



BARWA REAL ESTATE COMPANY Q.P.S.C.  
CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
30 JUNE 2018

نبني المستقبل

BUILDING THE FUTURE



<b>Contents</b>	<b>Page(s)</b>
<b>Report on review of condensed consolidated interim financial information</b>	<b>1</b>
<b>Condensed consolidated interim statement of financial position</b>	<b>2</b>
<b>Condensed consolidated interim statement of profit or loss</b>	<b>3</b>
<b>Condensed consolidated interim statement of comprehensive income</b>	<b>4</b>
<b>Condensed consolidated interim statement of changes in equity</b>	<b>5</b>
<b>Condensed consolidated interim statement of cash flows</b>	<b>6-7</b>
<b>Notes to the condensed consolidated interim financial statements</b>	<b>8 – 34</b>



## Report on review of the condensed consolidated interim financial statements to the board of directors of Barwa Real Estate Company Q.P.S.C.

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Barwa Real Estate Company Q.P.S.C. (the "Parent Company") and its subsidiaries (together the "Group") as of 30 June 2018 and the related condensed statements of profit or loss, comprehensive income for the three-month and six-month periods then ended, and statements of changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of changes in significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed interim financial information based on our review

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

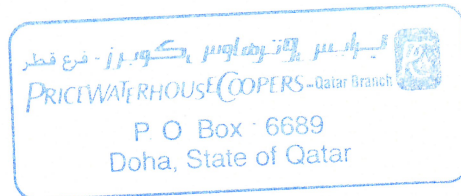
### Conclusion

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

For and on behalf of PricewaterhouseCoopers – Qatar Branch  
Qatar Financial Markets Authority Registration No. 120155

Mohamed Elmoataz  
Auditor's registration number 281

Doha, 24 July 2018



**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated interim financial statements**  
**As at 30 June 2018**

**Condensed consolidated interim statement of financial position**

	Notes	30 June 2018 (Reviewed) QR'000	31 December 2017 (Audited) QR'000
<b>ASSETS</b>			
Cash and bank balances	5	2,002,929	3,238,557
Financial assets at fair value through profit or loss		26,821	20,817
Receivables and prepayments	6	999,089	1,229,534
Trading properties	7	2,077,566	1,683,148
Finance lease receivables	6	194,780	232,999
Due from related parties	8	182,313	218,599
Available-for-sale financial assets		-	144,794
Financial assets at fair value through other comprehensive income		127,837	-
Advances for projects and investments		5,128,860	4,947,752
Investment properties	9	17,274,543	16,745,985
Property, plant and equipment		669,453	565,671
Investments in associates	10	529,245	578,791
Goodwill	24	263,234	126,411
Deferred tax assets		2,084	1,467
<b>TOTAL ASSETS</b>		<b>29,478,754</b>	<b>29,734,525</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Payables and other liabilities	11	1,807,261	1,961,381
Provisions	12	41,526	41,602
End of service benefits		99,746	92,563
Due to related parties	8	661,620	324,655
Obligations under Islamic finance contracts	13	8,072,729	8,172,239
Deferred tax liabilities		1,646	1,432
<b>TOTAL LIABILITIES</b>		<b>10,684,528</b>	<b>10,593,872</b>
<b>EQUITY</b>			
Share capital		3,891,246	3,891,246
Legal reserve		1,540,266	1,540,266
General reserve		4,639,231	4,639,231
Other reserves	17	(307,760)	(260,669)
Retained earnings		8,735,558	9,113,376
Total equity attributable to equity holders of the parent		18,498,541	18,923,450
Non-controlling interests		295,685	217,203
<b>TOTAL EQUITY</b>		<b>18,794,226</b>	<b>19,140,653</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>29,478,754</b>	<b>29,734,525</b>

These condensed consolidated interim financial statements were authorised for issuance by the Board of Directors on 24 July 2018 and signed on their behalf by:

H.E. Salah Bin Ghanem Al Ali  
Chairman

Salman Bin Mohamad Al Muhannadi  
Group Chief Executive Officer

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the six months ended 30 June 2018**  
**Condensed consolidated interim STATEMENT OF PROFIT OR LOSS**

