives variable rate equal to 3 month USD LIBOR and pays fixed rate ranging between 3.42% and 4.11% on the fixed notional amounts. Profit is settled under the agreements on a quarterly basis. The swaps were initially designated to hedge the exposure to the fluctuations on the variable portion (LIBOR) of the profit rates on Islamic Finance Obligations included in Note 22 above. The Islamic Finance Obligations and related profit rate swaps have the same critical terms.

The fair values of the profit rate swaps designated for cash flow hedges are calculated by reference to the market valuation of the swap agreements, and the cash flows hedge effectiveness is tested by the end of each reporting period.

The Parent has recognized the unrealized loss on effective portion of the profit rate swaps amounting to QR 112,384 thousand as at 31 December 2008 in the cash flow hedge reserve. The realized amounts from the net settlement positions from those designated swaps during the year amounting to QR 13,422 thousand was charged to the consolidated income statement of the year ended 31 December 2008.

23.b. Derivative instruments not designated for hedges

The Parent entered into other derivative profit rate swap agreements with a local bank for the purpose of future profit rate hedging the results of fluctuations in profit rate swaps, with initial notional amounts of USD 1.090 billion. Under those two swap agreements, the Parent receives variable rate equal to 3 month USD LIBOR and pays fixed rate average of 3.66% on the fixed notional amounts.

The fair values of those profit rate swaps amounted to QR 9,517 thousand as at 31 December 2008, were calculated by reference to the market valuation of the swap agreements, and the same amount was charged to the consolidated income statements for the year ended 31 December 2008 as unrealized loss on derivative instruments. While the realized amounts charged to the consolidated income statements during the year relating to the same is amounting to QR 3,962 thousand.

In addition, the Parent entered into several forward foreign currency contracts, resulted in realized losses on net settlement position amounting to QR 25,291 thousand for the year ended 31 December 2008. Positive fair value of the outstanding forward foreign currency contracts amounting to QR 15,202 reduced the above mentioned derivative losses for the year.

23.c. Sensitivity analysis for derivative instruments

A 50 basis points increase / (decrease) in the forward curve used in the Company's calculation for derivative instruments as at 31 December 2008, would have increased / (decreased) consolidated equity and consolidated profit or loss by the amounts shown below:

2008	Equity		Profit or loss	
	50 bp Increase	**50 bp decrease**	**50 bp increase**	**50 bp Decrease**
Derivatives designated for cash flow hedges	(24,143)	(298,172)	-	-
Non-designated derivatives for hedges	87,897	(98,316)	87,897	(98,316)
Cash flow sensitivity (net)	**63,754**	**(396,488)**	**87,897**	**(98,316)**

24. INCOME TAXES

a) Deferred tax asset and liability

Current and deferred tax expense (income) represent amounts recognized by subsidiary companies. The deferred tax asset (liability) at balance sheet date is made up as follows:

2008	**Assets**	**Liabilities**	**Net**
Investment property	-	148,490	148,490
Other items	-	10,641	10,641
Tax loss carry-forwards	(50,941)	-	(50,941)
Tax (assets) liabilities	(50,941)	159,131	108,190
Set off of tax	-	-	-
Net tax (assets) liabilities	**(50,941)**	**159,131**	**108,190**

2007	**Assets**	**Liabilities**	**Net**
Investment property	-	165,893	165,893
Other items	-	10,742	10,742
Tax loss carry-forwards	(37,356)	-	(37,356)
Tax (assets) liabilities	(37,356)	176,635	139,279
Set off of tax	-	-	-
Net tax (assets) liabilities	(37,356)	176,635	139,279

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that taxable profits will be available against which those deductible temporary differences can be utilized.

The tax rate applicable to the taxable wholly owned subsidiary, Barwa Luxemburg, using the corporate tax rate enacted by French tax laws of 33.33%. Deferred tax asset is recorded also at the same rates. For the purpose of determining the taxable results for the year, the accounting profit of the companies has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices.

The taxable profit for any subsequent year is set off against tax losses brought forward from earlier years for the purpose of current tax computations.

Barwa Luxemburg has a legally enforceable right to set off deferred tax assets against deferred tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority the same taxable entity, hence deferred tax asset was offset against deferred tax liabilities.

