

Barwa Real Estate Company Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013

**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. (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 the auditors' judgement, 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, the auditor considers 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 policies 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.


Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BARWA REAL ESTATE COMPANY Q.S.C. (CONTINUED)**

Report on legal and other regulatory requirements

Furthermore, in our opinion proper books of account have been kept by the Group and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Group. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material effect on the business of the Group or on its financial position.


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

Date: 12 March 2014
Doha



Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 QR'000	2012 QR'000 (Restated)
ASSETS			
Cash and bank balances	5	955,336	665,514
Receivables and prepayments	6	902,358	720,589
Finance lease receivables	7	2,508,058	2,792,229
Due from related parties	8	2,880,482	2,724,291
Financial assets at fair value through profit or loss	9	8,776	6,704
Assets of subsidiaries classified as held for sale	10	1,868	5,782,872
Non-current assets held for sale	11	4,344,252	373,856
Advances for projects and investments	12	317,329	596,998
Available-for-sale financial assets	13	208,005	366,406
Trading properties	14	19,818,842	18,396,769
Investment properties	15	9,758,249	12,415,315
Investments in associates	16	500,564	2,285,001
Investments in a joint venture	17	2,153,497	2,079,294
Property, plant and equipment	19	417,265	873,415
Goodwill	20	126,411	126,411
Deferred tax assets	21	783	113
TOTAL ASSETS		44,902,075	50,205,777
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	22	2,416,693	3,030,334
Due to related parties	8	385,276	7,091,839
Liabilities of subsidiaries classified as held for sale	10	612	11,540
Obligations under Islamic finance contracts	25	27,788,091	26,661,159
Liabilities under derivative financial instruments	26	-	142,128
Deferred tax liabilities	21	793	205
TOTAL LIABILITIES		30,591,465	36,937,205
EQUITY			
Share capital	27	3,891,246	3,891,246
Treasury shares	28	(4,119)	(4,119)
Legal reserve	29	842,294	811,555
General reserve	30	4,639,231	4,639,231
Other reserves	31	(36,484)	(325,916)
Retained earnings		4,478,958	3,752,649
Total equity attributable to equity holders of the parent		13,811,126	12,764,646
Non-controlling interests		499,484	503,926
TOTAL EQUITY		14,310,610	13,268,572
TOTAL LIABILITIES AND EQUITY		44,902,075	50,205,777

These consolidated financial statements were approved and signed on behalf of the Board of Directors by the following on 12 March 2014.

H.E. Salah Bin Ghanem Al Ali
Chairman

Abdulla Abdulaziz Al-Subaie
Group Chief Executive Officer

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	2013 QR'000	2012 QR'000 (Restated)
Continuing operations			
REVENUES AND GAINS			
Rental income		999,173	740,645
Income from consultancy and other related services	32	292,564	365,173
Profit on sale of properties	33	954	284,787
Profit on disposal of subsidiaries	34	232,327	189,639
Profit on disposal of an associate	11 (ii)	336,548	-
Net fair value gain on investment properties	15	718,474	433,111
Share of results of associates and a joint venture	16&17	90,679	228,643
Other income – net	35	406,636	219,343
TOTAL REVENUES AND GAINS		3,077,355	2,461,341
EXPENSES AND LOSSES			
Operating expenses	36	(437,368)	(404,011)
General and administrative expenses	37	(395,581)	(431,121)
Net finance costs	38	(441,757)	(201,527)
Net impairment losses	39	(103,534)	(197,649)
Provision for litigations	44	(32,774)	-
Depreciation	19	(93,536)	(80,064)
TOTAL EXPENSES AND LOSSES		(1,504,550)	(1,314,372)
Profit before income tax		1,572,805	1,146,969
Income tax expense	21	(5,853)	(5,298)
Profit for the year from continuing operations		1,566,952	1,141,671
Discontinued operations			
Loss after tax for the year from discontinued operations	10	(196,871)	(18,713)
Profit for the year		1,370,081	1,122,958
<i>Attributable to:</i>			
Equity holders of the parent		1,374,987	1,137,375
Non-controlling interests		(4,906)	(14,417)
		1,370,081	1,122,958
Basic and diluted earnings per share			
<i>(attributable to shareholders of the parent expressed in QR per share)</i>			
	40	3.53	2.92

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 QR'000	2012 QR'000 (Restated)
Profit for the year		<u>1,370,081</u>	<u>1,122,958</u>
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net movement on cash flow hedges	41	-	17,565
Exchange differences on translation of foreign operations	41	285,629	(305,035)
Net gain on available-for-sale financial assets	41	<u>4,267</u>	<u>36,018</u>
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		<u>289,896</u>	<u>(251,452)</u>
Other comprehensive income (loss) for the year		<u>289,896</u>	<u>(251,452)</u>
Total comprehensive income for the year		<u>1,659,977</u>	<u>871,506</u>
<i>Attributable to:</i>			
Equity holders of the parent		1,664,419	885,489
Non-controlling interests		<u>(4,442)</u>	<u>(13,983)</u>
		<u>1,659,977</u>	<u>871,506</u>

The attached notes from 1 to 51 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 2013

	Attributable to the equity holders of the parent							Non-controlling interests QR '000	Total Equity QR '000
	Share capital QR '000	Treasury shares QR '000	Legal reserve QR '000	General reserve QR '000	Other reserves QR '000	Retained earnings QR '000	Total QR '000		
Balance at 31 December 2012, as previously reported	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,786,403	12,798,400	503,926	13,302,326
Prior period adjustment (Note 50 (i) (a))	-	-	-	-	-	(33,754)	(33,754)	-	(33,754)
Balance at 1 January 2013 (Restated)	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,752,649	12,764,646	503,926	13,268,572
Profit (loss) for the year	-	-	-	-	-	1,374,987	1,374,987	(4,906)	1,370,081
Other comprehensive income for the year (Note 41)	-	-	-	-	289,432	-	289,432	464	289,896
Total comprehensive income (loss) for the year	-	-	-	-	289,432	1,374,987	1,664,419	(4,442)	1,659,977
Dividends for 2012 (Note 42)	-	-	-	-	-	(583,687)	(583,687)	-	(583,687)
Transfer to legal reserve	-	-	30,739	-	-	(30,739)	-	-	-
Contribution to social and sports fund (Note 43)	-	-	-	-	-	(34,252)	(34,252)	-	(34,252)
Balance at 31 December 2013	3,891,246	(4,119)	842,294	4,639,231	(36,484)	4,478,958	13,811,126	499,484	14,310,610

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2013

	Attributable to the equity holders of the parent						Non-controlling interests QR '000	Total Equity QR '000
	Share capital QR '000	Treasury shares QR '000	Legal reserve QR '000	General reserve QR '000	Other reserves QR '000	Retained earnings QR '000		
Balance at 1 January 2012	3,891,246	(4,119)	481,107	4,639,231	(53,881)	3,397,177	584,090	12,934,851
Profit (loss) for the year	-	-	-	-	-	1,137,375	(14,417)	1,122,958
Other comprehensive (loss) income for the year (Note 41)	-	-	-	-	(251,886)	-	434	(251,452)
Total comprehensive (loss) income for the year	-	-	-	-	(251,886)	1,137,375	(13,983)	871,506
Dividends for 2011 (Note 42)	-	-	-	-	-	(389,125)	-	(389,125)
Transfer to legal reserve	-	-	330,448	-	-	(330,448)	-	-
Contribution to social and sports fund (Note 43)	-	-	-	-	-	(28,918)	-	(28,918)
Transfers on disposal of a subsidiary	-	-	-	-	(20,149)	21,354	(59,396)	(58,191)
Acquisition of non-controlling interests (Note 4.1)	-	-	-	-	-	(53,473)	(7,084)	(60,557)
Other movements	-	-	-	-	-	(1,293)	299	(994)
Balance at 31 December 2012 (Restated)	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,752,649	503,926	13,268,572

The attached notes from 1 to 51 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 2013

	Notes	2013 QR'000	2012 QR'000 (Restated)
OPERATING ACTIVITIES			
Profit for the year from continuing operations		1,566,952	1,143,484
Loss after tax for the year from discontinued operations		(196,871)	(20,526)
Profit for the year		1,370,081	1,122,958
<i>Adjustments for:</i>			
Net fair value gain on investment properties	15	(718,474)	(433,111)
Unrealised gain on financial assets at fair value through profit or loss	35	(2,073)	(2,567)
Gain on sale of available-for-sale financial assets	35	(1,795)	(7,102)
Depreciation	19	93,536	81,562
Share of results of associates and a joint venture	16&17	(90,679)	(228,643)
Fair value change in derivative financial instruments		15,937	(106,558)
Net impairment losses	39	103,534	197,649
Gain on sale of properties	10&33	(954)	(284,787)
Profit on disposal of subsidiaries	34	(232,327)	(189,639)
Profit on disposal of associate	11	(336,548)	-
Fair value loss (gain) on call option	35	50	(21,469)
Unwinding of discount on deferred sale arrangements	38	(336,777)	(396,726)
Gain on reversal of provision	35	(265,173)	(69,175)
Reversal of board of directors remuneration		(10,500)	-
Dividend income	35	(10,104)	(4,463)
Accruals for board of directors remuneration		-	14,000
Gain on disposal of property, plant and equipment	35	(9,141)	(42)
Operating loss before working capital changes		(431,407)	(328,113)
<i>Changes in working capital:</i>			
Change in receivables and prepayments		452,873	1,043,272
Amounts due from / due to related parties		58,594	3,531,816
Change in payables and accruals		102,456	(968,817)
NET CASH FROM OPERATING ACTIVITIES		182,516	3,278,158
INVESTING ACTIVITIES			
Cash flows from acquisitions of subsidiaries		-	176,305
Proceeds from disposal of subsidiaries		477,557	31,000
Purchase of investment properties and trading properties		(1,399,581)	(3,157,480)
Payments for purchase of available-for-sale financial assets		(25,736)	(5,423)
Payments for purchase of property, plant and equipment	19	(67,153)	(59,619)
Proceeds from sale of available-for-sale financial assets		46,689	91,389
Proceeds from sale of properties		375,000	1,432,142
Proceeds from disposal of property, plant and equipment		16,330	7,110
Dividends received from associates		12,000	36,650
Advances for purchase of investments and properties		(73,206)	(90,088)
Dividend income	35	10,104	4,463
Net movement in short term deposits maturing after three months		(67,276)	(60,677)
NET CASH USED IN INVESTING ACTIVITIES		(695,272)	(1,594,228)

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2013

	<i>Notes</i>	2013 QR'000	2012 QR'000 <i>(Restated)</i>
FINANCING ACTIVITIES			
Proceeds from obligations under Islamic finance contracts		1,983,232	1,962,084
Payments for the obligations under Islamic finance contracts		(856,300)	(2,832,952)
Payments for liabilities for purchase of lands		-	(2,860,797)
Dividends paid	42	(321,028)	(389,125)
Receipts of government grant		346,800	-
Settlement of derivative financial liabilities		(161,052)	(203,448)
Restricted bank balances		564	(99)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		992,216	(4,324,337)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		479,460	(2,640,407)
Net foreign exchange difference		(267,364)	647,622
Cash and cash equivalents at 1 January		611,531	2,641,754
Cash and cash equivalent for loss of control on subsidiaries		4,625	(37,438)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	5	828,252	611,531

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Barwa Real Estate Company Q.S.C. (“the Company” or “the Parent”) was incorporated pursuant to the provision of Article 68 of the Qatar Commercial Companies Law No. 5 of 2002 as Qatari Shareholding Company under Commercial Registration No. 31901 dated 27 December 2005. The term of the Company is 100 years starting from the date of declaration in the Commercial Register. The Company is a listed entity on Qatar Exchange.

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

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

2 BASIS OF PREPARATION AND CONSOLIDATION

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies’ Law No. 5 of 2002.

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss, available-for-sale financial assets and derivative financial instruments which have been measured at fair value.

The consolidated financial statements are presented in Qatari Riyals, which is the Company’s functional and presentational currency and all values are rounded to the nearest thousand (QR’000), except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to consolidated financial statements are disclosed in Note 48.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Barwa Real Estate Company Q.S.C. and its subsidiaries (together referred to as the “Group”) as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.2 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

The Group's subsidiaries accounting for more than 5% of the total assets and /or operational results of the Group during the current or previous financial year are included in these consolidated financial statements are listed below. In addition to below listed subsidiaries, there are number of other subsidiaries' financial statements that are consolidated in to these consolidated financial statements and are accounting for less than 5% of the total assets and/or operational results of the Group.

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Group effective shareholding percentage</i>	
		<i>31 December 2013</i>	<i>31 December 2012</i>
Asas Real Estate Company W.L.L	Qatar	100%	100%
Al-Waseef Property Management Company S.P.C.	Qatar	100%	100%
Barwa Al-Doha Real Estate Company W.L.L	Qatar	100%	100%
Barwa International Company S.P.C.	Qatar	100%	100%
Barwa Al Sadd Company S.P.C.	Qatar	100%	100%
Barwa City Real Estate Company W.L.L	Qatar	100%	100%
Barwa Al- Baraha S.P.C.	Qatar	100%	100%
Barwa Financial District W.L.L.	Qatar	100%	100%
Barwa Village Company S.P.C.	Qatar	100%	100%
Gudran S.P.C.	Qatar	100%	100%
Masaken Al Sailiya & Mesameer Company S.P.C.	Qatar	100%	100%
Barwa District Cooling Company S.P.C.	Qatar	100%	100%
Qatar Real Estate Investment Company P.J.S.C.	Qatar	100%	100%
Cavendish Capital	UK	100%	100%
Guidance Hotel Investment Company B.S.C.C.	Bahrain	96.5%	96.5%
Barwa Commercial Avenue W.L.L.	Qatar	95%	95%
Qatar Project Management Company Q.P.S.C.	Qatar	70%	70%

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2013.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and therefore has no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. These amendments will not materially impact the Group's financial position or performance.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance.

IFRS 10: Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. At the date of initial application of IFRS 10 (1 January 2013), the Group assessed that it controls its subsidiaries as per IFRS 10.

IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2013)

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This amendment does not have any impact on the Group's consolidated financial statement.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. While the Group has subsidiaries with material non-controlling interests, there are no unconsolidated structured entities.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Changes in accounting policies and disclosures (continued)

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

Improvements included but do not have any impact on financial position and performance:

- **IAS 1 Presentation of Financial Statements**
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.
- **IAS 16 Property plant and equipment**
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
- **IAS 32 Financial Instruments, Presentation**
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Changes in accounting policies and disclosures (continued)

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<i>Topic</i>	<i>Key requirements</i>	<i>Effective date</i>
IFRS 9 Financial Instruments	IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.	1 January 2015
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.	1 January 2014
IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32	These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.	1 January 2014
IFRIC Interpretation 21 Levies (IFRIC 21)	IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future consolidated financial statements.	1 January 2014
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39	These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.	1 January 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit or loss .

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in consolidated statement of profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the consolidated statement of profit or loss .

After 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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of profit or loss . The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of profit or loss.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

Investments in equity accounted investees

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates or joint venture since the acquisition date. Goodwill relating to the associates or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associates or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement profit or loss .

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Current versus non-current classification

The Group presents assets and liabilities based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures financial instruments, such as, derivatives and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 47.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted available-for-sale financial assets, and for non-recurring measurement, such as assets held for disposal in discontinued operation. The management comprises of the head of the investment properties segment, heads of the Group's internal mergers and acquisition team, the head of the risk management department, chief finance officers and the managers of each property.

External valuers are involved for valuation of significant assets, such as investment properties and trading properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Revenue recognition

Revenue is measured at fair value of consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be measured reliably: when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities listed below. The Group bases its estimate of refers on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of completed property

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Sales of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the management considers whether the contract comprises:

- A contract to construct a property

Or

- A contract for the sale of a completed property

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer

And

- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

Rental income

Rental income receivable from operating leases, less the Group's initial direct costs of entering into the leases, is recognized on a straight-line basis over the term of the lease, except for contingent rental income which is recognized when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of profit or loss when they arise.

Management fee income

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

Services revenues

Revenues from services rendered is recognized in the consolidated statement of profit or loss by reference to the stage of completion of the specific transaction and assessed on the basis of the actual service provided as proportion of the total services to be provided.

Construction contracts

Contract revenues includes the initial amounts agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in the consolidated statement of profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in the consolidated statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Consulting revenues

Consulting revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates and duty. The specific recognition criteria must also be met before revenue is recognized.

Dividend income

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

Finance income

Finance income is recognized on a time apportionment basis using the effective profit rate method.

Trading properties

Trading properties are real estate properties (including non-developed plots of land) developed which are readily available for sale and those properties under development for sale which are in construction phase. These are held for sale in the ordinary course of business are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discount for time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost include:

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning & design costs, costs of site preparation, professional fees, property transfer taxes, construction overhead and other related costs.

Non refundable commission paid to sales or working agents on the sale of real estate units are expensed when paid.

Cost of trading properties recognised in the consolidated statement of profit or loss is determined with references to specific costs incurred on the property sold and an allocation of any relative size of the property sold.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Investment properties

Investment property comprises completed property and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise. For the purposes of these consolidated financial statements, in order to avoid double accounting, the assessed fair value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the consolidated statement of financial position as a finance lease obligation

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period consolidated financial statements.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

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 as a revaluation surplus. Any loss is recognised immediately in the consolidated statement of profit or loss.

For a transfer from investment property carried at fair value to owner-occupied property or trading properties, the property's deemed cost for subsequent accounting in accordance with IAS 16 or IAS 2 shall be its fair value at the date of change in use.

For a transfer from trading properties to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in the consolidated statement of profit or loss.

Property, plant and equipment

Property, plant and equipment are 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 related equipment.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is recognised in the consolidated statement of 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 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 software and hardware	3-5 years
Office equipment	3 years
Leasehold improvements	3 years
Cooling plant	25 years

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 statement of profit or loss 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 statement of profit or loss in the year the asset is derecognized.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and bank deposits with original maturities of three months or less, unrestricted balances held with banks, and highly liquid financial assets with original maturities ranging three to six months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments, net of outstanding bank overdrafts and restricted bank balances.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the consolidated statement of profit or loss and subsequent changes in fair value are recognised in the consolidated statement of profit or loss.

loans and other receivables

loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and other receivables are measured at amortised cost using the effective profit method, less any impairment losses. The losses arising from impairment are recognised in the consolidated statement of profit or loss.

Available-for-sale financial assets

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of other categories. Available for sale financial assets are recognised initially at fair value plus transaction costs. After initial recognition, available for sale financial assets are subsequently remeasured at fair value, with any resultant gain or loss directly recognised as a separate component of equity under other comprehensive income until the investment is sold, collected, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of profit or loss for that year. Profit earned on the investments is reported as profit income using the effective profit rate. Dividends earned on investments are recognised in the consolidated statement of profit or loss as "Dividend income" when the right to receive dividend has been established. All regular way purchases and sales of investment are recognised on the trade date when the Group becomes or commit to be a party to contractual provisions of the instrument.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models. For investment in funds, fair value is determined by reference to net asset values provided by the fund administrators.

Due to the uncertain nature of cash flows arising from the certain of the Group's unquoted equity investments, the fair value of these investments cannot be reliably measured. Consequently, these investments are carried at cost, less any impairment losses.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is transferred from equity to the consolidated statement of profit or loss. Impairment losses on equity instruments recognised in the consolidated statement of profit or loss are not subsequently reversed. Reversals of impairment losses on debt instruments are reversed through the consolidated statement of profit or loss; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derecognition

When the investment is disposed off, the cumulative gain or loss previously recorded in equity is recognised in the consolidated statement of profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights 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 (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and financing, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and financing and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and financing including bank overdrafts, and derivative financial instruments.

Non-derivative financial liabilities

The Group initially recognises financial liabilities on the date that they are originated which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective profit method. Other financial liabilities comprise obligations under Islamic finance contracts, due to related parties, bank overdrafts, and trade and other payables.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for services received or when the risks and rewards associated with goods are transferred to the Group, whether billed by the supplier or not.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using effective profit method.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

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 profit rate method.

Gains or losses are recognized in the consolidated statement of profit or loss 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.

Fees paid on the establishment of Islamic facilities are recognised as transaction costs of the financing to the extent that it is probable some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as prepayment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments, including hedge accounting

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the consolidated statement of profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized as 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 recognized in the consolidated statement of profit or loss.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss within 'net finance costs'.

Amounts accumulated in equity are reclassified to the consolidated statement of profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of profit rate swaps hedging variable rate financing is recognised in the consolidated statement of profit or loss within 'finance income/cost'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of profit or loss within 'net finance costs'.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the consolidated statement of profit or loss. Gains and losses accumulated in equity are included in the consolidated statement of profit or loss when the foreign operation is partially disposed of or sold.

Derivative financial instruments

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed profit risk on financing. The gain or loss relating to the effective portion of profit rate swaps hedging fixed rate financing is recognised in the consolidated statement of profit or loss within 'net finance costs'. The gain or loss relating to the ineffective portion is recognised in the consolidated statement of profit or loss within 'net finance costs'. Changes in the fair value of the hedge fixed rate financing attributable to profit rate risk are recognised in the consolidated statement of profit or loss within 'net finance costs'. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective profit method is used is amortised to the consolidated statement of profit or loss over the period to maturity.

Impairment

Financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of profit or loss – is removed from equity and recognised in the consolidated statement profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, 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").

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 statement profit or loss.

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.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in its own equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented separately in the equity.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Financing costs

Financing costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. The Group capitalizes financing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. 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 recognizes other borrowing costs as an expense in the period incurred.

The Group begins capitalizing financing 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 financing costs eligible for capitalization as the actual financing costs incurred on that financing during the period less any investment income on the temporary investment of those financings, if any.

The financing costs applicable to the financing of the Group that are outstanding during the period, other than those specific financing 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 financing costs that the Group capitalizes during the period is not to exceed the amount of financing 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.

Tenant deposits

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessor

Leases where the Group transfer substantially all the risks and benefits incidental to the ownership of the leased item are classified as finance leases and are presented as receivables at an amount equal to the net investment in the lease. Net investment in the lease is the gross investment in the lease discounted at the profit rate implicit in the lease. Income from finance leases in which the Company is a lessor is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. Contingent rents are recognised as revenue in the period in which they are earned.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of profit on the remaining balance of the liability. Finance charges are charged to the consolidated statement of profit or loss as they arise. The property plant and equipment acquired under finance lease is depreciated over the shorter of the useful lives and of the lease term.

Leases in which a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases, unless they are leases of investment property (see investment property). Operating lease payments are recognised as an expense in the consolidated statement of profit or loss on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

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. The increase in provision due to passage of time is recognised as net finance costs.

Intangible asset

Intangible asset acquired separately are measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

Employees' end of service benefits

The Group provides end of service benefits to its Qatari and expatriate employees in accordance with Qatar labor law. The entitlement to these benefits is based upon the employees' final basic 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.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Qatari Riyals' ('QR'), which is the Group's presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to financing and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'net finance costs'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the consolidated statement profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in the consolidated statement of other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- (b) income and expenses for each consolidated statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

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 Company 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.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Top Management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Unconditional government grant related to income are recognised in the consolidated statement of profit or loss at the fair value 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 the consolidated statement of 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 the consolidated statement of 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. Government grant related to non-monetary assets are initially recognized at nominal amount.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs
- Classified as held for sale or already disposed in such a way, or
- A major line of business or major geographical area

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss or consolidated statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

Additional disclosures are provided in Note 11. All other notes to the consolidated financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

Dividend

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Qatar Commercial Companies Law No. 5 of 2002, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

4 BUSINESS COMBINATION

No acquisitions took place during the year ended 31 December 2013.

Acquisition during the year ended 31 December 2012

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

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

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

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

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

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

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

	<i>Fair value of assets and liabilities acquired QR'000</i>
Cash and bank balances	11,465
Available-for-sale financial assets	25,876
Receivables and other assets	5,050
Property, plant and equipment	931
Investment properties (Note 15)	<u>2,550,542</u>
	2,593,864
Less: Liabilities	<u>(35,768)</u>
Fair value of net identifiable assets at the date of acquisition	<u>2,558,096</u>
Fair value of previously held interest in ASAS (50% of net assets above)	1,279,048
Less: Carrying amount of previous interest in associate at date of acquisition	(1,275,918)
Less: Fair value reserve of available-for-sale financial assets of associate at the date of acquisition	<u>(3,363)</u>
Loss on previously held interest in ASAS	<u>(233)</u>
<i>Cash flow from the acquisition</i>	
Net cash acquired with the subsidiary	11,465
Add: Cash received as settlement from the previous shareholder	<u>164,840</u>
	<u><u>176,305</u></u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balances:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Cash in hand	352	507
Short term deposits	157,953	75,177
Current accounts balances	194,368	168,969
Call accounts balances	601,664	419,299
Margin bank account	999	1,562
Total cash and bank balances	955,336	665,514
Cash and bank balances attributable to discontinued operations	1,868	8,256
Short term bank deposits maturing after 3 months	(127,953)	(60,677)
Restricted bank balances	(999)	(1,562)
Cash and cash equivalents	828,252	611,531

Notes:

- (i) Cash and cash equivalents include fixed deposits with maturity dates from one to three months amounting to QR 30,000 thousand (2012: QR 14,500 thousand).
- (ii) Short term deposits are made for varying periods depending on the immediate cash requirements of the Group with original maturity period ranging three to six months and the profit rates at commercial market rates.

6 RECEIVABLES AND PREPAYMENTS

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

<i>2013</i>	<i>Non-current</i> <i>QR'000</i>	<i>Current</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Trade receivables (net)	660	369,900	370,560
Prepaid expenses	56,212	68,829	125,041
Accrued income	1,547	93,932	95,479
Refundable deposits	6,693	6,545	13,238
Staff receivables (net)	9,341	3,888	13,229
Positive fair value of derivative financial instruments (Note 26)	-	2,988	2,988
Dividends and profit on Islamic financial deposits	-	69	69
Fair value of the call option (Note 16 (v))	-	-	-
Other receivables (net)	93,506	188,248	281,754
	167,959	734,399	902,358

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

6 RECEIVABLES AND PREPAYMENTS (continued)

2012	Non-current QR'000	Current QR'000	Total QR'000
Trade receivables (net)	-	388,324	388,324
Prepaid expenses	109,369	74,832	184,201
Accrued income	-	26,887	26,887
Refundable deposits	3,978	15,208	19,186
Staff receivables	9,708	3,113	12,821
Positive fair value of derivative financial instruments (Note 26)	-	-	-
Dividends and profit on Islamic financial deposits	-	2,961	2,961
Fair value of the call option (Note 16 (v))	-	21,469	21,469
Other receivables	-	64,740	64,740
	<u>123,055</u>	<u>597,534</u>	<u>720,589</u>

As at 31 December 2013, trade receivables amounting to QR 27,426 thousand (2012: QR 16,911 thousand) were impaired and fully provided for.