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2018	2017	2018	2017
		(Reviewed)		(Reviewed)	
		QR'000	QR'000	QR'000	QR'000
Rental income		321,191	304,746	660,327	609,830
Rental operation expenses		(94,859)	(71,813)	(186,673)	(147,359)
Net rental income		226,332	232,933	473,654	462,471
Finance lease income		7,297	9,448	15,052	30,607
<b>Net rental and finance lease income</b>		<b>233,629</b>	<b>242,381</b>	<b>488,706</b>	<b>493,078</b>
Income from consultancy and other services		76,542	87,868	160,641	179,581
Consulting operation and other services expenses		(60,487)	(66,975)	(119,327)	(133,757)
<b>Net consulting and other services income</b>		<b>16,055</b>	<b>20,893</b>	<b>41,314</b>	<b>45,824</b>
Net fair value gain on investment properties	9	88,119	228,632	299,089	469,082
Share of results of associates	10	11,842	36,077	11,363	54,878
General and administrative expenses		(57,536)	(57,985)	(115,455)	(108,817)
Depreciation		(10,094)	(10,789)	(19,965)	(21,770)
Net reversal of impairment / (impairment losses)	14	19,917	(4,047)	17,452	(7,461)
Gain on debt restructure	25	140,436	-	140,436	-
Other income	15	7,686	(1,495)	28,099	34,939
<b>Operating profit before finance cost and tax</b>		<b>450,054</b>	<b>453,667</b>	<b>891,039</b>	<b>959,753</b>
Finance income		17,233	23,691	40,126	46,618
Finance cost		(65,590)	(41,974)	(121,738)	(86,771)
<b>Profit before income tax</b>		<b>401,697</b>	<b>435,384</b>	<b>809,427</b>	<b>919,600</b>
Income tax expense		(123)	(420)	(622)	(1,708)
<b>Net profit for the period</b>		<b>401,574</b>	<b>434,964</b>	<b>808,805</b>	<b>917,892</b>
<b>Attributable to:</b>					
Equity holders of the Parent	16	398,795	432,530	803,722	911,958
Non-controlling interests		2,779	2,434	5,083	5,934
		<b>401,574</b>	<b>434,964</b>	<b>808,805</b>	<b>917,892</b>
<b>Basic and diluted earnings per share</b> <i>attributable to equity holders of the Parent (expressed in QR per share)</i>	16	<b>1.03</b>	<b>1.11</b>	<b>2.07</b>	<b>2.34</b>

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the six months ended 30 June 2018**  
**Condensed consolidated interim STATEMENT OF COMPREHENSIVE INCOME**

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>
Profit for the period	<b>401,574</b>	434,964	<b>808,805</b>	917,892
<b>Other comprehensive income</b>				
<i>Other comprehensive income that will be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	<b>(37,780)</b>	16,014	<b>(29,106)</b>	30,635
Net change in the fair value of available for sale financial assets	-	(22,057)	-	(45,542)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>				
Net change in the fair value of financial assets at fair value through other comprehensive income	<b>(11,100)</b>	-	<b>(17,564)</b>	-
<b>Other comprehensive loss for the period</b>	<b>(48,880)</b>	(6,043)	<b>(46,670)</b>	(14,907)
<b>Total comprehensive income for the period</b>	<b>352,694</b>	428,921	<b>762,135</b>	902,985
<b>Attributable to:</b>				
Equity holders of the Parent	<b>349,875</b>	426,234	<b>756,631</b>	896,707
Non-controlling interests	<b>2,819</b>	2,687	<b>5,504</b>	6,278
	<b>352,694</b>	428,921	<b>762,135</b>	902,985

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the six months ended 30 June 2018**

**Condensed consolidated interim STATEMENT OF CHANGES IN EQUITY**

	Equity attributable to owners of the parent						Non-controlling interests	Total Equity	
	Share capital	Treasury shares	Legal reserve	General reserve	Other reserves	Retained earnings			
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000			
Balance at 31 December 2017 (Audited)	3,891,246	-	1,540,266	4,639,231	(260,669)	9,113,376	18,923,450	217,203	19,140,653
Adjustment at initial adoption of IFRS 9 (Note 3)	-	-	-	-	-	(214,874)	(214,874)	-	(214,874)
Adjusted total equity at 1 January 2018	3,891,246	-	1,540,266	4,639,231	(260,669)	8,898,502	18,708,576	217,203	18,925,779
Profit for the period	-	-	-	-	-	803,722	803,722	5,083	808,805
Other comprehensive (loss) / income for the period	-	-	-	-	(47,091)	-	(47,091)	421	(46,670)
Total comprehensive income for the period	-	-	-	-	(47,091)	803,722	756,631	5,504	762,135
<i>Shareholders' contribution:</i>									
Dividends for 2017 (Note 22)	-	-	-	-	-	(972,812)	(972,812)	-	(972,812)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(7,500)	(7,500)
Acquisition of non-controlling interests	-	-	-	-	-	6,146	6,146	(10,694)	(4,548)
Non-controlling interest assumed through business combination	-	-	-	-	-	-	-	91,172	91,172
Total transactions with owners	-	-	-	-	-	(966,666)	(966,666)	72,978	(893,688)
Balance at 30 June 2018 (Reviewed)	3,891,246	-	1,540,266	4,639,231	(307,760)	8,735,558	18,498,541	295,685	18,794,226