24. INCOME TAXES (CONTINUED)

b) Income taxes recognized in profit or loss

	2008	2007
Current tax expense		
Current year	(7,163)	-
Deferred tax benefit		
Origination and reversal of temporary differences	41,667	-
Net tax income for the year	**34,504**	-

25. PROVISIONS

	2008	2007
Provision for estimated contractual obligations (Note i)	903,412	903,412
Provision for severance costs (Note ii)	5,859	-
	909,271	903,412

Note i:
This provision represents estimated contractual obligations to be fulfilled by the Group against infrastructure work for sales of pieces of land by the Parent consummated in the year 2006. Periods in which the infrastructure work is to be carried out is not determined up to 31 December 2008, hence the provision balance is not discounted at present value.

Note ii:
Provision for severance costs resulted from restructuring the newly acquired subsidiary GHIC (disclosed in Note 16.a.ii). The provision is not directly relating to the acquisition hence was not included in the purchase price and acquisition cost of the acquired subsidiary.

26. SHARE CAPITAL

	2008	2007
Authorised: 262,500,000 ordinary shares of QR 10 each (2007: 200,000,000 shares)	**2,625,000**	2,000,000
Issued and paid-up: 262,500,000 ordinary shares of QR 10 each (2007: 200,000,000 shares)	**2,625,000**	2,000,000

26. SHARE CAPITAL (CONTINUED)

a) During the Extraordinary General Assembly meeting held on 16 January 2008, the shareholders of the Parent approved the issue of 50 million shares at issuance price of QR 30 per share, including QR 10 par value and QR 20 premium on issue. The shares issued were subscribed for and fully paid by the existing shareholders on 28 February 2008, resulting in total share issue proceeds amounting to QR 1,501,697,000 including fraction shares. QR 500 million representing the nominal value of the issued shares increased the share capital of the Parent, and the residual QR 1,001,697,000 representing the premium on the issue, was transferred to the general reserve as per provision 22 of the Parent's Articles of Association.

b) The Ordinary General Assembly meeting held on 13 March 2008 approved the distribution of 5% cash dividends to the existing shareholders as of that date. Accordingly, the total declared dividend amounted to QR 250 million.

c) The Parent's shareholders, during the Extraordinary General Assembly Meeting held on 13 March 2008 approved the distribution of 5% bonus shares, after the increase in shares in (a) above. Hence, the share capital was increased from QR 2,500 million to QR 2,625 million. Article No. 6 of the Parent's Articles of Association was amended to reflect the increase in capital.

27. LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies Law No. 5 of 2002 and the Parent's Articles of Association, a minimum of 10% of the net profit should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Parent's Articles of Association.

During the current year, only 10% of net profits of the Parent and local subsidiaries was transferred to the legal reserve, while the net losses achieved by other subsidiaries were not offset against the transfer calculation.

28. GENERAL RESERVE

In accordance with the Parent's articles of association, the premium on issue of share capital is added to general reserve (Note 26.a). In addition, residual annual profits, after the required transfer to legal reserve (Note 27), can be appropriated and transferred to general reserve based on the General Assembly Meeting's approval.

29. TRANSLATION RESERVE

The foreign currency translation reserve is used to record exchange differences arising from translating the financial statements of the foreign subsidiaries, in addition to translating the identified goodwill during the business combinations against investments of these foreign subsidiaries.

The details of the movement on the translation reserve during the year are as follows:

	2008	2007 Restated
At 1 January	42,850	-
Results of translating net assets of foreign subsidiaries	35,452	42,850
Results of translating goodwill in foreign subsidiaries (Note 16.c)	8,535	-
	86,837	42,850
Share of minority in translation adjustments (Note i)	(50,900)	-
Translation reserve attributed to Parent shareholders	**35,937**	42,850

Note i:
Due to the substantial decline in spot rate of GBP against Qatari Riyal at 31 December 2008, results of translating the financial statements of the 60% owned subsidiary Cavendish Capital was unrealized translation losses amounting to QR 126.3 million. Minority's share representing 40% of those unrealized translation losses amounted to QR 50.5 million as at 31 December 2008. Residue of QR 0.4 million was attributed to 5% minority in translation losses of Guidance Investment Company.