Movement in the allowance for impairment of trade receivables is as follows:

	2013 QR'000	2012 QR'000
At 1 January	16,911	8,093
Allowance made for the year	10,924	8,818
Written off	(409)	-
At 31 December	<u>27,426</u>	<u>16,911</u>

At 31 December, the ageing of unimpaired trade receivables is as follows:

	Total QR'000	Neither past due nor impaired QR'000	Past due but not impaired					>121 days QR'000
			0-30 days QR'000	31-60 days QR'000	61-90 days QR'000	91-120 days QR'000		
2013	370,560	286,455	4,009	3,907	2,745	25,914	47,530	
2012	388,324	111,729	49,647	61,992	5,994	28,900	130,062	

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

7 FINANCE LEASE RECEIVABLES

	2013 QR'000	2012 QR'000
Non-current portion:		
Finance leases - gross receivables	3,039,177	3,655,961
Unearned finance income	<u>(847,830)</u>	<u>(1,147,945)</u>
Net non-current portion of finance lease receivables	<u>2,191,347</u>	<u>2,508,016</u>
Current portion:		
Finance leases - gross receivables	616,826	620,990
Unearned finance income	<u>(300,115)</u>	<u>(336,777)</u>
Net current portion of finance lease receivables	<u>316,711</u>	<u>284,213</u>
Net investment in finance leases	<u>2,508,058</u>	<u>2,792,229</u>

Contractual maturities of the finance lease receivables are as follows:

	2013 QR'000	2012 QR'000
Gross receivables from finance leases:		
Not later than 1 year	616,826	620,990
Later than 1 year and not later than 5 years	2,329,953	2,418,881
Later than 5 years	<u>709,224</u>	<u>1,237,080</u>
	3,656,003	4,276,951
Unearned finance income	<u>(1,147,945)</u>	<u>(1,484,722)</u>
Net investment in finance leases	<u>2,508,058</u>	<u>2,792,229</u>

Movement in finance lease receivables during the year is as follows:

	2013 QR'000	2012 QR'000
At 1 January	2,792,229	3,056,434
Installments due and collected during the year	(488,517)	(851,814)
Transferred (to) from trade receivables	(132,431)	190,883
Finance lease income	<u>336,777</u>	<u>396,726</u>
At 31 December	<u>2,508,058</u>	<u>2,792,229</u>

The above balances relates to the Group's 100% owned subsidiary Qatar Real Estate Investment Company P.J.S.C. ("Al Aqaria"). The minimum lease receipts are discounted at the implicit rates as mentioned in the lease agreements. Income from finance leases is recognized based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance leases.

Finance lease receivables are unsecured. Included in the gross finance lease receivables an amount of QR 1,068,702 thousand pledged as security against the Islamic Facility "Sukuk Al Musharakah" amounting to USD 270 million (QR 983 million) at 31 December 2013 (2012: QR 1,287,000 thousand finance lease receivables pledge against the Islamic Facility "Sukuk Al Musharakah" which amounted to USD 270 million (QR 983 million)).

As at 31 December 2013, 81% (2012: 81%) of the total finance lease receivables balance is due from a single customer.

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

8 RELATED PARTY DISCLOSURES

Related parties represent non-controlling interests in subsidiaries, associated companies, entities where the Group is one of their founders, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Related party transactions

Transactions with related parties during the year are as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Proceeds from sale of subsidiaries (Note 34) (During 2012, the Group received QR 3,736,032 thousand as an advance for the disposal of subsidiaries)	<u>6,109,011</u>	<u>13,232,035</u>
Reconciliation / settlement of an Islamic Financing Facility obtained from a related party with the consideration for the disposal of subsidiaries	<u>5,808,454</u>	<u>13,201,035</u>
Proceeds from sale of an associate (Note 11)	<u>2,389,849</u>	<u>-</u>
Reconciliation of payable to a related party on exercising call option (Note 16 (v))	<u>730,941</u>	<u>-</u>
Advances received from a related party for disposal of assets	<u>65,636</u>	<u>-</u>
Profit on Islamic Financing Facility extended to a related party	<u>-</u>	<u>168,360</u>
Consideration paid on acquisition of non-controlling interest of a subsidiary	<u>-</u>	<u>305,868</u>
Advances received from a related party for disposal of subsidiaries	<u>-</u>	<u>3,736,032</u>
Proceeds from sale of property, plant and equipment to an associate company	<u>8,421</u>	<u>-</u>
Income from consultancy and other services	<u>177,223</u>	<u>163,119</u>
Rental income	<u>14,298</u>	<u>31,678</u>
Finance costs	<u>36,369</u>	<u>482,459</u>

Related party balances

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

	<u><i>Due from related parties</i></u>		<u><i>Due to related parties</i></u>	
	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Qatari Diar Real Estate Investment Company Q.S.C.	-	-	285,577	6,903,989
Associate companies	155,320	109,034	16,628	127,737
Non-controlling interest	-	2,359	21,778	21,628
Affiliated entities	17,932	17,478	49,668	34,558
Other related parties	<u>2,707,230</u>	<u>2,595,420</u>	<u>11,625</u>	<u>3,927</u>
	<u>2,880,482</u>	<u>2,724,291</u>	<u>385,276</u>	<u>7,091,839</u>

8 RELATED PARTY DISCLOSURES (continued)

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

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Non-current	109,864	105,234	22,352	137,622
Current	2,770,618	2,619,057	362,924	6,954,217
	2,880,482	2,724,291	385,276	7,091,839

Compensation of directors and other key management personnel

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

	<i>2013</i>	<i>2012</i>
	<i>QR'000</i>	<i>QR'000</i>
Board of Directors' remuneration (iii)	6,400	26,820
Total key management staff benefits (Group basis)	62,110	51,292
	68,510	78,112

Notes:

- (i) Due to related parties include an Islamic financing facilities obtained from a related party amounting to QR 1,300,049 thousand (31 December 2012: QR 1,281,515 thousand). This facility is non-secured and carries fixed and variable profit rates.
- (ii) Due from related parties include an Islamic financing facility extended to a related party group of companies operating in the State of Qatar amounting to QR 2,662,621 thousand (31 December 2012: 2,555,363 thousand). The facility carries profit at commercial rates. The Group has obtained a guarantee from a related party on the recoverability of the above Islamic financing facility. The management is of the opinion that this Islamic financing facility balance is not impaired and will be fully recovered from the related party group of companies or from the related party who provided the guarantee.
- (iii) Except for the balance noted in (i) above, all outstanding balances at the year-end are unsecured, free of finance cost and the settlement occurs in cash and no guarantees provided or received for outstanding balances at reporting date. For the years ended 31 December 2013 and 2012, the Group carried out an impairment testing for due from related parties and recognized an impairment allowance of QR 19,035 thousand (2012: Nil). In the opinion of the management, based on recent available information, there is no evidence of further impairment in the value of due from related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- (iv) The Directors' remuneration for the year 2013 represents a proposed amount of QR 6,400 thousand subject to the approval of the company's Annual General Assembly that will be held on 8 April 2014 (2012: QR 14,500 thousand, the shareholders of the Company approved at the Annual General Meeting held on 2 April 2013 Directors' remuneration amounting to QR 3,500 thousand). Up to the year ended 31 December 2010, the Directors' remuneration was appropriated through equity and starting year ended 31 December 2012 the Directors remuneration is charged to consolidated statements of profit or loss.
- (v) On 5 November 2013, the Group entered in to a framework agreement with a related party to dispose certain trading properties, investments in equity accounted investees, investment properties, property, plant and equipment and available-for-sale financial assets which are more explained in Note 11 to the consolidated financial statements. Before 31 December 2013, the Group has disposed one of its associate companies.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
<i>Investments in equity securities</i>		
Quoted	<u>8,776</u>	<u>6,704</u>

10 DISCONTINUED OPERATIONS

Disposal of subsidiaries during 2013

On 16 October 2012, the Group announced the decision of its Board of Directors to dispose off its ownership in Barwa Egypt Group to a related party. The Barwa Egypt Group consists of Barwa Egypt Real Estate S.A.E and its subsidiaries; Barwa New Cairo for Real Estate Development S.A.E, Barwa Egypt for Real Estate Development S.A.E and Tarek Fouad Sayed El Shazly and Partners. The operations of Barwa Egypt Group have been classified as a discontinued operation in 2012. The business of Barwa Egypt Group was included in the real estate operating segment. On 26 February 2013, the Group completed the disposal of Barwa Egypt Group. The net realisable value of the net assets of Barwa Egypt Group that was disposed off amounted to QR 5,612,548 thousand, which resulted in an actual gain on disposal amounted to QR 232,327 thousand (after the effect of translation reserve amounting to QR 264,136 thousand) as more explained in Note 34 to the consolidated financial statements.

Liquidation of a subsidiary during 2013

In a shareholders' meeting held on 8 April 2013, the Group has resolved to shut down the operations and voluntarily liquidate TAS Qatar L.L.C. as the subsidiary company completed the project that was established for. As at 31 December 2013, the liquidation is in progress and all assets are carried at the lower of their recoverable amounts and their carrying values and liabilities that might be expected are provided for.

Disposal of subsidiaries during 2012

During the year ended 31 December 2012, the Group disposed off the following subsidiaries and accordingly lost the control over these entities as more explained in Note 34 to the consolidated financial statements.

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

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
EXPENSES		
General and administrative expenses	(1,222)	(19,044)
Net finance costs	(195,499)	(218)
Depreciation (Note 19)	(175)	(1,545)
Other income	<u>25</u>	<u>1,988</u>
Loss before income tax	(196,871)	(18,819)
Income tax (Note 21)	<u>-</u>	<u>106</u>
Loss for the period from discontinued operations	<u>(196,871)</u>	<u>(18,713)</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

10 DISCONTINUED OPERATIONS (continued)

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

	2013 QR'000	2012 QR'000
Assets		
Cash and bank balances	1,868	8,256
Receivables and prepayments	-	817
Properties under development (Note 14)	-	5,771,474
Property, plant and equipment	-	2,325
	<u>1,868</u>	<u>8,256</u>
Assets of subsidiaries classified as held for sale	<u>1,868</u>	<u>5,782,872</u>
Liabilities		
Payables and other liabilities	(612)	(10,883)
End of service benefits	-	(657)
	<u>(612)</u>	<u>(11,540)</u>
Liabilities of subsidiaries classified as held for sale	<u>(612)</u>	<u>(11,540)</u>
Net assets of subsidiaries held for sale	<u>1,256</u>	<u>5,771,332</u>

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

11 NON-CURRENT ASSETS HELD FOR SALE

On 5 November 2013, the Group and Qatari Diar Real Estate Investment Company Q.S.C. ("QD") ("related party") entered into a framework agreement to sell investment properties, property, plant and equipment, investments in associates and available-for-sale financial assets (the "Assets"). As per the framework agreement, the assets shall be sold, transferred and/or assigned by the Group to QD through separate sale and purchase agreements ("SPA's") to be entered into in respect of each individual Asset at future dates. QD will at its sole discretion either acquire the Assets directly or it will incorporate a SPV within the State of Qatar to acquire the Assets, which will either directly own the Assets or acquire the shares of the companies holding the underlying Assets. As of 31 December 2013, the negotiation for the sale were in progress. The disposal of these assets is planned to be completed within twelve months from the reporting date and accordingly, the Group has classified the Assets as non-current assets held for sale.

During the year 2012, the Group entered into an agreement with a third party to dispose off one of the subsidiaries' investment property and property, plant and equipment at market value. The disposal transaction was completed during the current year and the profit on disposal of non-current assets held for sale is disclosed in Note 33 to the consolidated financial statements.

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

	2013 QR'000	2012 QR'000
Investment properties, net of impairment (i), (iv), (v) and (Note 15)	3,289,522	370,095
Property, plant and equipment (Note 19)	432,927	3,761
Investments in associate (ii) and (Note 16 (ii) and (v))	484,746	-
Available-for-sale financial assets (i), (iii) and (Note 13)	137,057	-
	<u>4,344,252</u>	<u>373,856</u>

Note

- (i) As at 31 December 2013, non-current assets held for sale amounting to QR 8,824 thousand (2012: QR 31,832 thousand) were impaired and fully provided for (Note 39).

11 NON-CURRENT ASSETS HELD FOR SALE (continued)

- (ii) On 30 December 2013, the Group disposed its share in an associate to a related party and recognised a profit on disposal amounting to QR 336,548 thousand (31 December 2012: Nil).
- (iii) As at 31 December 2013, the Group reclassified previously classified trading properties and available-for-sale financial assets amounted to QR 16,931,832 thousand and QR 24,665 thousand (31 December 2012: QR Nil) from non-current assets held for sale to trading properties and available-for-sale financial assets respectively.
- (iv) Subsequent to the reporting date the Group received an advance in the amounts of QR 744,000 thousand for the disposal of one of its investment property located in Lusail, State of Qatar.
- (v) Included in investment properties are certain properties with a carrying value of QR 1,865,134 thousand at 31 December 2013 (31 December 2012: Nil) for which the title deeds will be transferred upon completing the project. The consolidated financial statements have been prepared on the basis that the beneficial interest of these investment properties resides with the Group and the Group has the full rights to sell them.

12 ADVANCES FOR PROJECTS AND INVESTMENTS

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Advances for purchase of properties (i) and (ii)	162,721	560,220
Advances against exchange of land (iv)	1,836,459	1,836,459
Advances to subcontractors and suppliers	<u>413,014</u>	<u>517,349</u>
	2,412,194	2,914,028
Less: allowance for impairment of advances (iii)	<u>(2,094,865)</u>	<u>(2,317,030)</u>
	<u>317,329</u>	<u>596,998</u>

The maturity of advances for projects and investments is as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Non-current	760	-
Current	<u>316,569</u>	<u>596,998</u>
	<u>317,329</u>	<u>596,998</u>

Notes:

- (i) On 10 January 2012, the Group and the other party signed an agreement to transfer the advances paid for purchase of properties to Lusail Golf Development L.L.C. (a joint venture of the Group) as more explained in Note 50 (i) (b).

12 ADVANCES FOR PROJECTS AND INVESTMENTS (continued)

(ii) During the current year the Group has entered into a formal agreement with a counter party to recover QR 227,965 thousand (United Arab Emirates Dirhams 230,000 thousand) against the previously fully impaired advance. The amount is receivable in thirty equal monthly instalments starting from 1 July 2013. During the current year the Group received QR 45,592 thousand (United Arab Emirates Dirhams 46,000 thousand) and the remaining balance is receivable in twenty four equal monthly instalments. As a result, the Group reversed previously recorded allowance for impairment amounting to QR 215,168 thousand (31 December 2012: Nil) discounted using an effective profit rate which has been recognised as other income and the remaining receivable balance amounting to QR 169,576 thousand (31 December 2012: Nil) is classified under receivables and prepayments.