	Equity attributable to owners of the parent						Non-controlling interests	Total Equity	
	Share capital	Treasury shares	Legal reserve	General reserve	Other reserves	Retained earnings			
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000			
Balance at 1 January 2017 (Audited)	3,891,246	(4,119)	1,452,226	4,639,231	(264,542)	8,514,812	18,228,854	131,085	18,359,939
Profit for the period	-	-	-	-	-	911,958	911,958	5,934	917,892
Other comprehensive (loss) / income for the period	-	-	-	-	(15,251)	-	(15,251)	344	(14,907)
Total comprehensive income for the period	-	-	-	-	(15,251)	911,958	896,707	6,278	902,985
<i>Shareholders' contribution:</i>									
Dividends for 2016 (Note 22)	-	-	-	-	-	(972,812)	(972,812)	-	(972,812)
Non-controlling interests on gaining control over a subsidiary (Note 23.ii)	-	-	-	-	-	-	-	91,235	91,235
Other movements	-	-	-	-	-	-	-	13	13
Total transactions with owners	-	-	-	-	-	(972,812)	(972,812)	91,248	(881,564)
Balance at 30 June 2017 (Reviewed)	3,891,246	(4,119)	1,452,226	4,639,231	(279,793)	8,453,958	18,152,749	228,611	18,381,360

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the six months ended 30 June 2018**

**Condensed consolidated interim STATEMENT OF CASH FLOWS**

	Notes	30 June 2018 Reviewed QR'000	30 June 2017 Reviewed QR'000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		808,805	917,892
<i>Adjustments for:</i>			
Finance cost		121,738	86,771
Finance income		(40,126)	(46,618)
Net fair value gain on investment properties	9	(299,089)	(469,082)
Depreciation	(i)	24,206	26,011
Share of results of associates	10	(11,363)	(54,878)
Net (reversal of impairment) / Impairment losses	14	(17,452)	7,461
Finance lease income		(15,052)	(30,607)
Net deferred tax		-	2
Gain on debt restructure	25	(140,436)	-
Other income		(28,099)	(34,939)
<b>Operating gain before working capital changes</b>		<b>403,132</b>	<b>402,013</b>
<i>Changes in working capital:</i>			
Change in receivables and prepayments		(23,480)	185,536
Change in trading properties		(394,705)	(34,491)
Change in finance lease receivables		1,786	1,343,257
Change in amounts due from / due to related parties		4,574	(134,150)
Change in payables and accruals		31,283	(185,700)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>22,590</b>	<b>1,576,465</b>
<b>INVESTING ACTIVITIES</b>			
Cash and cash equivalent acquired through business combination		2,945	30,195
Payment for business acquired		(4,548)	-
Finance income received		45,353	67,807
Dividends received from associates		7,861	37,118
Proceeds from capital reduction of an associate		1,043	-
Purchase of investment properties		(233,498)	(334,797)
Payments for purchase of available-for-sale financial assets		-	(1,278)
Proceeds from sale of available-for-sale financial assets		4,265	-
Advances paid for purchase of projects and investments		(177,495)	-
Payments for purchase of property, plant and equipment		(2,995)	(6,742)
Proceeds from sale of property, plant and equipment		85	176
Dividend income received		8,134	3,189
Net payments for financial assets at fair value through profit or loss		(4,344)	(1,585)
Net movement in short term deposits maturing after three months		191,882	742,453
<b>NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES</b>		<b>(161,312)</b>	<b>536,536</b>

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements



**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the six months ended 30 June 2018**

**Condensed consolidated interim STATEMENT OF CASH FLOWS (continued)**

	<i>Notes</i>	<b>30 June 2018 Reviewed QR'000</b>	<b>30 June 2017 ReviewedQR' 000</b>
<b>FINANCING ACTIVITIES</b>			
Finance cost paid		<b>(175,047)</b>	(120,617)
Payments for obligations under Islamic finance contracts	13	<b>(103,065)</b>	-
Dividend paid to non-controlling interest		<b>(7,500)</b>	-
Dividends paid		<b>(614,869)</b>	(511,962)
Change in restricted bank balances		<b>(9,415)</b>	(30,744)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(909,896)</b>	<b>(663,323)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Net foreign exchange difference		<b>(2,287)</b>	1,449,678
<b>Cash and cash equivalents at 1 January</b>	5	<b>2,200,261</b>	1,346,125
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	5	<b>1,149,356</b>	<b>2,807,469</b>

**Note:**

- (i) Depreciation for the six month period ended 30 June 2018 includes an amount of QR 4,241 thousand charged to rental operation expenses in the condensed consolidated interim statement of profit or loss (2017 - QR 4,241 thousand)