30. MINORITY INTEREST

a) Details of the minority interest balances at year-end are as follows:

Name of subsidiary	Cavendish Capital	Guidance	Nuzul Qatar	Hasad Barwa	Barwa Al-Rayyan	Barwa Al-Doha	Amlak Finance	Tas Qatar	New Cairo	Other*	Total 2008
Percentage of minority ownership in subsidiary	*40%*	*5%*	*50%*	*50%*	*30%*	*50%*	*40%*	*49%*	*31.25%*		
Share in capital	192,925	33,024	7,500	8,000	6,000	27,442	60,000	980	16,727	33	**352,631**
Share in net results of the subsidiaries	430	(2,096)	37,001	(1,224)	(1,169)	(3,580)	(655)	547	(1,176)	(33)	**28,045**
Share in translation adjustment	(50,507)	(393)	-	-	-	-	-	-		-	**(50,900)**
Minority's balances at 31 December	**142,848**	**30,535**	**44,501**	**6,776**	**4,831**	**23,862**	**59,345**	**1,527**	**15,551**	-	**329,776**

30. MINORITY INTEREST (CONTINUED)

* The minority's share in the net losses of the subsidiaries for the year in excess of the minority's interests were allocated against the interest in share capital of the relevant subsidiary, as those minorities are not required to make additional investments to cover their shares of losses.

b) Details of movement on minority interest during the year are as follows:

2008	Share in subsidiaries capital	Share in subsidiaries results	Share in translation reserve	Total
At 31 December 2008	**352,631**	**28,045**	**(50,900)**	**329,776**
At 31 December 2007	(217,587)	(32,131)	-	(249,718)
Movement for the year	**135,044**	**(4,086)**	**(50,900)**	**80,058**

31. PROFIT ON SALE OF PROPERTY

The Group's revenues from sale of property and related cost of sale are illustrated as follows:

	2008	2007
Revenues from sale of property*	3,268,448	2,327,276
Cost of sale of property	(2,494,792)	(2,111,779)
	773,656	215,497

* During the current year, the Parent sold a property located in Europe resulting in profit of sale amounting to QR 269,380 thousand (Note 12.d).

32. GAIN ON SALE OF A SUBSIDIARY

Effective 6 November 2008, the Parent entered into a sale agreement with its 21.4% owned associate, First Leasing Company W.L.L. – Qatar, to transfer 99% of the shares of its wholly owned subsidiary Semisma for Real Estate Services Limited W.L.L. ("Semisma"), and 1% of Semisma shares to external party to the Group.

Total sale consideration under the agreement is QR 130,882 thousand, of which QR 46,035 thousand was collected in cash upon signing the agreement, and the residual sale price was fulfilled through transfer of an outstanding loan for the Parent amounting to QR 84,847 thousand. Cost of the sold subsidiary as of that date amounted to QR 75,235 thousand, represented in a piece of land and the subsidiary's share capital. This has resulted in gain on sale amounting to QR 55,647 thousand, out of which QR 11,916 thousand representing 21.4% of the gain on sale, was deferred, resulting in including QR 43,731 thousand in the consolidated income statement for the year ended 31 December 2008.

33. FINANCE INCOME AND EXPENSE

	2008	2007
Income from Islamic Murabha deposits	97,357	83,092
Unwinding of discount on deferred sale arrangements	70,261	98,688
Finance income	**167,618**	181,780
Finance expense on borrowings	383,161	272,267
Unwinding of discount on deferred purchase arrangements	73,931	89,521
Finance charges	457,092	361,788
Loss / (gain) from derivative instruments (Note 23)	36,990	(26,570)
Finance expense	**494,082**	335,218
Net finance expense recognized in profit or loss	**(326,464)**	153,438

34. GENERAL AND ADMINISTRATIVE EXPENSES

	2008	2007
Rent expenses	92,650	16,951
Management fees	15,623	-
Depreciation	17,567	5,156
Miscellaneous	78,842	35,233
	204,682	57,340

35. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year.

	2008	2007
Net profit attributable to the Parent's shareholders for the year (in 000 QR)	309,960	529,693
Weighted average number of shares outstanding during the year (in thousand shares)*	212,917	212,500
Basic and diluted earnings per share (QR)	**1.46**	2.49

There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

* Earnings per share for the comparative year ended 31 December 2007 is adjusted with the bonus shares issued by the Parent during the current year (Note 26).

36. CONTINGENT LIABILITIES

	2008	2007
Bank guarantees	**31,007**	376
Letters of credit	**400,000**	602,996

The Group anticipates that no material liabilities will arise from the above guarantees and letter of credits, which are issued in the ordinary course of business.