(iii) The movement in the allowance for impairment of advances is as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
At 1 January	2,317,030	2,317,030
Impairment allowance provided for the year (Note 39)	1,837	-
Reversal of impairment allowance	<u>(224,002)</u>	<u>-</u>
At 31 December	<u>2,094,865</u>	<u>2,317,030</u>

(iv) During the year 2008, the Government of Qatar took over a piece of land located in Al-Khour district which was owned by the Group and other related parties. The Government committed to provide another plot of land located in Salwa district in exchange of the withdrawn land. The Group paid the above advances to a related party, in order for the Group to fully own the new land that will be received from the Government. Since the year 2008, the Group management has been working with the Government authorities to identify the plot of land that shall be transferred to the Group. However, all the efforts during this period have not resulted in any conclusive direction of when and where the land will be received and therefore during the year 2012, the Group management, on a conservative basis decided to make a full provision against these advances as doubtful of recovery. The Group will continue to pursue the matter with the Government for an amicable settlement.

(v) As at 31 December 2013, the Group has transferred advances for projects and investments amounted to QR 211,802 thousand to investment properties (31 December 2012: Nil) (Note 15).

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
<i>Investments in equity securities</i>		
Quoted	106,938	138,619
Unquoted	<u>101,067</u>	<u>227,787</u>
	<u>208,005</u>	<u>366,406</u>

Notes:

(i) As at 31 December 2013, the Group has transferred available-for-sale financial assets amounting to QR 161,722 thousand to non-current assets held for sale (31 December 2012: Nil). As at 31 December 2013, the Group reclassified previously classified available-for-sale financial assets amounted to QR 24,665 (31 December 2012: Nil) from non-current assets held for sale to available-for-sale financial assets (Note 11).

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

- (ii) At 31 December 2013, certain unquoted equity investments amounting to QR 101,067 thousand (2012: QR 227,787 thousand) are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.
- (iii) During the year the Group carried out an impairment testing for the un-quoted available for sale financial assets and recognized an impairment loss of QR 875 thousand (2012: QR 67,217 thousand) for the current financial year. In the opinion of the management, based on recent available information, there is no evidence of further impairment in the value of the available-for-sale financial assets (Note 39).

14 TRADING PROPERTIES

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Properties available for sale	16,101,633	6,956,524
Properties under development	<u>3,717,209</u>	<u>11,440,245</u>
	<u>19,818,842</u>	<u>18,396,769</u>

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
At 1 January	11,440,245	37,902,634
Additions (i)	1,361,800	2,376,394
Transferred from advances for projects and investments	10,366	-
On disposal of subsidiaries (Note 34)	-	(13,206,195)
Disposal (ii)	-	(2,604,384)
Capitalised finance cost (iii) and (Note 38)	105,999	1,051,333
Transferred to properties available for sale	(9,145,108)	(7,507,406)
Transferred to property plant and equipment (Note 19)	-	(222,629)
Transferred to investment properties (Note 15)	-	(207,398)
Transferred to assets of subsidiaries classified as held for sale (Note 10)	-	(5,771,474)
Impairment loss (iv) and (Note 39)	(57,337)	(87,000)
Reversal of impairment (Note 39)	-	4,288
Exchange adjustment	<u>1,244</u>	<u>(287,918)</u>
At 31 December	<u>3,717,209</u>	<u>11,440,245</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

14 TRADING PROPERTIES (continued)

Notes:

- (i) During the year 2012, certain plots of land ownership was transferred to the Group by the Government of State of Qatar. The transfer was considered as a government grant and recognized at a nominal value of QR 1 for each plot of land. Initially these plots of lands were leased to the Group for 99 years and as a result of transfer of ownership the lease contracts were terminated.
- (ii) Included in these disposals during the year 2012 is an agreement that the Group has finalised with a third party to dispose one of its projects under development for which the total book value at the date of transaction was QR 2,278,734 thousand (2013: Nil).
- (iii) Capitalized finance cost is calculated based on the actual qualifying expenditures related to the properties under development. Finance cost is capitalised using the Group's weighted average finance cost.
- (iv) The Group undertook impairment testing exercise of the cost of its trading properties at year end. Cash generating units used for the impairment testing were determined for each project. Local and foreign accredited property appraisers were engaged to provide relevant commercial and marketing input to this process and to advise on current market trends in areas such as achievable market prices. The impairment exercise revealed that the fair values less costs to sell being the recoverable amounts were higher than the carrying amount of the properties under development at 31 December 2013 except for one of the properties under development for which an impairment allowances has been made. On 5 November 2013, the Group signed a framework agreement with a related party to dispose two of its trading properties. As at 31 December 2013, the fair values less costs to sell being the recoverable amounts were higher than the carrying amount of those trading properties.

15 INVESTMENT PROPERTIES

	<i>Land</i> <i>QR '000</i>	<i>Buildings</i> <i>QR '000</i>	<i>2013</i> <i>Total</i> <i>QR '000</i>	<i>2012</i> <i>Total</i> <i>QR '000</i>
At 1 January (Reclassified – Note 50 (ii) (d))	6,394,866	6,020,449	12,415,315	10,646,352
Relating to acquisition of subsidiaries (Note 4)	-	-	-	2,550,542
Additions during the year	15,286	20,830	36,116	12,524
Transfers from advances for projects and investments (Note 12 (v))	211,802	-	211,802	-
Transfers from trading properties - available for sale	-	-	-	900,952
Transfer from trading properties - properties under development (Note 14)	-	-	-	207,398
Transfers to non-current assets held for sale (viii) and (Note 11)	(2,333,732)	(955,790)	(3,289,522)	(401,927)
Transfers from property, plant and equipment (Note 19)	-	-	-	90,455
Government grant received (vii)	-	(346,800)	(346,800)	-
On disposal of subsidiaries (Note 34)	-	-	-	(593,162)
Net fair value gain	465,473	253,001	718,474	433,111
Plot of land swapped on acquisition of subsidiary	-	-	-	(1,454,137)
Exchange adjustment	4,233	8,631	12,864	23,207
At 31 December	4,757,928	5,000,321	9,758,249	12,415,315

15 INVESTMENT PROPERTIES (continued)

Notes:

- (i) Investment properties are located in the State of Qatar, Republic of Cyprus and United Kingdom.
- (ii) Investment properties are stated at fair value, which has been determined based on valuation performed by accredited independent valuers as at 31 December 2013 and 31 December 2012. Those valuers are an accredited independent valuers with a recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparable. In the absence of current prices in an active market, the valuations are based on the aggregate of the estimated cash flows expected to be received from renting the property. A yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation.
- (iii) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iv) Fair value hierarchy disclosures for investment properties have been provided in Note 47.
- (v) Capitalised finance cost is calculated based on the actual qualifying expenditures related to the projects under development, that is part of the investment properties. Finance cost is capitalized using the Group's weighted average finance costs.
- (vi) Included in investment properties are certain properties with a fair value of QR 776,693 thousand at 31 December 2013 (31 December 2012: QR 2,641,827 thousand) for which the title deeds will be transferred on completion of the construction of the projects or upon settlement of the full purchase price. The consolidated financial statements have been prepared on the basis that the beneficial interest of these investment properties resides with the Group.
- (vii) During 2013, a subsidiary of the Group has received a capital government grant amounting to QR 346,800 thousand relating to infrastructure development costs incurred in prior years.
- (viii) As at 31 December 2013, the Group has transferred investment properties amounting to QR 3,289,522 thousand to non-current assets held for sale (31 December 2012: 370,095 (net of impairment amounting to QR 31,832 thousand)) (Note 11).
- (ix) Description of valuation techniques used by one of the subsidiary of the Group and key inputs to valuation on some of the investment properties are as follows:

15 INVESTMENT PROPERTIES (continued)

<i>Type of properties</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range (weighted average)</i>
Commercial properties	DCF method	Estimated rental value per sqm per month	200-254
		Rent growth p.a.	2%-3%
		Long-term vacancy rate	3%-10%
		Discount rate	6%-8%
Residential properties	DCF method	Estimated rental value per sqm per month	110-123
		Rent growth p.a.	2%-3%
		Long-term vacancy rate	3%-5%
		Discount rate	6%-8%

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by:

- A directionally similar change in the rent growth per annum and discount rate (and exit yield)
- An opposite change in the long term vacancy rate

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

16 INVESTMENTS IN ASSOCIATES

The Group has the following investment in associates:

	Nature of operation	Country of incorporation	Ownership	
			2013	2012
Asas Real Estate Company W.L.L. (i)	Real Estate Development	Qatar	100%	100%
Ottomon Gayrimenkul A.S.	Real Estate Development	Turkey	50%	50%
Regency Residential UK Limited	Real Estate Development	United Kingdom	50%	50%
Smeet Investment Company W.L.L.	Manufacturing	Qatar	43.86%	43.86%
Tanween Company W.L.L.	Real Estate Development	Qatar	40%	40%
Nuzul Holding Company B.S.C.C.	Real Estate Development	Bahrain	39%	39%
Panceltica Holding Limited (ii)	Real Estate Development	United Kingdom	26%	26%
Al Imtiaz Investment Company (K.S.C) (ii)	Investment	Kuwait	24.5%	24.5%
Barwa Bank Q.S.C. (ii) and (v)	Banking	Qatar	-	23.76%
Emdad Leasing Equipment Company	Leasing	Qatar	22.08%	22.08%
Bin Laden Group (QD – CPC) (ii)	Contracting & Trading	Qatar	21.5%	21.5%
Bin Laden Group (QD – SBG) (ii)	Contracting & Trading	Qatar	21.5%	21.5%
Al Damaan Islamic Insurance Company	Islamic Insurance	Qatar	20%	20%
Bait Al Mashura Financial Consulting Company	Consultancy services	Qatar	20%	20%

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

	2013 QR'000	2012 QR'000 (Restated)
Group's share of the associates' statement of financial position:		
Total assets	1,075,608	8,644,947
Total liabilities	(575,044)	(6,359,946)
Group share of net assets of associates	500,564	2,285,001
Carrying amount of the investments	500,564	2,285,001
Group's share of associates' revenues and results:		
Revenues	265,090	527,502
Results	90,770	228,643

Notes:

- (i) During 2012, the Group acquired the residual 50% shareholding interest in Asas Real Estate Company W.L.L. ("ASAS") under the share purchase agreement concluded with the previous shareholder on 4 January 2012 and became a subsidiary of the Group (Note 4.2).
- (ii) During 2013, the Group has transferred certain investments in associates amounted to QR 1,717,090 thousand to non-current assets held for sale and as of 30 December 2013, the investments in an associate sold a related party and accordingly it was derecognised (31 December 2012: Nil) (Note 11).
- (iii) Based on an impairment testing carried out by the management, the entire investment value of Panceltica Holding Limited amounting to QR 200,935 thousand was impaired during prior years. During 2012 the management also decided to partially impair its investment in Smeet Investment Company W.L.L. amounting to QR 25,200 due to unfavourable financial indications of the associate (Note 39).
- (iv) The associates had no contingent liabilities or capital commitments as at 31 December 2012 or 2013.

16 INVESTMENTS IN ASSOCIATES (continued)

Notes:

- (v) During 2011, Barwa Bank Q.S.C announced a rights issue of 57.18% of its share capital and the Group subscribed for the total entitled shares amounting to QR 651,946 thousand by obtaining the funds needed from a related party. The agreement with the related party to arrange for subscription in the rights issue stipulates that the new shares acquired from the rights issue will be held by the Group as nominee for and on behalf of the related party. Accordingly the ownership interest in Barwa Bank Q.S.C by the Group was diluted from 37.37% to 23.76%. As per the agreement with the related party, the Group has a right to exercise the "call option" arising from the above transaction. During 2013, the Group exercised the Barwa Bank Q.S.C. "call option" and increased its interest in Barwa Bank Q.S.C. to 37.37%. The Group has transferred its additional investments in Barwa Bank Q.S.C. amounting to QR 730,941 thousand to non-current assets held for sale. The Group has recognized a fair value loss of QR 50 thousand during the year ended 31 December 2013 (for the year ended 31 December 2012: gain of QR 21,469 thousand) on the call option which is included in other income.

17 INVESTMENTS IN A JOINT VENTURE

The Group has a 50% share in Lusail Golf Development Company, a jointly controlled entity engaged in the business of real estate in the State of Qatar. The Group's share in Lusail Golf Development Company is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below.

The following table illustrates the summarised financial information of the Group's interest in a joint venture:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i> <i>(Restated)</i>
Group's share of the joint ventures' statement of financial position:		
Total assets	2,153,588	2,079,294
Total liabilities	(91)	-
Group share of net assets of joint venture	2,153,497	2,079,294
Carrying amount of the investments	2,153,497	2,079,294
Group's share of joint ventures' revenues and results:		
Revenues	-	-
Results	(91)	-

The joint ventures commitments for purchase of properties as at 31 December 2013 amounting to QR 358,082 thousand (2012: QR 495,702 thousand). The joint venture had no contingent liabilities as at 31 December 2013 and 2012.

During 2012, the Group and the joint venture partners transferred advances paid to the purchase of plot of land located in Lusail project in the State of Qatar to the joint venture. The amount was credited to partners current account in the financial statements of the joint venture as more explained in Note 50 (i) (b) to the consolidated financial statements.