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

<b>Description</b>	<b>30 June 2018 QR'000</b>	<b>30 June 2017 QR'000</b>
Change in receivables and prepayments	<b>(259,917)</b>	(152,135)
Changes in amounts due from / due to related parties	<b>(368,677)</b>	(521,407)
Change in finance lease receivables	<b>(36,433)</b>	149,792
Change in payables and accruals	<b>136,628</b>	(87,578)
Change in trading properties	<b>62,321</b>	(454,671)

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES**

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

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

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

Qatar Companies Law No. 11 of 2015 (Companies Law) which is applicable to the group has come into effect from 16 June 2015. The Ministry of Economy and Commerce (MOEC) had extended the transitional period determined for complying with the Companies Law till August 2018. The company’s amended articles of association has been approved by the MOEC, however the group’s entities’ articles of association are yet to be approved. The management has a plan to complete updating the articles of association of all group entities to comply with the requirements of the law before the deadline.

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

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Group effective shareholding percentage</i>	
		<i>30 June 2018</i>	<i>30 June 2017</i>
ASAS Real Estate Company W.L.L	Qatar	100%	100%
Al-Waseef Asset Management Company W.L.L.	Qatar	100%	100%
Barwa International Company W.L.L.	Qatar	100%	100%
Barwa Al Sadd Company W.L.L.	Qatar	100%	100%
Barwa Salwa Company W.L.L	Qatar	100%	100%
Barwa Al- Baraha W.L.L.	Qatar	100%	100%
Barwa Village Company W.L.L.	Qatar	100%	100%
Masaken Al Sailya and Mesaimer Company W.L.L.	Qatar	100%	100%
Barwa District Cooling Company W.L.L.	Qatar	100%	100%
Qatar Real Estate Investment Company P.J.S.C.	Qatar	100%	100%
Qatar Project Management Company Q.P.S.C.	Qatar	70%	70%
Lusail Golf Development Company W.L.L.	Qatar	100%	100%
Barwa Real Estate Saudi Arabia W.L.L.	KSA	100%	100%
Madinat Al Mawater W.L.L.	Qatar	100%	100%

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**2 BASIS OF PREPARATION**

The condensed consolidated interim financial statements for the period ended 30 June 2018 have been prepared in accordance with International Financial Reporting Standards, IAS 34 “Interim Financial Reporting” (“IAS 34”).

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

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017, except for the effect of the implementation of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts and Customers”, which became effective on 1 January 2018. The effect of the new IFRSs is covered in note 3. In addition, results for the six month period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

**3 SIGNIFICANT ACCOUNTING POLICIES**

*(a) New standards and interpretations are effective for annual periods beginning after 1 January 2018 that has an impact on the Group but has not yet been adopted by the Group are:*

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

The Group is in the process of assessing the impact of the new standard, not yet effective, as of 30 June 2018.

*b) The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2017, except for the following:*

**IFRS 9 – FINANCIAL INSTRUMENTS**

**A) IFRS 9 - FINANCIAL INSTRUMENTS – IMPACT OF ADOPTION**

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the Group’s financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

IFRS 9 replaces the provisions of IAS 39, that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 *Financial Instruments* from 1 January 2018 resulted in changes in accounting policies. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**IFRS 9 – FINANCIAL INSTRUMENTS (continued)**

*(i) Classification and measurement*

On 1 January 2018 (the date of initial application of IFRS 9), the group's management has assessed which business models apply to the financial assets held by the group and ensured its financial instruments were classified into the appropriate IFRS 9 categories. No reclassification resulted from the implementation of IFRS 9.

Trade and other receivables, amounts due from related parties and finance lease receivables are debt instruments were classified at amortised cost under IAS 39. The Group assessed that they meet the conditions for classification at amortised cost (AC) under IFRS 9 since they are cash flows solely payments of principal and interest (SPPI) and the Group's business model is to hold and collect the debt instrument.

Cash and cash equivalents' definition as per IAS 7 remains unchanged with the application of IFRS 9, short-term investments and time deposits continued to be presented under cash and cash equivalents, being highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

*(ii) Impairment of financial assets*

The Group has the following financial assets that are subject to IFRS 9's new expected credit loss model:

- Trade and other receivables
- Amounts due from related parties
- Finance lease receivables
- Cash and cash equivalents

The group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. To measure the expected credit losses, trade receivables and finance lease receivables have been grouped based on shared credit risk characteristics and the days past due. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Finance lease receivables have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the finance lease receivables.