37. CONTRACTUAL COMMITMENTS

	2008	2007
Contractual commitments to contractors and suppliers for property under development	**13,177,752**	4,749,581
Commitments for purchase of property	**322,000**	2,581,457
Commitments for purchase of investments	**476,810**	231,941
Commitments for operating leases	**450,852**	-

38. FINANCIAL INSTRUMENTS RISK MANAGEMENT

a) Credit risk

Exposure to credit risk

The carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amounts	
	2008	2007
Cash and banks balances	538,833	769,925
Financial assets at fair value through profit or loss	3,987	6,514
Available-for-sale financial assets	1,853,507	1,642,812
Financial receivables	672,387	125,800
Due from related parties	2,522,977	2,642,963
	5,591,691	5,188,014

Cash and cash equivalents

Credit risk on bank balances is limited as they are placed with local and foreign banks having good credit ratings assigned by international credit rating agencies.

38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

a) Credit risk (continued)

Financial assets at fair value through profit or loss / Available for sale financial assets

The Group significantly limits its exposure to credit risk by investing in securities, which are quoted in active securities markets. There was no impairment loss recognized in respect of available for sale financial assets as the decline in fair values of these investments has not been significant or prolonged during the current year. While the decline fair values of the investments classified as held for trading (fair value through profit or loss) was already included in profit or loss for the year. For unquoted investments, management depends on valuation and financial reports provided by the investees to asses recoverability of those investments.

There is a regular monitoring by the Group's management of the prices of the shares listed in Doha Securities Market, and if there is a permanent decline in the value of investments, impairment provisions are considered.

Financial receivables

Those consist of receivable from Qatari Government, bank profits and dividend receivable, receivables under escrow accounts and refundable deposits. Credit risk on those balances is minimal due to being receivable from accredited parties.

Due from related parties

Due from related parties significantly consist of balances due from associates in which the Group significantly influence their operating and financial decisions, hence credit risk thereon is not material to the Group.

Impairment losses

The Group is yet to engage in active real estate sale activities, hence there are no receivables from operations as of the balance sheet date, for which the Group has not designated a specific aging policy for receivables, while the balances due from related parties are not subject to impairment at the balance sheet date as per management opinion.

The maximum exposure to credit risk for due from related parties and other financial receivables, including the due from related parties balances at the reporting date by geographic region was as follows:

	Carrying amounts	
	2008 Due from related parties	2008 Financial receivables
Domestic	2,378,499	486,068
Other GCC countries	91,380	22,195
European countries	53,098	163,184
Other regions	-	940
	2,522,977	**672,387**

38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

b) Liquidity risk

The following are the contractual maturities of financial assets and financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

2008	Carrying Amounts	Contractual cash in / (out) flows	Less than 1 year	1 – 2 years	2 – 5 Years	More than 5 years
Cash and bank balances	538,833	538,833	538,833	-	-	-
Financial assets through profit or loss	3,987	3,987	3,987	-	-	-
Available for sale financial assets	1,853,507	1,853,507	-	1,853,507	-	-
Financial receivables	672,387	672,387	672,387	-	-	-
Due from related parties	2,522,977	2,522,977	1,097,359	300,000	1,125,618	-
Islamic finance obligations	(12,476,365)	(13,676,899)	(3,175,252)	(4,387,366)	(6,114,281)	-
Liabilities for purchase of land	(3,414,871)	(3,414,871)	(777,656)	(497,656)	(932,968)	(1,206,591)
Financial payables	(1,719,455)	(1,719,455)	(1,663,926)	(55,529)	-	-
Due to related parties	(656,725)	(656,725)	-	-	-	(656,529)
Derivative liabilities	(106,699)	(106,699)	(106,699)	-	-	-
Liquidity gap	**(12,782,424)**	**(12,782,424)**	**(3,271,225)**	**(2,787,044)**	**(5,921,631)**	**(1,863,120)**

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is in the process of setting acceptable parameters, based on value at risk, that may be accepted and which is monitored on a daily basis.

i. Currency risk

The Group hedges its currency exposure. However, management is in the process of studying a variety of alternatives to mitigate the Group's exposure to currency risk. The major items of the foreign currency financial liabilities are denominated in EGP,GBP and EURO. The liabilities denominated in USD are not subject to currency risk, as Qatari Riyal is pegged to the US Dollars.