18 MATERIAL PARTLY-OWNED SUBSIDIARIES

The financial information of Group's subsidiaries that have more than 10% of non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests are as follows:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
Qatar Project Management Company Q.P.S.C.	Qatar	30%	30%
Nuzul Qatar Company Limited W.L.L.	Qatar	50%	50%
		2013	2012
		QR'000	QR'000
<i>Accumulated balances of material non-controlling interest:</i>			
Qatar Project Management Company Q.P.S.C.		36,347	29,843
Nuzul Qatar Company Limited W.L.L.		85,625	85,801
<i>Profit/(loss) allocated to material non-controlling interest:</i>			
Qatar Project Management Company Q.P.S.C.		6,505	1,728
Nuzul Qatar Company Limited W.L.L.		(176)	(7,838)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

	<i>Qatar Project Management Company Q.P.S.C. QR'000</i>	<i>Nuzul Qatar Company Limited W.L.L. QR'000</i>
<i>Summarised statement of profit or loss for 2013:</i>		
Revenues and gains	204,285	6,294
Expenses and losses	(183,352)	(6,646)
Profit (loss) for the year	20,933	(352)
Total comprehensive income (loss)	21,682	(352)
<i>Summarised statement of profit or loss for 2012:</i>		
Revenues and gains	213,562	32,022
Expenses and losses	(207,920)	(47,698)
Profit (loss) for the year	5,642	(15,676)
Total comprehensive income (loss)	5,759	(15,676)

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

18 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

	<i>Qatar Project Management Company Q.P.S.C. QR'000</i>	<i>Nuzul Qatar Company Limited W.L.L. QR'000</i>
<i>Summarised statement of financial position as at 31 December 2013:</i>		
Non-current assets	25,253	-
Current assets	206,444	419,360
Non-current liabilities	(15,098)	-
Current liabilities	<u>(95,441)</u>	<u>(248,111)</u>
Total equity	<u>121,158</u>	<u>171,249</u>
<i>Attributable to:</i>		
Equity holders of parent	84,811	85,624
Non-controlling interest	<u>36,347</u>	<u>85,625</u>
<i>Summarised statement of financial position as at 31 December 2012:</i>		
Non-current assets	1,437	-
Current assets	210,443	420,005
Non-current liabilities	(10,979)	-
Current liabilities	<u>(101,424)</u>	<u>(248,404)</u>
Total equity	<u>99,477</u>	<u>171,601</u>
<i>Attributable to:</i>		
Equity holders of parent	69,634	85,800
Non-controlling interest	<u>29,843</u>	<u>85,801</u>
	<i>Qatar Project Management Company Q.P.S.C. QR'000</i>	<i>Nuzul Qatar Company Limited W.L.L. QR'000</i>
<i>Summarised cash flow information for the year ended 31 December 2013:</i>		
Operating activities	20,371	(7,592)
Investing activities	<u>14,476</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>34,847</u>	<u>(7,592)</u>
<i>Summarised cash flow information for the year ended 31 December 2012:</i>		
Operating activities	6,572	693
Investing activities	<u>(10,497)</u>	<u>(756)</u>
Net decrease in cash and cash equivalents	<u>(3,925)</u>	<u>(63)</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

19 PROPERTY, PLANT AND EQUIPMENT

Cost	Land QR '000	Buildings QR '000	Furniture and fixtures QR '000	Motor vehicles QR '000	Computers software and hardware QR '000	Office equipment QR '000	Leasehold improvements QR '000	Projects in progress QR '000	Cooling plant QR '000	Total QR '000
At 1 January 2013 (Reclassified – Note 50 (ii) (d))	153,344	267,270	138,505	4,111	71,669	22,760	225,515	689,030	222,629	1,794,833
Additions	23,958	-	263	1,265	10,367	1,361	28,162	-	1,951	67,327
Disposals	-	-	(12,128)	(628)	(25)	(4)	(6)	(238)	-	(13,029)
Reclassifications	-	-	83,057	-	-	(6)	(87,714)	4,663	-	-
Transferred to assets of subsidiaries classified as held for sale (Note 10)	-	-	(3)	-	(45)	(44)	-	-	-	(92)
Transferred to non-current assets held for sale (Note 11)	(71,780)	(36,143)	(87,214)	(477)	(6,946)	-	(64,892)	(6,850)	(224,580)	(498,882)
Exchange adjustment	963	1,492	360	-	8	33	(7,613)	7,706	-	2,949
At 31 December 2013	106,485	232,619	122,840	4,271	75,028	24,100	93,452	694,311	-	1,353,106
Accumulated depreciation										
At 1 January 2013	-	10,826	69,516	3,243	61,008	16,150	70,765	687,597	2,313	921,418
Charge for the year – continuing operation	-	13,887	27,498	530	9,309	4,557	33,127	-	4,628	93,536
Charge for the year – discontinued operation (Note 10)	-	-	51	-	61	9	54	-	-	175
Relating to disposals	-	-	(12,118)	(296)	(3)	(4)	-	-	-	(12,421)
Reclassification	-	-	(2)	-	(1)	2	(5,332)	-	-	-
Transferred to assets of subsidiaries classified as held for sale (Note 10)	-	-	(3)	-	(45)	(44)	-	-	-	(92)
Transferred to non-current assets held for sale (Note 11)	-	(10,610)	(25,957)	(239)	(4,267)	-	(14,980)	(2,961)	(6,941)	(65,955)
Exchange adjustment	-	(1,002)	311	(3)	(61)	3	(4,410)	4,342	-	(820)
At 31 December 2013	-	13,101	59,296	3,235	66,001	20,673	79,224	694,311	-	935,841
Net book value										
At 31 December 2013	106,485	219,518	63,544	1,036	9,027	3,427	14,228	-	-	417,265

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

19 PROPERTY, PLANT AND EQUIPMENT (continued)

Cost	Land QR '000	Buildings QR '000	Furniture and fixtures QR '000	Motor vehicles QR '000	Computers software and hardware QR '000	Office equipment QR '000	Leasehold improvements QR '000	Projects in progress QR '000	Cooling plant QR '000	Total QR '000
At 1 January 2012	95,818	139,847	146,519	5,165	73,864	23,334	278,382	694,493	-	1,457,422
Acquired through business combinations	-	-	110	260	-	561	-	-	-	931
Additions	-	-	171	344	5,460	740	52,904	-	-	59,619
Transfer from trading properties	48,206	123,412	-	-	-	-	-	-	222,629	394,247
Disposals	-	(67)	(1,500)	(1,235)	(4,307)	(707)	(1,954)	(5,949)	-	(15,719)
Transferred to assets of subsidiaries classified as held for sale (Note 10)	-	-	(742)	(499)	(538)	(123)	(680)	-	-	(2,582)
Transferred to non-current assets held for sale (Note 11)	-	-	(2,386)	-	(2,220)	-	(1,817)	(184)	-	(6,607)
Transfer to investment properties (Note 15)	-	-	(12,863)	-	(1,116)	(1,054)	-	-	-	(15,033)
Exchange adjustment	986	748	456	23	(96)	5	(113,515)	-	-	(113,515)
Reversal of impairment losses (Note 39)	8,334	3,330	8,740	53	622	4	5,115	670	-	7,237
At 31 December 2012	153,344	267,270	138,505	4,111	71,669	22,760	225,515	689,030	222,629	1,794,833
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
At 1 January 2012	-	8,105	62,621	3,263	37,916	12,317	69,516	692,930	-	886,668
Acquired through business combinations	-	-	88	182	-	515	-	-	-	785
Charge for the year - continuing operation	-	2,541	19,107	602	25,074	4,728	25,699	-	2,313	80,064
Charge for the year - discontinued operation (Note 10)	-	-	319	-	675	131	420	-	-	1,545
Relating to disposals	-	(10)	(1,144)	(818)	(268)	(542)	(536)	(5,333)	-	(8,651)
Reclassification	-	-	-	21	-	(21)	-	-	-	-
Relating to disposals of subsidiaries (Note 34)	-	-	(512)	(499)	(521)	(123)	(631)	-	-	(2,286)
Transferred to assets of subsidiaries classified as held for sale (Note 10)	-	-	(1,123)	-	(1,601)	-	(1,558)	-	-	(4,282)
Transfer to investment properties (Note 15)	-	-	(9,305)	-	(1,094)	(873)	-	-	-	(11,272)
Exchange adjustment	-	190	(535)	492	827	18	(23,060)	-	-	(23,060)
At 31 December 2012	-	10,826	69,516	3,243	61,008	16,150	70,765	687,597	2,313	921,418
Net book value	-	-	-	-	-	-	-	-	-	-
At 31 December 2012	153,344	256,444	68,989	868	10,661	6,610	154,750	1,433	220,316	873,415

Notes:

(i) Included in projects in progress are eligible financing costs capitalised during the year 2012 amounting to QR 27,100 thousand (2013: Nil).

(ii) Disposals during the year 2012, includes QR 296 thousand relating to disposal of subsidiaries (Note 34).

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

20 GOODWILL

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Cost		
At 1 January	<u>126,411</u>	<u>126,411</u>
At 31 December	<u>126,411</u>	<u>126,411</u>
Impairment		
At 1 January	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>-</u>
Net book value		
At 31 December	<u>126,411</u>	<u>126,411</u>

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the below CGUs, which is also operating and reportable segments for impairment testing:

- Real estate

Carrying amount of goodwill allocated to the CGUs:

	<i>Real estate</i>	
	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Goodwill	<u>126,411</u>	<u>126,411</u>

The Group performed its annual impairment test as at 31 December 2013 and 2012. To assess whether goodwill is impaired, the carrying amount of the real estate CGU is compared to its recoverable amount determined on a value in use basis.

Key assumptions used in value in use calculations

The recoverable amount of the Real estate CGU has been determined based on a value in use calculation using free cash flow to equity projections from financial budgets approved by senior management covering a five-year period. The cash flows have been discounted by a cost of equity of 12.0%. All cash flows beyond the five year period have an assumed growth rate of 3.5% for the CGU for the purpose of goodwill impairment testing; this is to take into consideration the fact that many of the projects of the CGU start generating returns only towards the end of the projected period. The strategic business plan assumes certain economic conditions and business performance, which are considered appropriate as they are consistent with current market expectations of the future. The resultant valuation from this method equates to an implied price to earnings multiple of 9.9X which is significantly lower than the last traded multiple of the CGU at the time of acquisition (13.7x). As a result of this analysis, no impairment allowance recognised against goodwill as at 31 December 2012 and 2013.

Sensitivity to changes in assumptions

Management considered alternative methods including comparable valuations using market multiples. Under these scenarios the recoverable amount of the CGU would continue to exceed its carrying value. The benchmarks of the CGU were updated to reflect the return variability projected by senior management in the five-year period.

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

21 INCOME TAX

The income tax represents amounts recognised by subsidiary companies. The major components of the income tax expense for the years ended 31 December 2013 and 2012 are:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Current income tax		
Current income tax charge	(5,935)	(5,192)
Deferred income tax		
Relating to origination and reversal of temporary differences	<u>82</u>	<u>-</u>
Income tax expense reported in the consolidated statement of profit or loss	<u>(5,853)</u>	<u>(5,192)</u>
	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Income tax expense resulted from continuing operations	(5,853)	(5,298)
Income tax attributable to discontinued operations (Note 10)	<u>-</u>	<u>106</u>
Income tax expense reported in the consolidated statement of profit or loss	<u>(5,853)</u>	<u>(5,192)</u>

The Company is not subject to income tax in the State of Qatar. For the purpose of determining the taxable results for the year, the accounting profit of the companies were 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 of each subsidiaries jurisdiction. In view of the operations of the Group being subject to various tax jurisdictions and regulations, it is not practical to provide a detailed reconciliation between accounting and taxable profits together with the details of the effective tax rates.

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

Reflected in the consolidated statement of financial position as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Deferred tax assets	783	113
Deferred tax liabilities	<u>(793)</u>	<u>(205)</u>
	<u>(10)</u>	<u>(92)</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

22 PAYABLES AND OTHER LIABILITIES

Payables and other liabilities are segregated between non-current and current portion as follows:

<i>2013</i>	<i>Non-current QR'000</i>	<i>Current QR'000</i>	<i>Total QR'000</i>
Subcontractors and suppliers	-	649,753	649,753
Clients advances and unearned income (Note 23)	-	161,650	161,650
Retention payable	77,582	93,733	171,315
Contribution to social and sports fund (Note 43)	-	42,650	42,650
Accrued expenses	26,449	163,869	190,318
Accrued finance cost	-	115,608	115,608
Employees end of services benefits (Note 24)	52,103	-	52,103
Provisions for litigations (Note 44)	-	145,661	145,661
Other payables	677,053	210,582	887,635
	<u>833,187</u>	<u>1,583,506</u>	<u>2,416,693</u>
<i>2012</i>	<i>Non-current QR'000</i>	<i>Current QR'000</i>	<i>Total QR'000</i>
Subcontractors and suppliers	-	1,344,980	1,344,980
Clients advances and unearned income (Note 23)	-	90,136	90,136
Retention payable	64,547	193,270	257,817
Contribution to social and sports fund (Note 43)	-	72,816	72,816
Accrued expenses	-	130,001	130,001
Accrued finance cost	-	109,483	109,483
Employees end of services benefits (Note 24)	43,122	-	43,122
Provisions for litigations (Note 44)	-	112,887	112,887
Other payables	676,100	192,992	869,092
	<u>783,769</u>	<u>2,246,565</u>	<u>3,030,334</u>

23 CLIENTS ADVANCES AND UNEARNED INCOME

	<i>2013 QR'000</i>	<i>2012 QR'000</i>
At 31 December	<u>161,650</u>	<u>90,136</u>

This includes an amount of QR 148,426 thousand (2012: QR 85,794 thousand) received as advance against the properties leased out.

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

24 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
At 1 January	43,122	31,343
Provided during the year	18,312	18,135
End of service benefits paid	(9,050)	(6,356)
Transferred to liabilities of subsidiaries classified as held for sale	(281)	-
At 31 December	52,103	43,122

The pension scheme for Qatari employees is a defined contribution pension plan and pension obligations are payable on demand to a Government pension fund. Accordingly, the amounts payable have been disclosed as a current liability.

25 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS

	<i>Maturity</i>	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Parent company:			
Loan 1	February 2016	10,906,037	10,906,037
Loan 2	January 2016	7,087,610	7,087,610
Loan 3	December 2015	1,000,275	1,000,275
Loan 4	February 2016	962,084	962,084
Loan 5	August 2021	728,300	-
Loan 6	June 2014	695,527	695,527
Loan 7	March 2014	653,317	637,263
Loan 8	July 2014	637,263	-
Loan 9	December 2015	596,607	596,607
Loan 10	January 2017	500,000	500,000
Loan 11	June 2017	500,000	500,000
Loan 12	December 2015	444,282	444,282
Loan 13	February 2014	276,229	397,612
Loan 14	January 2016	100,141	100,141
Subsidiary company:			
Loan 15	February 2016	1,707,149	1,717,551
Loan 16	February 2016	355,046	355,046
Loan 17 (i)	August 2016	337,977	460,877
Loan 18	February 2016	300,247	300,247
		27,788,091	26,661,159

Presented in the consolidated statement of financial position as follows:

Non-current portion	25,376,845	24,962,704
Current portion	2,411,246	1,698,455
	27,788,091	26,661,159

25 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS (continued)

Note:

- (i) The above facilities have been obtained for the purpose of finance long term projects and working capital requirements of the Group. The facilities carry profits at commercial rates. There were no any securities pledged against any of above loans at 31 December 2013, except for the non-recourse loan 17 above which is more explained in Note 7 to the consolidated financial statements.