**B) IFRS 9 - FINANCIAL INSTRUMENTS – ACCOUNTING POLICIES APPLIED FROM 1 JANUARY 2018**

Investments and other financial assets

*(i) Classification*

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

*(ii) Measurement*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**IFRS 9 – FINANCIAL INSTRUMENTS (continued)**

**B) IFRS 9 - FINANCIAL INSTRUMENTS – ACCOUNTING POLICIES APPLIED FROM 1 JANUARY 2018 (continued)**

*(ii) Measurement (continued)*

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established gains or losses realised on the sale of financial assets at fair value through other comprehensive income will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

*(iii) Impairment*

For trade receivables, the group applies the simplified approach permitted by IFRS 9 for trade receivables, lease receivable and other contract assets, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The following table shows the adjustments recognized for each individual item. Line items that were not affected by the changes have not been included. The adjustments are analysed as follows:

<i>Categories of financial assets</i>	<i>Balance at 31.12.2017 QR'000</i>	<i>ECL assessment QR'000</i>	<i>Balance at 01.01.2018 QR'000</i>
<i>A) Bank balances (excluding cash) :</i>			
Externally rated counterparties	3,089,358	(3,089)	3,086,269
Non-rated financial institutions	148,712	(744)	147,968
	<u>3,238,070</u>	<u>(3,833)</u>	<u>3,234,237</u>
<i>B) Receivables (excluding Prepayments) :</i>			
Externally rated counterparties	597,406	(53,426)	543,980
Government and quasi government	397,097	(49,584)	347,513
Other performing clients	173,048	(77,676)	95,372
Non performing clients (*)	47,187	-	47,187
	<u>1,214,738</u>	<u>(180,686)</u>	<u>1,034,052</u>
<i>C) Finance lease receivables</i>			
Externally rated counterparties	232,999	(11,650)	221,349
	<u>232,999</u>	<u>(11,650)</u>	<u>221,349</u>
<i>D) Due from related parties :</i>			
Due from related party	218,599	(18,705)	199,894
	<u>218,599</u>	<u>(18,705)</u>	<u>199,894</u>
<b>Total impact on the group's retained earnings</b>		<u><u>(214,874)</u></u>	

(\*) Non performing clients had been fully provided for as of 31 December 2017.

No changes to the condensed consolidated interim statement of profit or loss resulted from the adoption of the new standard.

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**IFRS 9 – FINANCIAL INSTRUMENTS (continued)**

**B) IFRS 9 - FINANCIAL INSTRUMENTS – ACCOUNTING POLICIES APPLIED FROM 1 JANUARY 2018 (continued)**

**Notes:**

- (i) Externally rated counterparties represent rated banks and clients.
- (ii) Non-rated financial institutions represent a local bank regulated by the Qatar Financial Centre Authority.
- (iii) Government and Quasi government represent entities with government shareholding exceeding 50%
- (iv) Due from related parties represent the Group's ultimate parent and entities under common control.
- (v) Other performing clients represent entities not included in (i), (ii) and (iii) above.
- (vi) Non-performing clients represent entities with payments outstanding for more than 90 days.

- The Group assessed the Expected Credit Loss (ECL) for the externally rated counterparties, non-rated financial institutions (central bank regulated) and the government and quasi government entities to be at the lowest level as both the Probability of Defaults (PD) and the Loss Given Defaults (LGD) are low for these categories.
- For the balances classified in the due from related parties category, the Group assessed the expected credit loss to be low because of the Group's relation with these related entities, their credit worthiness as well as the history of their transactions.
- For the balances classified within other performing clients category, the Group assessed the expected credit losses to be at the moderate level. The Group has developed a criteria that includes both quantitative measures (90 days) as well as qualitative measures (clients' credit worthiness and industry, etc...), to assess if there is any significant increase in the credit risk for these balances that require its transfer to the non-performing clients category.
- For the balances classified under the non-performing clients category, the Group assessed their expected credit losses as high, as both the PD and the LGD are considered high for this category.

**IFRS 15 - Revenue from Contracts with Customers**

**A) IFRS 15 - Revenue from Contracts with Customers – Impact of adoption**

The group has adopted IFRS 15 “Revenue from Contracts with Customers” with effect from 1<sup>st</sup> January 2018, which resulted in changes in accounting policies. The adoption of IFRS 15 did not result in changes to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the Group has the right to adopt the new rules retrospectively and to restate the comparative figures of the year 2017.

**B) IFRS 15 - Revenue from Contracts with Customers – Accounting policies**

Nature of change:

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact:

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified that the recognition and measurement of revenue for all the current ongoing contracts under the IFRS 15 five-step model will not change as currently recognized under IAS 18.

As most of the group's outstanding revenue contracts comprise mainly from one performance obligation, and revenue recognition criteria meets the recognition over time criteria, the Group assessed that there is no material impact on the revenue recorded from the existing revenue contracts.

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**IFRS 15 - Revenue from Contracts with Customers (continued)**

**B) IFRS 15 - Revenue from Contracts with Customers – Accounting policies (continued)**

Land development and resale

The group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

**4 ACCOUNTING ESTIMATES**

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the condensed consolidated interim financial information is described in note 45 of the annual consolidated financial statements for the year ended 31 December 2017 and note 3 to these condensed financial statements. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2017.