38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

c) Market risk – i. currency risk (continued)

Sensitivity analysis

A 10 percent strengthening / weakening of the Qatari Riyal against the following currencies as at 31 December would have increased / (decreased) consolidated equity and consolidated profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular finance cost rates, remain constant.

	Equity		Profit or loss	
	10%	10%	10%	10%
2008	Weakening	Strengthening	Weakening	Strengthening
USD	(679,175)	679,175	(679,175)	679,175
EURO	(97,682)	97,682	(97,682)	97,682
GPB	(14,660)	14,660	(14,660)	14,660
AED	(84,639)	84,639	(84,639)	84,639
EGP	(454,183)	454,183	(454,183)	454,183
CHF	930	(930)	930	(930)

ii. Profit rate risk

Profile

At the reporting date the profit rate profile of the Group's profit-bearing financial instruments was:

	Carrying amounts	
	2008	2007
Fixed rate instruments		
Available for sale financial assets (profit bearing)	736,111	1,059,127
Islamic obligations contracts	(5,868,794)	(4,526,813)
	(5,132,683)	(3,467,686)

	Carrying amounts	
	2008	2007
Variable rate instruments		
Financial liabilities (Islamic obligations payable)	**(6,607,571)**	(4,615,168)

38. FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

c) Market risk - i. Currency risk (continued)

iii. Profit rate risk

Cash flow sensitivity for variable rate instruments

A change of 50 basis points in profit rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

2008	Equity		Profit or loss	
	50 bp Increase	50 bp decrease	50 bp increase	50 bp Decrease
Variable rate financial liabilities	25,562	(357,480)	49,705	(59,308)

Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its concentration risk by establishing geographic and industry wise concentration limits.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2008	
	Carrying amounts	Fair values
Cash and bank balances	538,833	538,833
Financial assets through profit or loss	3,987	3,987
Available for sale financial assets	1,853,507	1,853,507
Financial receivables	672,387	672,387
Due from related parties	2,522,977	2,522,977
Islamic finance obligations	(12,476,365)	(12,476,365)
Liabilities for purchase of land	(3,414,871)	(3,414,871)
Financial payables	(1,719,455)	(1,719,455)
Due to related parties	(656,725)	(656,725)
Derivative liabilities	(106,699)	(106,699)
	(12,782,424)	**(12,782,424)**

39. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of land, buildings, equipment, fixtures and fittings is based on the quoted market prices for similar items.

b) Intangible assets
The fair value of any intangible assets, other than goodwill, acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned, if any. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

c) Investment property
An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every reporting period. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

d) Investment in equity and debt securities
The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

e) Advances and other receivables
The fair value of advances and other receivables, excluding construction work in progress, if any, is estimated as the present value of future cash flows, discounted at the market rate of profit at the reporting date.

39. DETERMINATION OF FAIR VALUES (CONTINUED)

f) Derivatives
The fair value of forward exchange contracts is based on their listed market price. While for the profit rate swaps, if a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free profit rate.

The fair value of profit rate swaps is also based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market profit rates for a similar instrument at the measurement date.

g) Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and profit cash flows, discounted at the market rate of profit at the reporting date. The market rate of profit is determined by reference to similar liabilities. For finance leases the market rate of profit is determined by reference to similar lease agreements.

40. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Critical accounting judgments

Impairment of receivables
An estimate of the collectible amount of trade accounts receivable and due from related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, there was no allowance for impairment of due from related parties or other receivables as the Group does not have collection concern with regards to its receivables from its related parties.

Classification of property
The Group classified the property held for future long term capital appreciation or leases as investment property, measured at the fair value model. Fair value is determined by an independent appraisal by the end of each reporting period. Investment property is disclosed in Note 13.

While the other property held for the purpose of sale in the ordinary course of business, as disclosed in Note 7, is classified as trading property.

Classification of investment securities
On acquisition of an investment security, the Group decides whether it should be classified as "investments at fair value through profit or loss" or "available-for-sale". The Group follows the guidance of IAS 39 on classifying its investments. The Group classifies investments as “held for trading” if they are acquired primarily for the purpose of short term profit making and cash generation. All other investments are classified as "available-for-sale". The Group accounts for investments in equity securities as investment in associate only when significant influence over the investee’s operations can be proved to exercise, else and regardless of the ownership share, the investment is classified as available for sale.

40. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

a) Critical accounting judgments (continued)

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

b) Estimation uncertainty

Impairment of available-for-sale equity investments
The Group treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group treats "significant" generally as 20% or more and 'prolonged' greater than six (6) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities, if any.

Fair value of unquoted equity investments
If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill embedded in the cost of acquisition of subsidiaries and associates and other indefinite life intangibles, if any, are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The estimates used by management in testing impairment of the goodwill resulting from business combinations are disclosed in Note 16.

In thousands of Qatari Riyals

41. SEGMENT INFORMATION

a) Geographical segments

The segment reporting format is determined to be business segments on the Group's risks and rates of return are affected pre-dominantly by differences in the products and services produced for the geographical areas. The businesses are organized and managed separately according to the nature of products and services provided, with each segment representing strategic business units that offers different products and serves different markets. These segments are distributed over various established subsidiaries all over the world to achieve the Group spread-over objectives.

Geographical distribution of business segments

	State of Qatar	United Kingdom	North Africa	Other GCC countries	Other European countries	Other countries	Total
Revenues and income	1,170,577	45,484	-	8,877	93,156	-	1,318,094
Expenses and losses	(848,267)	(42,737)	-	(34,807)	(172,315)	-	(1,098,126)
Net share of results of associates	72,819	-	-	-	-	-	72,819
Results for the year	**395,129**	**2,747**	**-**	**(25,930)**	**(79,159)**	**-**	**292,787**
Assets and liabilities							
Segment assets	12,426,082	587,355	4,741,117	3,638,064	2,921,008	10,336	24,323,962
Segment liabilities	(13,914,611)	(73,719)	(3,433,247)	(51,516)	(2,078,352)	-	(19,551,445)
Net assets of the geographical segments	**(1,488,529)**	**513,636**	**1,307,870**	**3,586,548**	**842,656**	**10,336**	**4,772,517**

41. SEGMENT INFORMATION (CONTINUED)

b) Business segments

For management purposes, the Group is organized into two major business segments. The real estate segment develops and sells condominiums, villas and plots of land. Other segments include businesses that individually do not meet the criteria for a reportable segment. These businesses are mainly related to equity investments, 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 measure of the individual segment's profit and losses.

2008	**Real Estate**	**Investments and others**	**Total**
Total segment income	996,952	443,962	**1,406,410**
Total segment expenses	(894,838)	(240,202)	**(1,135,040)**
Segment results	102,114	203,760	**305,874**
Segment assets	16,683,587	7,633,556	**24,317,143**

2007	Real Estate	Investments and others	Total
Total segment income	746,912	154,974	901,886
Total segment expenses	(200,238)	(139,824)	(340,062)
Segment results	546,674	15,150	561,824
Segment assets	9,668,637	6,026,966	15,695,603

42. CORRECTION OF ERROR

Based on evaluation of the effective date of acquisition and fair values for the acquired assets and liabilities of the wholly owned subsidiary Barwa Luxemburg, which was included in the consolidated financial statements for the year ended 31 December 2007, the Company has revised the measurement and treatment of the goodwill resulting from the acquisition as recognized in the 2007 financial statements. Accordingly the retained earnings as at 1 January 2007, being the earliest reporting period, has been restated by an amount of QR 107,176 thousand and the goodwill included in the consolidated financial statements for the year ended 31 December 2007 has been restated by an amount of QR 107,298 to give effect to this adjustment. Further QR 122 thousand has been adjusted against the translation reserve as at 1 January 2007.

Summary of the effects of the restatement from the correction of the abovementioned error on the previously issued figures are as follows:

a) The effect of the error correction on the consolidated retained earnings as at 1 January 2007:

	Retained earnings In 000QR	Translation reserve In 000 QR
Balances as at 1 January 2007 as previously stated	407,280	-
Effect of the restatement above	(107,176)	(122)
Balances as at 1 January 2007 as restated	**300,104**	**(122)**

b) The effect of the error correction on the consolidated financial statements as at 31 December 2007:

	Retained earnings In 000QR	Translation reserve In 000 QR	Goodwill In 000 QR
Balances as at 31 January 2007 as previously stated	882,504	42,972	183,957
Effect of the restatement above	(107,176)	(122)	(107,298)
Balances as at 31 December 2007 as restated	**775,328**	**42,850**	**76,659**

43. COMPARATIVE FIGURES

The corresponding figures presented for 2007 have been reclassified where necessary to preserve consistency with the 2008 figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative year.