26 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives not designated as hedging instruments

The Group uses currency forward contracts and Islamic profit rate swap contracts to manage some of the currency transaction exposure, market exposure and profit rate exposure. These contracts are not designated as cash flow, fair value or net investment hedges and are accounted for as derivative financial instruments.

The Parent had entered into certain derivative profit rate swap agreements with banks to hedge its profit rate risks on certain financing. However, due to early settlement of financing, the hedging relationship was terminated and therefore currently these derivatives are carried under trading book. During the year 2013, the financing and the related profit rate swap agreement were fully settled.

	<i>Notional amounts</i>	
	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Currency forward contracts	2,652,438	2,497,560
Profit rate swaps	-	5,826,400
	<u>2,652,438</u>	<u>8,323,960</u>

	<i>Fair values</i>			
	<i>2013</i>		<i>2012</i>	
	<i>Positive</i> <i>QR'000</i>	<i>Negative</i> <i>QR'000</i>	<i>Positive</i> <i>QR'000</i>	<i>Negative</i> <i>QR'000</i>
Currency forward contracts	2,988	-	11,747	-
Profit rate swaps	-	-	-	153,875
	<u>2,988</u>	<u>-</u>	<u>11,747</u>	<u>153,875</u>

Presented in the consolidated statement of financial position as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Positive fair value of derivative financial instruments	2,988	11,747
Negative fair value of derivative financial instruments	-	(153,875)
Positive (negative) fair value of derivative financial instruments	<u>2,988</u>	<u>(142,128)</u>

26 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**Derivatives designated for cash flow hedges**

One of the subsidiaries of the Group entered into Islamic profit rate swap agreements with several financial institutions to limit its exposure to profit rate fluctuations on its Sukuk Al Musharakah United States Dollars (USD) 270 million (QR: 983 million) (31 December 2012: USD 270 million (QR 983 million)) and Sukuk Al Mudarabah USD 300 million (QR: 1,092 million) (31 December 2012: USD 300 million (QR 1,092 million)). Whereby the Group receives variable profit rate and pays fixed profit rate at commercial rate on the fixed notional amounts stipulated in the profit rate swap agreements. Profits are 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 50% of the above mentioned financing. The financing and related profit swaps have the 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 at the end of each reporting date.

The profit rate swaps are settled on a quarterly basis. The profit rate swaps are designated as effective cash flow hedges. The profit rate swap and the profit rate payments on the financings occurs simultaneously.

As at 31 December 2012 and 2013 cash flow hedge reserve is nil as all the hedging relationship and the related derivatives were closed out during 2012.

27 SHARE CAPITAL

	<i>2013</i> <i>No of shares</i> <i>(Thousands)</i>	<i>2012</i> <i>No of shares</i> <i>(Thousands)</i>
<i>Authorised shares:</i>		
Ordinary shares of QR 10 each	<u>389,134</u>	<u>389,134</u>
	<i>No of shares</i> <i>(Thousands)</i>	<i>QR'000</i>
<i>Ordinary shares issued and fully paid up:</i>		
At 1 January 2012	<u>389,125</u>	<u>3,891,246</u>
At 31 December 2012	<u>389,125</u>	<u>3,891,246</u>
At 31 December 2013	<u>389,125</u>	<u>3,891,246</u>

All shares have equal rights except for one preferred share which is held by Qatari Diar Real Estate Investment Company Q.S.C. that carries preferred rights over financial and operating policies of the Company.

28 TREASURY SHARES

Treasury shares represent the value of shares owned by the Group subsidiaries in the Parent at the end of the reporting year.

29 LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies Law No. 5 of 2002 and the Parent's Articles of Association, an amount equal to 10% of the profit for the year 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.

30 GENERAL RESERVE

In accordance with the Parent's Articles of Association, the premium on issue of share capital is added to general reserve. In addition, residual annual profits, after the required transfer to legal reserve (Note 29), can be appropriated and transferred to general reserve based on the general assembly meeting's approval.

31 OTHER RESERVES

a) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets and effective portion of qualifying cash flow hedges.

b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of assets and liabilities that form part of Company's net investment in foreign operations.

32 INCOME FROM CONSULTANCY AND OTHER RELATED SERVICES

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Consultancy and other related services revenues	<u>292,564</u>	<u>365,173</u>

The revenues from consulting services represent project consulting revenues recognized by the Group's subsidiaries provided to external parties.

33 PROFIT ON SALE OF PROPERTIES

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Sale proceeds	375,000	2,907,201
Cost of sales	<u>(374,046)</u>	<u>(2,622,414)</u>
Profit	<u>954</u>	<u>284,787</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

34 DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries in 2013

During the year 2013, the Group disposed off its ownership in Barwa Egypt Group and accordingly lost the control. The list of subsidiaries disposed are as follows:

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

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

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

The proceeds from disposal of subsidiaries were as follows:

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

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

34 DISPOSAL OF SUBSIDIARIES (continued)

Disposal of subsidiaries during 2012

During the year 2012, the Group disposed the following subsidiaries and accordingly lost the control over these subsidiaries.

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

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

	<i>Carrying values on disposal QR '000</i>
<i>Assets</i>	
Cash and bank balances	37,438
Receivables and prepayments	72,810
Due from related parties	78,585
Deferred tax assets	78,348
Property, plant and equipment (Note 19)	296
Properties under development (Note 14)	13,206,195
Investment properties (Note 15)	593,162
	<hr/>
	14,066,834
<i>Liabilities</i>	
Obligations under Islamic finance contract	888,625
Due to related parties	23,210
Payables and accruals	109,605
	<hr/>
	1,021,440
Net assets disposed	13,045,394
Non-controlling interest	(2,998)
Profit on disposal	189,639
	<hr/>
Consideration on disposal of subsidiaries	13,232,035
<i>Analysis of cash flow on disposal</i>	
Net cash disposed with the subsidiaries	(37,438)
Cash received on disposal	31,000
	<hr/>
	(6,438)

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

35 OTHER INCOME

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Reversal of impairment allowances/provisions (i)	275,673	69,175
Other operating income	87,050	81,355
Dividend income	10,104	4,463
Gain on disposal of property, plant and equipment	9,141	42
Unrealized gain on financial assets at fair value through profit or loss	2,073	2,567
Gain on sale of available-for-sale financial assets	1,795	7,102
Fair value gain on call option (Note 16)	-	21,469
Miscellaneous income	20,800	33,170
	<u>406,636</u>	<u>219,343</u>

Note:

- (i) During the current year the Group reversed previously recorded allowance for impairment amounting to QR 265,173 thousand (31 December 2012: Nil).

36 OPERATING EXPENSES

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Staff costs	161,266	117,194
Hotel operation costs	94,207	101,029
Rent expenses	65,130	84,384
Repair and maintenance expense	55,310	28,053
Facility management expense	17,915	14,166
Property management expense	-	9,005
Other expenses	43,540	50,180
	<u>437,368</u>	<u>404,011</u>

37 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Staff costs	245,708	232,068
Social contributions	52,670	47,341
Professional fee expenses	40,568	51,612
Utilities expenses	16,288	22,552
Advertising and promotion expenses	11,395	12,339
Board of Directors remuneration (i)	6,400	14,000
Board of Directors remuneration for 2011 (i)	-	12,820
Repair and maintenance expense	6,565	4,220
Travel expenses	3,552	2,896
Rent expenses	2,636	17,304
Government fees	2,037	1,816
Other expenses	7,762	12,153
	<u>395,581</u>	<u>431,121</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

37 GENERAL AND ADMINISTRATIVE EXPENSES (continued)

Note:

- (i) The Directors' remuneration for the year 2013 represents a proposed amount of QR 6,400 thousand subject to the approval of the company's Annual General Assembly that will be held on 8 April 2014 (2012: QR 14,500 thousand, the shareholders of the Company approved at the Annual General Meeting held on 2 April 2013 Directors' remuneration amounting to QR 3,500 thousand). Up to the year ended 31 December 2010, the Directors' remuneration was appropriated through equity and starting year ended 31 December 2012 the Directors remuneration is charged to consolidated statements of profit or loss.

38 NET FINANCE COST

	2013 QR'000	2012 QR'000
Finance costs		
Finance costs	892,264	1,841,483
Less: capitalized finance costs (Note 14)	<u>(105,999)</u>	<u>(1,051,333)</u>
Finance costs charged to consolidated statement of profit or loss	786,265	790,150
Losses from derivative financial instruments	<u>108,643</u>	<u>(1,021)</u>
Finance costs for the year	<u>894,908</u>	<u>789,129</u>
Finance income		
Income from Murabaha and Islamic deposits	(9,274)	(173,949)
Finance lease income	(336,777)	(396,726)
Net foreign exchange gain on financing activities	<u>(107,100)</u>	<u>(16,927)</u>
Finance income for the year	<u>(453,151)</u>	<u>(587,602)</u>
Net finance costs for the year	<u>441,757</u>	<u>201,527</u>

39 NET IMPAIRMENT LOSSES

	2013 QR'000	2012 QR'000
Impairment losses / (reversals) on:		
Trading properties – properties under development (Note 14)	57,337	87,000
Due from related parties	19,035	-
Receivables and prepayments	15,626	8,818
Non-current assets held for sale (Note 11)	8,824	31,832
Advances for projects and investments (Note 12)	1,837	-
Available-for-sale financial assets (Note 13)	875	67,217
Trading properties – properties under development (Note 14)	-	(4,288)
Trading properties – properties available for sale	-	10,703
Property, plant and equipment (Note 19)	-	(28,833)
Investment in associates- Smeat Investment Co. W.L.L. (Note 16)	<u>-</u>	<u>25,200</u>
	<u>103,534</u>	<u>197,649</u>

At 31 December 2013

40 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2013	2012
Net profit attributable to equity holders of the parent from continuing operations (in 000 QR)	1,571,858	1,158,139
Net loss attributable to equity holders of the parent from discontinued operations (in 000 QR)	<u>(196,871)</u>	<u>(20,764)</u>
Net profit attributable to equity holders of the parent for basic earnings (in 000 QR)	<u>1,374,987</u>	<u>1,137,375</u>
Weighted average number of shares outstanding during the year (in thousand shares)	<u>389,125</u>	<u>389,125</u>
Basic and diluted earnings per share (QR)	<u>3.53</u>	<u>2.92</u>

41 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2013 QR'000	2012 QR'000
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
<i>Cash flow hedges:</i>		
Net change in fair value of cash flow hedges transferred to consolidated statement of profit or loss	-	14,220
Effective portion of changes in fair value of cash flow hedges	<u>-</u>	<u>3,345</u>
	<u>-</u>	<u>17,565</u>
<i>Translation reserves:</i>		
Exchange differences on translation of foreign operations	21,493	(305,035)
Exchange differences transferred on disposal of subsidiaries	<u>264,136</u>	<u>-</u>
	<u>285,629</u>	<u>(305,035)</u>
<i>Available-for-sale financial assets:</i>		
Gain arising during the year	5,505	26,885
Transferred to the consolidated statement of profit or loss on disposal of available-for-sale financial assets	<u>(1,238)</u>	<u>9,133</u>
	<u>4,267</u>	<u>36,018</u>
Other comprehensive income (loss) for the year	<u>289,896</u>	<u>(251,452)</u>

42 DIVIDENDS

Dividends paid and proposed

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Declared, accrued and paid during the year: Final dividend for the year 2012, QR 1.5 per share (2012 : final dividend for the year 2011, QR 1 per share)	<u>583,687</u>	<u>389,125</u>
Proposed for approval at Annual General Assembly Meeting (not recognised as a liability as at 31 December): QR 2 per share (2012 : QR 1 per share)	<u>778,250</u>	<u>389,125</u>

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

The proposed dividend issue will be submitted for formal approval at the Annual General Assembly Meeting that will be held on 8 April 2014.

43 CONTRIBUTION TO SOCIAL AND SPORTS FUND

According to Qatari Law No. 13 of 2008 and the related clarifications issued in January 2010, the Group is required to contribute 2.5% of its consolidated annual net profits to the state social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income. Hence, this is recognised in the consolidated statement of changes in equity.

During the year, the Group appropriated an amount of QR 34,252 thousand (2012: QR 28,918 thousand) representing 2.5% of the consolidated net profit for the year.

44 CONTINGENT LIABILITIES

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Bank guarantees	<u>72,029</u>	<u>70,890</u>
Letters of credit	<u>-</u>	<u>400,000</u>

Litigations and claims

Various legal cases were filed against the Group as of 31 December 2013. According to the Group's Legal Counsel best estimates, no material liabilities will arise as a result of these cases and accordingly no provisions have been provided against these cases, except for what have been provide for in the consolidated financial statements.

A legal case has been filed against the Group for which an arbitration decision was issued against the Group to pay an amount of USD 31 million (QR 113 million). The amount has been provided in full in the prior year consolidated financial statements.

A legal case has been filed against one of the subsidiary of the Group by a third party for claiming the management fees for which the legal proceedings are in progress as at the reporting date. The Group has provided USD 9 million (QR 33 million) in the current year consolidated financial statements against such claims.

45 COMMITMENTS

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Contractual commitments to contractors and suppliers for properties under development	<u>2,248,854</u>	<u>2,353,371</u>
Commitments for operating leases (i)	<u>329,457</u>	<u>326,552</u>
Commitments for purchase of investments	<u>270,959</u>	<u>273,851</u>

Note:

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

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Less than one year	68,825	68,854
Between 1 and 5 years	137,200	144,316
More than 5 years	<u>123,432</u>	<u>113,382</u>
Total operating lease expenditure contracted for at 31 December	<u>329,457</u>	<u>326,552</u>

46 FINANCIAL RISK MANAGEMENT

Objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise payables and other liabilities, due to related parties, liabilities of subsidiaries directly associated with the assets classified as held for sale, obligations under Islamic finance contracts and liabilities for purchase of a land. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as cash and bank balances, receivables, finance lease receivables, due from related parties, financial assets at fair value through profit or loss, assets of a subsidiary held for sale and available-for-sale financial assets and non-current assets held for sale which arise directly from its operations.