**5 CASH AND BANK BALANCES**

Cash and bank balances are comprised of the following:

	<i>As at 30 June 2018 (Reviewed) QR'000</i>	<i>As at 31 December 2017 (Audited) QR'000</i>
Cash on hand	601	487
Short term deposits (i)	1,490,668	2,724,691
Current accounts	99,005	76,204
Call accounts	235,452	267,131
Restricted balances	172,344	154,282
Margin bank accounts	7,115	15,762
	<b>2,005,185</b>	<b>3,238,557</b>
Provisions	<b>(2,256)</b>	-
<b>Total cash and bank balances</b>	<b>2,002,929</b>	<b>3,238,557</b>
Short term bank deposits maturing after 3 months	<b>(676,370)</b>	<b>(868,252)</b>
Restricted bank balances and margin accounts (ii)	<b>(179,459)</b>	<b>(170,044)</b>
Reversal of non-cash provision	<b>2,256</b>	-
<b>Cash and cash equivalents</b>	<b>1,149,356</b>	<b>2,200,261</b>

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**5 CASH AND BANK BALANCES (continued)**

*Notes:*

- (i) Short term bank deposits are made for varying periods depending on the cash requirements of the Group with original maturity period ranging up to twelve months and carry profit at commercial market rates. Cash and cash equivalents include fixed deposits with maturity dates from one to three months amounting to QR 814,298 thousand (2017: QR 1,856,439 thousand).
- (ii) Restricted bank balances are restricted mainly to cover certain bank guarantees issued by the Group and the settlement of dividends yet unclaimed by the parent's shareholders.

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

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

	<i>Receivables and prepayments</i>		<i>Finance lease receivables</i>	
	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Current	<b>989,971</b>	1,220,783	<b>58,703</b>	57,872
Non-current	<b>9,118</b>	8,751	<b>136,077</b>	175,127
	<b>999,089</b>	1,229,534	<b>194,780</b>	232,999

**7 TRADING PROPERTIES**

	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Properties available for sale	<b>150,573</b>	150,573
Properties under development- net (i)	<b>1,926,993</b>	1,532,575
	<b>2,077,566</b>	1,683,148



**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**7 TRADING PROPERTIES (continued)**

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

	<b>30 June 2018 (Reviewed) QR'000</b>	<b>30 June 2017 (Reviewed) QR'000</b>
At 1 January	1,532,575	3,009,140
Additions	379,260	61,822
Capitalised finance cost	19,843	38,194
Transfer to investment properties (Note 9)	(2,197)	(535,336)
Reversal of impairment (Note 14)	-	9,386
Foreign exchange adjustment	(2,488)	5,753
<b>At 30 June</b>	<b>1,926,993</b>	<b>2,588,959</b>

(i) Properties under development include an amount of QR 424 Million representing the cost incurred till 30 June 2018 of the Affordable Housing Labour Camp Development located on Salwa road. On 14 December 2017, the Group entered into an agreement with the Ministry of Municipality and Environment (MME) to develop a labour camp on a land leased from the MME with a total area of one million square meters for QR 2 per sqm. Based on the agreement, the Group is committed to build and operate the labour camp during the lease term of 27 years. The land along with the labour camp will be transferred back to the MME at the end of the lease.

**8 RELATED PARTY DISCLOSURES**

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

The Group has transactions with related parties, i.e. main shareholder, associated companies, directors and key management of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

**Related party transactions**

Transactions with related parties during the period were as follows:

	<b>30 June 2018 (Reviewed) QR'000</b>	<b>30 June 2017 (Reviewed) QR'000</b>
Income from consultancy and other services – Main shareholder	35,216	41,669
Rental income – Main shareholder / associates	953	1,578

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**8 RELATED PARTY DISCLOSURES (continued)**

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

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Qatari Diar Real Estate Investment Co. Q.S.C.	13,249	24,687	631,398	293,118
Associate companies	3,873	3,976	28,511	30,144
Entities under common control	165,191	189,936	-	-
Other related parties	-	-	1,711	1,393
	<b>182,313</b>	<b>218,599</b>	<b>661,620</b>	<b>324,655</b>

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

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Non-current	-	-	579	579
Current	182,313	218,599	661,041	324,076
	<b>182,313</b>	<b>218,599</b>	<b>661,620</b>	<b>324,655</b>

**Compensation of directors and other key management personnel**

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

	<i>For the six months ended 30 June</i>	
	<i>2018 (Reviewed) QR'000</i>	<i>2017 (Reviewed) QR'000</i>
Short term benefits	12,861	12,740
End of service benefits	566	554

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**9 INVESTMENT PROPERTIES**

	<b>30 June 2018 (Reviewed) QR'000</b>	<b>30 June 2017 (Reviewed) QR'000</b>
At 1 January	16,745,985	13,851,222
Additions	233,498	334,797
Acquired through business combination (Note 23.1)	-	203,373
Transfer from trading properties (Note 7)	2,197	535,336
Net fair value gain	299,089	469,082
Foreign exchange adjustment	(6,226)	13,689
<b>At 30 June</b>	<b>17,274,543</b>	<b>15,407,499</b>

*Notes:*

- (i) Investment properties are located in the State of Qatar, Kingdom of Saudi Arabia, Kingdom of Bahrain, Republic of Cyprus and United Kingdom.
- (ii) Investment properties are stated at fair value, which has been determined based on valuations performed by accredited independent valuers as at 30 June 2018 for local properties and international properties, except for 2 properties owned by Nuzul Holding, which have been valued as at 31 December 2017. Those valuers are accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparable. In the absence of current prices in an active market, the valuations are based on the aggregate of the estimated cash flows expected to be received from renting the property. A yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation.
- (iii) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements, other than the commitments disclosed in note 19.
- (iv) Included in investment properties are certain properties with a carrying value of QR 1,280,000 thousand at 30 June 2018 (31 December 2017 – QR 1,280,000 thousand) for which the title deeds will be transferred to the Group upon completion of the construction of the projects and settlement of the full amount of the related land. The condensed consolidated interim financial statements have been prepared on the basis that the beneficial interest of these investment properties resides with the Group.

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**9 INVESTMENT PROPERTIES (continued)**

(v) Description of valuation techniques used by the group and key inputs to valuation on some of the investment properties are as follows:

<i>Type of properties</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range (weighted average) 30 June 2018</i>
Commercial properties	DCF method	Estimated rental value per sqm per month	QR 17 - 320
		Rent growth p.a.	0%-5%
		Long-term vacancy rate	0%-20%
		Discount rate	8.30% - 8.70%
		Market cap	8.00%
Residential properties	DCF method	Estimated rental value per sqm per month	QR 30-100
		Rent growth p.a.	0%-5%
		Long-term vacancy rate	0%-30%
		Discount rate	8.10% - 8.70%
		Market cap	8.00%
Land Bank	Direct comparison	Estimated land value per sqm	QR 1,460 - 28,600

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

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

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**10 INVESTMENTS IN ASSOCIATES**

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

	<i>Six months ended 30 June 2018 (Reviewed) QR'000</i>	<i>Six months ended 30 June 2017 (Reviewed) QR'000</i>
At 1 January	578,791	675,768
Dividends declared by associates	(31,249)	(37,118)
Share of results of associates	11,363	54,878
Capital reduction	(1,045)	-
Acquired through business combination	-	(91,100)
Net impairment losses (Note 14)	(6,880)	(3,354)
Share of change in fair value reserve of available for sale financial assets	(5,528)	(23,978)
Foreign exchange adjustment	(16,207)	(2,104)
<b>At 30 June</b>	<b>529,245</b>	<b>572,992</b>
	<i>30 June 2018 (Reviewed) QR'000</i>	<i>30 June 2017 (Reviewed) QR'000</i>
Total group's share of the associates' statement of financial position:		
Total assets	1,385,368	1,352,747
Total liabilities	(856,123)	(779,755)
Group share of net assets of associates	529,245	572,992
Carrying amount of the investments	529,245	572,992
Group's share of associates' revenues and results:		
Revenues	310,442	219,607
Results	11,363	54,878

**11 PAYABLES AND OTHER LIABILITIES**

	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Subcontractors and suppliers	279,291	299,200
Clients advances and unearned income	47,755	38,649
Retention payable	247,212	252,690
Contribution to social and sports fund	82,439	82,439
Accrued expenses	320,534	322,432
Accrued finance cost	37,141	34,056
Other payables	792,889	931,915
	<b>1,807,261</b>	<b>1,961,381</b>

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**11 PAYABLES AND OTHER LIABILITIES (continued)**

	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
<i>The maturity of payables and other liabilities are as follows:</i>		
Non-current	683,423	236,839
Current	<u>1,123,838</u>	<u>1,724,542</u>
	<u><b>1,807,261</b></u>	<u><b>1,961,381</b></u>

**12 PROVISIONS**

	<i>Six months ended 30 June 2018 (Reviewed) QR'000</i>	<i>Six months ended 30 June 2017 (Reviewed) QR'000</i>
At 1 January	41,602	61,083
Reversal during the period (Note 15)	-	(86)
Acquired through business combination (Note 23.1.A)	-	1,179
Foreign exchange adjustment	<u>(76)</u>	<u>-</u>
At 30 June	<u><b>41,526</b></u>	<u><b>62,176</b></u>

Provisions are analysed by nature as follows:

	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Provision for litigations	<u>41,526</u>	<u>41,602</u>