The Group also enters into derivative transactions, primarily Currency forward contracts and profit rate swaps contracts. The purpose is to manage the currency risks, market risk and profit rate risk arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are market risk, credit risk, liquidity risk, operational risk, real estate risk and other risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that changes in market prices, such as profit rates, foreign currency exchange rates and equity prices will affect the Group's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

46 FINANCIAL RISK MANAGEMENT (continued)

Profit rate risk

The Group's financial assets and liabilities that are subject to profit rate risk comprise bank deposits, finance lease receivables, Islamic financing facility extended to a third party group of companies and obligations under Islamic finance contracts. The Group's exposure to the risk of changes in market profit rates relates primarily to the Group's financial assets and liabilities with floating profit rates.

The Group manages its profit rate risk by having a balanced portfolio of fixed and variable profit rate obligations under Islamic finance contracts. To manage this, the Group enters into profit rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate profit amounts calculated by reference to an agreed upon notional amount. The swaps are designated to hedge underlying debt obligations. At 31 December 2013, after taking into the effect of profit rate swaps, approximately 4% of the Group's obligations under Islamic finance contracts are at a fixed rate of profit (2012: 5%).

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

	<i>Carrying amounts</i>	
	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
<i>Floating profit rate instruments:</i>		
Financial liabilities	<u>(28,062,616)</u>	<u>(27,088,685)</u>
	<u>(28,062,616)</u>	<u>(27,088,685)</u>

The following table demonstrates the sensitivity of consolidated statement of profit or loss to reasonably possible changes in profit rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in profit rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December. The effect of decreases in profit rates is expected to be equal and opposite to the effect of the increases shown.

	<i>Profit or loss +25b.p QR'000</i>
<i>At 31 December 2013</i>	<u>(70,157)</u>
<i>At 31 December 2012</i>	<u>(67,722)</u>

46 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investment in foreign subsidiaries.

The Group had the following significant net exposure denominated in foreign currencies:

	2013	2012
	QR'000	QR'000
	<i>Assets</i>	<i>Assets</i>
	<i>(Liabilities)</i>	<i>(Liabilities)</i>
Euro		
KWD	2,801,880	2,688,313
GBP	447,088	490,144
EGP	365,239	356,287
USD	5,419	5,740,829
	(26,028,894)	(25,214,212)

The USD denominated balances are not considered to represent a significant currency risk as QR is pegged to USD.

The following table demonstrates the sensitivity of consolidated statement of profit or loss and equity for a reasonably possible change in the following currencies against Qatari Riyal, with all other variables held constant, of the Group's profit due to changes in the fair value of monetary assets and liabilities and the Group's equity on account of translation of foreign operations. The effect of decreases in foreign exchange rates is expected to be equal and opposite to the effect of the increases shown:

	<i>Effect on profit or loss</i>	
	2013	2012
	+10%	+10%
	QR'000	QR'000
Euro	266,287	255,536
GBP	3,232	157
EGP	23	31

	<i>Effect on equity statement</i>	
	2013	2012
	+10%	+10%
	QR'000	QR'000
Euro	13,901	13,295
GBP	33,292	35,472
EGP	519	574,052
KWD	44,709	49,014

At 31 December 2013

46 FINANCIAL RISK MANAGEMENT (continued)**Equity price risk**

The following table demonstrates the sensitivity of consolidated statement of profit or loss and the fair value reserve to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	<i>Changes in market indices</i>	<i>Effect on profit QR '000</i>	<i>Effect on equity QR '000</i>
2013			
Available for sale financial assets – Quoted	+10%	-	10,694
Financial assets at fair value through profit or loss	+15%	1,316	-
2012			
Available for sale financial assets – Quoted	+10%	-	13,862
Financial assets at fair value through profit or loss	+15%	1,006	-

The Group also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired and when the consolidated statement of profit or loss will be impacted.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of bank balances, receivables, finance lease receivables, due from related parties, assets of a subsidiary classified as held for sale and positive fair value of derivatives.

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	2013 QR'000	2012 QR'000
Bank balances (excluding cash)	954,984	665,007
Receivables	777,317	514,919
Finance lease receivables	2,508,058	2,792,229
Due from related parties	2,880,482	2,724,291
Non-current asset held for sale	4,344,252	373,856
Assets of a subsidiaries classified as held for sale	1,868	5,782,872
	<u>11,466,961</u>	<u>12,853,174</u>

46 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The maximum exposure to credit risk at the reporting date by geographic region was as follows:

2013	Carrying amounts				
	Domestic QR'000	Other GCC countries QR'000	European countries QR'000	North Africa QR'000	Total QR'000
Bank balances (excluding cash)	894,882	8,242	51,748	112	954,984
Receivables	513,319	195,427	31,134	37,437	777,317
Finance lease receivables	2,508,058	-	-	-	2,508,058
Due from related parties	2,818,489	61,993	-	-	2,880,482
Non-current assets held for sale	4,023,867	135,938	105,097	79,350	4,344,252
Assets of a subsidiary classified as held for sale	1,868	-	-	-	1,868
	<u>10,760,483</u>	<u>401,600</u>	<u>187,979</u>	<u>116,899</u>	<u>11,466,961</u>
2012	Carrying amounts				
	Domestic QR'000	Other GCC countries QR'000	European countries QR'000	North Africa QR'000	Total QR'000
Bank balances (excluding cash)	596,629	5,087	63,016	275	665,007
Receivables	427,149	13,992	38,318	35,460	514,919
Finance lease receivables	2,792,229	-	-	-	2,792,229
Due from related parties	2,666,999	57,292	-	-	2,724,291
Non-current assets held for sale	373,856	-	-	-	373,856
Assets of subsidiaries classified as held for sale	-	-	-	5,782,872	5,782,872
	<u>6,856,862</u>	<u>76,371</u>	<u>101,334</u>	<u>5,818,607</u>	<u>12,853,174</u>

The Group monitors its exposure to credit risk on an on-going basis and based on the management's assessment and historic default rates, the Group believes that impairment allowance of QR 56,693 thousand (2012: QR 48,743 thousand) is sufficient against financial assets as at the reporting date. Financial assets include certain balances that are overdue but in management's view are not impaired as at the reporting date.

The Group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks, 93% of bank balances represents balances maintained with local banks in Qatar with a proper rating. Credit risk arising from derivative financial instruments is at any time, limited to those with positive fair values, as recorded on the consolidated statement of financial position. With gross settled derivatives, the Group is also exposed to settlement risk.

As at 31 December 2013, 81% (2012: 81%) of the total finance lease receivables balance is due from a single customer which is a Government related entity.

Assets of subsidiaries classified as held for sale at 31 December 2013 relates to a subsidiary company which is under voluntary liquidation. As at 31 December 2013, the liquidation is in progress and all assets are carried at the lower of their recoverable amounts and their carrying values and liabilities that may be expected are provided for, on which the Group is not exposed to settlement risk.

46 FINANCIAL RISK MANAGEMENT (continued)

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 risk 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.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of Groups own reserves and bank facilities. The Group's terms of revenue require amounts to be paid within 30 days from the invoiced date.

The table below summarizes the maturity profile of the Group's undiscounted financial liabilities at 31 December based on contractual payment dates and current market profit rates:

2013	<i>Carrying amounts QR'000</i>	<i>Contractual cash out flows QR'000</i>	<i>Less than 1 year QR'000</i>	<i>1 – 2 years QR'000</i>	<i>2 – 5 years QR'000</i>	<i>More than 5 years QR'000</i>
Payables and other liabilities	1,526,840	1,526,840	1,421,852	-	104,988	-
Due to related parties	385,276	430,041	407,689	-	-	22,352
Liabilities of a subsidiary classified as held for sale	612	612	612	-	-	-
Obligations under Islamic finance contracts	27,788,091	29,648,669	3,257,816	3,038,298	23,038,955	313,600
Liabilities under derivative financial instruments	-	-	-	-	-	-
	<u>29,700,819</u>	<u>31,606,162</u>	<u>5,087,969</u>	<u>3,038,298</u>	<u>23,143,943</u>	<u>335,952</u>
2012	<i>Carrying amounts QR'000</i>	<i>Contractual cash out flows QR'000</i>	<i>Less than 1 year QR'000</i>	<i>1 – 2 years QR'000</i>	<i>2 – 5 years QR'000</i>	<i>More than 5 years QR'000</i>
Payables and other liabilities	2,220,976	2,220,976	2,156,429	-	64,547	-
Due to related parties	7,091,839	7,118,309	76,698	-	-	7,041,611
Liabilities of subsidiaries classified as held for sale	11,540	11,540	11,540	-	-	-
Obligations under Islamic finance contracts	26,661,159	29,173,528	2,458,923	1,030,140	25,684,465	-
Liabilities under derivative financial instruments	142,128	142,128	142,128	-	-	-
	<u>36,127,642</u>	<u>38,666,481</u>	<u>4,845,718</u>	<u>1,030,140</u>	<u>25,749,012</u>	<u>7,041,611</u>

46 FINANCIAL RISK MANAGEMENT (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than market, credit and liquidity risks such as those arising from generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each department. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements and documentation of controls and procedures.
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- requirements for the reporting of operational losses and proposed remedial action.
- development of contingency plans.
- training and professional development.
- ethical and business standards.
- risk mitigation, including insurance of property and against embezzlement, where this is effective.

Real estate risk

The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses its subsidiaries in the development of most of its projects, which employs experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process, and utilizes the accumulated experience in contracting for the purpose of reducing development costs as compared to the relevant market.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk). To reduce this risk, the Group reviews the financial status of all prospective major tenants and decides on the appropriate level of security required via rental deposits or guarantees.
- The exposure of the fair values of the portfolio to market and occupier fundamentals.

Other risks

Other risks to which the Group is exposed are regulatory risk, legal risk, and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisors. Reputational risk is controlled through the regular examination of issues that are considered to have reputational repercussions for the Group, with guidelines and policies being issued as appropriate.

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. Capital consists of share capital, treasury shares, other reserves, general reserve and retained earnings of the Group. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to the shareholders.

46 FINANCIAL RISK MANAGEMENT (continued)

Capital management (continued)

The Group's main objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- to remain within the Group's quantitative banking covenants and maintain good risk grade.

Further, the Board seeks to maintain a balance between higher targeted returns that might be possible with higher levels of financing, and the advantages and security afforded by the strong capital position of the Group.

The Group's net debt to equity ratio at the reporting date was as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
Profit bearing debts	29,062,616	27,942,675
Less: cash and bank balances	<u>(955,336)</u>	<u>(665,514)</u>
Net debt	28,107,280	27,277,161
Total equity (excluding legal reserve)	<u>12,968,832</u>	<u>11,953,091</u>
Net debt to equity ratio at 31 December	<u>217%</u>	<u>228%</u>

On the other hand, the Board reviews regularly the borrowing to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of investment property portfolio. The Group's policy is to keep average borrowing to value at a low risk ratio.

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

47 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial assets and financial liabilities that are carried in the consolidated financial statements:

	Carrying amounts		Fair values	
	2013 QR'000	2012 QR'000	2013 QR'000	2012 QR'000
Financial assets				
Bank balances (excluding cash)	954,984	665,007	954,984	665,007
Receivables	777,317	515,419	777,317	515,419
Finance lease receivables	2,508,058	2,792,229	2,508,058	2,792,229
Due from related parties	2,880,482	2,724,291	2,880,482	2,724,291
Financial assets at fair value through profit or loss	8,776	6,704	8,776	6,704
Assets of a subsidiaries classified as held for sale	1,868	5,782,872	1,868	5,782,872
Non-current assets classified as held for sale	4,344,252	373,856	4,344,252	373,856
Available-for-sale financial assets	208,005	366,406	208,005	366,406
Financial liabilities				
Payables and other liabilities	(1,526,840)	(2,220,976)	(1,526,840)	(2,220,976)
Due to related parties	(385,276)	(7,091,839)	(385,276)	(7,091,839)
Liabilities of subsidiaries classified as held for sale	(612)	(11,540)	(612)	(11,540)
Obligations under Islamic finance contracts	(27,788,091)	(26,661,159)	(27,788,091)	(26,661,159)
Liabilities under derivative financial instruments	-	(142,128)	-	(142,128)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

- Bank balances, receivables, due from related parties, assets classified as held for sale, payables and other liabilities, due to related parties and liabilities directly associated with assets classified as held for sale approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Finance lease receivables are evaluated by the Group based on parameters such as profit rates and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these finance lease receivables. At the end of the reporting period, the carrying amounts of such finance lease receivables, net of allowances, approximate their fair values.
- The fair value of the quoted available-for-sale financial assets is derived from quoted market prices in active markets.
- The fair value of unquoted financial assets are estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted financial assets.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques with market observable inputs are mainly profit rate swaps, options contracts and currency swaps. The most frequently applied valuation techniques include option pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot and forward rates and profit rate curves.
- Fair values of the Group's obligations under Islamic finance contracts are determined by using DCF method using discount rate that reflects the borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2013 was assessed to be insignificant.

47 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2013 are as follows:

	Date of valuation	Total QR'000	Fair value measurement using		
			Quoted prices in active markets Level 1 QR'000	Significant observable inputs Level 2 QR'000	Significant unobservable inputs Level 3 QR'000
Assets measured at fair value:					
<i>Investment properties (Note 15):</i>	31 Dec 2013	9,758,249	-	-	9,758,249
<i>Available-for-sale financial assets (Note 13):</i>					
Quoted equity shares	31 Dec 2013	106,938	106,938	-	-
Unquoted equity shares	31 Dec 2013	101,067	-	-	101,067
<i>Financial assets at fair value through profit or loss (Note 9):</i>					
Quoted equity shares	31 Dec 2013	8,776	8,776	-	-
<i>Derivative financial instruments</i>					
Foreign exchange forward contracts	31 Dec 2013	2,988	-	-	2,988
Call option contracts	-	-	-	-	-

There have been no transfers between Level 1 and Level 2 during the year, and no transfers into and out of Level 3 fair value measurements.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December 2013 are as follows:

	Date of valuation	Total QR'000	Fair value measurement using		
			Quoted prices in active markets Level 1 QR'000	Significant observable inputs Level 2 QR'000	Significant unobservable inputs Level 3 QR'000
Liabilities measured at fair value:					
<i>Derivative financial instruments (Note 47):</i>					
Interest rate swaps	-	-	-	-	-
Foreign exchange forward contracts	-	-	-	-	-

There have been no transfers between Level 1 and Level 2 during the year, and no transfers into and out of Level 3 fair value measurements.

47 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value measurement (continued)

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2012 and are as follows:

	Date of valuation	Total QR'000	Fair value measurement using		
			Quoted prices in active markets Level 1 QR'000	Significant observable inputs Level 2 QR'000	Significant unobservable inputs Level 3 QR'000
Assets measured at fair value:					
<i>Investment properties (Note 15):</i>	31 Dec 2012	12,415,315	-	-	12,415,315
<i>Available-for-sale financial assets (Note 13):</i>					
Quoted equity shares	31 Dec 2012	138,619	138,619	-	-
Unquoted equity shares	31 Dec 2012	227,787	-	-	227,787
<i>Financial assets at fair value through profit or loss (Note 9):</i>					
Quoted equity shares	31 Dec 2012	6,704	6,704	-	-
<i>Derivative financial instruments</i>					
Call option contracts	31 Dec 2012	21,469	-	-	21,469

There have been no transfers between Level 1 and Level 2 during the year, and no transfers into and out of Level 3 fair value measurements.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December 2012 and are as follows:

	Date of valuation	Total QR'000	Fair value measurement using		
			Quoted prices in active markets Level 1 QR'000	Significant observable inputs Level 2 QR'000	Significant unobservable inputs Level 3 QR'000
Liabilities measured at fair value:					
<i>Derivative financial instruments (Note 47):</i>					
Profit rate swaps	31 Dec 2012	(153,875)	-	-	(153,875)
Foreign exchange forward contracts	31 Dec 2012	11,747	-	-	11,747

There have been no transfers between Level 1 and Level 2 during the year, and no transfers into and out of Level 3 fair value measurements.

48 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements other than estimates

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition

When a contract for the sale of a property upon completion of construction is judged to be a construction contract, revenue is recognised using the percentage of completion method as construction progresses. The percentage of completion is made by reference to the stage of completion of projects and contracts determined based on the proportion of contract costs incurred to date and the estimated costs to complete.

Classification of property

The Group determines whether a property is classified as investment property or trading property:

- Investment property comprises land and buildings (principally residential, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Trading property comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial properties that the Group develops and intends to sell before or on completion of construction.

Operating lease contracts – the Group as lessor

The Group in its normal course of rental activities, enters into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these property and so accounts for the leases as operating leases.

Impairment of receivables and prepayments

An estimate of the collectible amount of tenants and other receivables, 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 based on the provisioning policy applied by the Group, and a provision is applied according to the length of time past due, based on historical recovery rates.

At the reporting date, there were no allowances for impairment of due from related parties as the Group does not have collection concern with regards to its receivables from its related parties. The overdue and doubtful amounts for collection as the end of the reporting period relating to trade receivables are disclosed in Note 6.

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 "at fair value through profit or loss" 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 associates 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.

48 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimation uncertainty

Impairment of available-for-sale financial assets

The Group treats available-for-sale financial assets 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 and debt 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.

Estimation of net realizable value for trading properties

Inventory is stated at the lower of cost and net realizable value (NRV).

NRV for completed trading properties are assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions.

Valuation of property

Investment properties are stated at fair value. The Group used external, independent evaluators to determine the fair value of the investment properties. The independent evaluator uses the market situations, estimated yield and expected future cash flows and the recent real estate transactions with similar characteristics and location of properties for the valuation of investment properties.

If an independent valuation is carried out at the intermediate period, the management determines the year end valuation by applying appropriate discounting rate on the intermediate valuation based on the market situations, estimated yield and expected future cash flows. Thus the management believes it's a more transparent and accurate valuation.

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 and commercial obsolescence.

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 estimates 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 as follows:

Key assumptions used in value in use calculations:

The calculation of value in use for cash generating units relating to real estate projects are most sensitive to the following assumptions:

**48 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY (continued)**

Gross margin

Gross margins are based on average values achieved in the period preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Discount rates

Discount rates represent the current market assessment of the risks specific to each cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the profit bearing Islamic financing, the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available marked data.

Growth rate

Growth rate is used to extrapolate cash flows beyond the budget period.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

49 SEGMENT INFORMATION

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

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

Operating segments

The operating segments are presented as follows;

<i>For the year ended 31 December 2013</i>	<i>Real estate</i>	<i>Business services</i>	<i>Financial institution and other services</i>	<i>Eliminations</i>	<i>Total</i>
	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>
Revenues and gains					
External parties					
- Rental income	996,026	-	3,147	-	999,173
- Income from consultancy and other related services	115,166	177,219	179	-	292,564
- Profit on sale of properties	954	-	-	-	954
- Profit on disposal of subsidiaries	232,327	-	-	-	232,327
- Profit on disposal of an associate	336,548	-	-	-	336,548
- Net fair value gain on investment properties	715,489	-	2,985	-	718,474
- Share of results of associates and joint venture	89,910	-	769	-	90,679
- Other income	405,754	829	53	-	406,636
Internal segments	<u>319,743</u>	<u>102,190</u>	<u>-</u>	<u>(421,933) (i)</u>	<u>-</u>
Total revenues and gains	<u>3,211,917</u>	<u>280,238</u>	<u>7,133</u>	<u>(421,933)</u>	<u>3,077,355</u>
Profit (loss) for the year	<u>1,584,992</u>	<u>42,806</u>	<u>(3,181)</u>	<u>(254,536)</u>	<u>1,370,081</u>
Net finance (cost) income	<u>(473,418)</u>	<u>1,050</u>	<u>(132)</u>	<u>30,743</u>	<u>(441,757)</u>
Depreciation	<u>(91,348)</u>	<u>(1,872)</u>	<u>(316)</u>	<u>-</u>	<u>(93,536)</u>

At 31 December 2013

49 SEGMENT INFORMATION

Operating segments (continued)

<i>For the year ended 31 December 2012</i>	<i>Real estate</i>	<i>Business services</i>	<i>Financial institution and other services</i>	<i>Eliminations</i>	<i>Total</i>
	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>	<u>QR '000</u>
Revenues and gains					
External parties					
- Rental income	739,511	-	1,134	-	740,645
- Income from consultancy and other related services	199,035	164,286	1,852	-	365,173
- Profit on sale of properties	284,787	-	-	-	284,787
- Profit on disposal of subsidiaries	189,639	-	-	-	189,639
- Profit on disposal of associates	-	-	-	-	-
- Net fair value gain on investment properties	437,716	-	(4,605)	-	433,111
- Share of results of associates and a joint venture	229,998	-	(1,355)	-	228,643
- Other income	217,610	1,421	312	-	219,343
Internal segments	<u>6,026,354</u>	<u>109,733</u>	<u>-</u>	<u>(6,136,087)</u> (i)	<u>-</u>
Total revenues and gains	<u>8,324,650</u>	<u>275,440</u>	<u>(2,662)</u>	<u>(6,136,087)</u>	<u>2,461,341</u>
Profit (loss) for the year	<u>6,401,191</u>	<u>10,891</u>	<u>(22,895)</u>	<u>(5,266,229)</u>	<u>1,122,958</u>
Net finance (cost) income	<u>(474,447)</u>	<u>1,762</u>	<u>1,724</u>	<u>269,434</u>	<u>(201,527)</u>
Depreciation	<u>(61,867)</u>	<u>(15,457)</u>	<u>(2,740)</u>	<u>-</u>	<u>(80,064)</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

49 SEGMENT INFORMATION (continued)

Note:

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

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

<i>At 31 December 2013</i>	<i>Real estate QR '000</i>	<i>Business services QR '000</i>	<i>Financial institution and other services QR '000</i>	<i>Eliminations QR '000</i>	<i>Total QR '000</i>
Current assets	29,007,970	220,007	39,395	-	29,267,372
Non-current assets	16,024,684	71,351	108,776	(570,108)	15,634,703
Total assets	45,032,654	291,358	148,171	(570,108)	44,902,075
Current liabilities	(4,308,819)	(75,073)	(1,797)	-	(4,385,689)
Non-current liabilities	(26,063,084)	(60,858)	(149,451)	67,617	(26,205,776)
Total liabilities	(30,371,903)	(135,931)	(151,248)	67,617	(30,591,465)
Investment in associates and interest in a joint venture	2,639,683	-	14,378	-	2,654,061
Capital expenditures	1,571,242 (i)	-	-	-	1,571,242
<i>At 31 December 2012</i>	<i>Real Estate QR '000</i>	<i>Business services QR '000</i>	<i>Financial institution and other services QR '000</i>	<i>Eliminations QR '000</i>	<i>Total QR '000</i>
Current assets	29,163,406	212,250	35,068	(87,207)	29,323,517
Non-current assets	21,247,733	48,000	106,513	(519,986)	20,882,260
Total assets	50,411,139	260,250	141,581	(607,193)	50,205,777
Current liabilities	(4,066,751)	(79,388)	(2,776)	-	(4,148,915)
Non-current liabilities	(32,705,257)	(65,269)	(140,568)	122,804	(32,788,290)
Total liabilities	(36,772,008)	(144,657)	(143,344)	122,804	(36,937,205)
Investment in associates and interest in a joint venture	4,357,366	-	13,340	(6,411)	4,364,295
Capital expenditures	4,586,842 (i)	-	-	-	4,586,842

Note:

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

49 SEGMENT INFORMATION (continued)

Geographic segments

Revenues and gains from external customers:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
State of Qatar	2,690,995	2,327,814
Other GCC countries	303,507	86,143
European countries	32,411	(10,591)
North Africa	50,442	57,975
Total revenue per consolidated statement of profit or loss	<u>3,077,355</u>	<u>2,461,341</u>

The revenue information above is based on the locations of the customers.

The geographical segments of non-current assets are as follows:

	<i>2013</i> <i>QR'000</i>	<i>2012</i> <i>QR'000</i>
State of Qatar	15,223,616	20,253,781
European countries	307,092	377,091
Other GCC countries	103,941	170,676
North Africa	54	80,712
	<u>15,634,703</u>	<u>20,882,260</u>

Non-current assets for this purpose consist of property, plant and equipment, investment properties, deferred tax assets and intangible assets.

50 COMPARATIVE INFORMATION

(i) Restatements

The opening balances for the year 2013 and the comparative figures have been restated due to the followings:

- (a) The consolidated financial statements for the year ended 31 December 2012 have been restated to account for the share of results, share of other comprehensive income and carrying value of one of the investments in an associate as per their audited financial statements for the year ended 31 December 2012. The effect of the restatement on those financial statements is summarised below:

	<i>Effect on</i> <i>31 December 2012</i> <i>QR'000</i>
Net decrease in investments in associates	<u>(33,754)</u>
Net decrease in retained earnings	<u>(33,754)</u>

50 COMPARATIVE INFORMATION (continued)

(i) Restatements (continued)

The above restatement resulted the change in basic and diluted earnings per share as follows:

	<i>Effect on 31 December 2012 QR per share</i>
<i>Basic and diluted earnings per share, as previously reported</i>	3.01
Effect of restatement (i) (a) above	<u>(0.09)</u>
<i>Basic and diluted earnings per share, as restated</i>	<u>2.92</u>

(b) On 10 January 2012, the Group and the other parties signed an agreement to transfer the advances paid for purchase of properties to the joint venture. During prior years the advances paid for the land was classified as advances for projects and investments. Accordingly the consolidated financial statements of the comparative period was restated to record the transfer of advances to the Joint Venture. The effect of the restatement on these consolidated financial statements is summarised below:

	<i>Effect on 31 December 2012 QR '000</i>
Net decrease in advances for projects and investments	<u>(2,074,294)</u>
Net increase in investment in joint venture	<u>2,074,294</u>

(ii) Reclassification

Corresponding figures for 2012 have been reclassified in order to conform with the presentation for the current year. Such reclassifications have been made by the Group to improve the quality of information presented and did not have any impact on the previously reported equity, profits and earnings per share.

a) Investments in associates and investments in a joint venture:

As at 31 December 2013, the Group reclassified the investments in associate and investments in a joint venture. The reclassifications made affected the following previously reported figures:

	<i>Investments in associate QR '000</i>	<i>Investments in a joint venture QR '000</i>
<i>As previously reported</i>	2,323,755	-
Restatement – Note (i) (a)	(33,754)	-
Restatement – Note (i) (b)	-	2,074,294
Transferred from investments in associate to investments in a joint venture	<u>(5,000)</u>	<u>5,000</u>
<i>As reclassified</i>	<u>2,285,001</u>	<u>2,079,294</u>

At 31 December 2013

50 COMPARATIVE INFORMATION (continued)**(ii) Reclassification (continued)**

- b) During the year ended 31 December 2013, the Group reclassified below expenses and income. The reclassifications have been made by the Group to improve the quality of information presented and did not have any impact on the previously reported equity, profits and earnings per share. The reclassifications made affected the following previously reported figures:

	<i>Operating expenses QR '000</i>	<i>General and administrative expenses QR '000</i>	<i>Depreciation QR '000</i>	<i>Other income QR '000</i>	<i>Net finance costs QR '000</i>
<i>As previously reported</i>	(372,076)	(465,189)	(78,022)	221,212	(201,492)
Rent expenses	(31,935)	31,935	-	-	-
Transferred from (to) discontinued operation	-	2,133	(2,042)	(1,869)	(35)
<i>As reclassified</i>	<u>(404,011)</u>	<u>(431,121)</u>	<u>(80,064)</u>	<u>219,343</u>	<u>(201,527)</u>

- c) The Group reclassified one of its subsidiary's investment properties at 31 December 2012, amounting to QR 16,594 thousand to property, plant and equipment as portion of one property is used by the subsidiary for administrative purposes as of that date.

51 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date the Group received an advance of QR 744,000 thousand against the disposal of one of its investment property located in Lusail, State of Qatar that is expected to take place in 2014.