**13 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS**

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

	<i>30 June 2018 (Reviewed) QR'000</i>	<i>30 June 2017 (Reviewed) QR'000</i>
At 1 January	8,172,239	8,165,116
Repayment during the period	(103,065)	-
Deferred finance charges	<u>3,555</u>	<u>3,494</u>
At 30 June	<u><b>8,072,729</b></u>	<u><b>8,168,610</b></u>

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**13 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS (continued)**

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

	<i>30 June 2017 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
Non-current portion	7,831,697	7,972,181
Current portion	<u>241,032</u>	<u>200,058</u>
	<u><b>8,072,729</b></u>	<u><b>8,172,239</b></u>

*Note:*

- (i) The Islamic finance contracts have been obtained for the purpose of financing long term projects, working capital requirements of the Group and settlement of previously obtained banking facilities. The contracts carry profits at commercial rates. There were no securities pledged against any of the contracts at 30 June 2018 and 31 December 2017.

**14 NET (REVERSAL OF IMPAIRMENT) / IMPAIRMENT LOSSES**

	<i>Six months ended 30 June 2018 (Reviewed) QR'000</i>	<i>Six months ended 30 June 2017 (Reviewed) QR'000</i>
<b><u>Impairment losses :</u></b>		
Receivables and prepayments	6,307	12,687
Due from related parties	-	806
Investment in associates (Note 10)	6,880	7,116
<b><u>Reversal of impairment:</u></b>		
Cash and bank balances	(1,590)	-
Trading properties (Note 7)	-	(9,386)
Receivables and prepayments	(27,651)	-
Finance lease Receivables	(1,398)	-
Investment in associates (Note 10)	-	(3,762)
Net (reversal of impairment) / impairment losses	<u><b>(17,452)</b></u>	<u><b>7,461</b></u>

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**15 OTHER INCOME**

	<i>Six months ended 30 June 2018 (Reviewed) QR'000</i>	<i>Six months ended 30 June 2017 (Reviewed) QR'000</i>
Dividend income	4,607	3,257
Income from reversal of provisions (Note 12)	-	86
Loss on sale of available for sale financial assets	(896)	-
Gain on financial assets at fair value through other comprehensive income	1,066	(2,280)
Penalties from contractors	-	18,495
Others	23,322	15,381
	<u>28,099</u>	<u>34,939</u>

**16 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>For the six months ended 30 June</i>	
	<i>2018 (Reviewed)</i>	<i>2017 (Reviewed)</i>
Profit attributable to owners of the parent (QR'000)	<u>803,722</u>	<u>911,958</u>
Ordinary shares issued and fully paid (thousand shares)	389,125	389,125
Treasury shares (thousand shares)	-	(50)
Weighted average number of shares outstanding during the period (in thousand shares)	<u>389,125</u>	<u>389,075</u>
Basic and diluted earnings per share (QR)	<u>2.07</u>	<u>2.34</u>

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



**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**17 OTHER RESERVES**

	<b>30 June 2018 (Reviewed) QR'000</b>	<b>31 December 2017 (Audited) QR'000</b>
<i>Translation reserves:</i>		
Currency translation differences from foreign operations	(284,077)	(254,550)
<i>Available-for-sale financial assets:</i>		
Gain on remeasurement at fair value	(23,683)	(6,119)
	<b>(307,760)</b>	<b>(260,669)</b>

**18 CONTINGENT LIABILITIES**

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

	<b>30 June 2018 (Reviewed) QR'000</b>	<b>31 December 2017 (Audited) QR'000</b>
Bank guarantees	<b>113,331</b>	115,319

**19 COMMITMENTS**

	<b>30 June 2018 (Reviewed) QR'000</b>	<b>31 December 2017 (Audited) QR'000</b>
Contractual commitments to contractors and suppliers for properties under development	<b>1,217,500</b>	1,800,908
Commitments for operating leases (i)	<b>398,591</b>	455,347
Commitments for purchase of investments	<b>8,587</b>	271,387

*Note:*

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

	<b>30 June 2018 (Reviewed) QR'000</b>	<b>31 December 2017 (Audited) QR'000</b>
Less than one year	<b>125,446</b>	123,317
Between 1 and 5 years	<b>176,727</b>	192,293
More than 5 years	<b>96,418</b>	139,737
Total operating lease expenditure contracted for	<b>398,591</b>	455,347

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**20 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

**20.1 Financial risk factors**

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2017 and note 3 to these condensed financial statements.

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

**20.2 Liquidity risk**

Compared to 31 December 2017, there were no material changes in the contractual undiscounted cash outflows for the financial liabilities.

**20.3 Fair value estimation**

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments as at 30 June 2018 and 31 December 2017:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>	<i>30 June 2018 (Reviewed) QR'000</i>	<i>31 December 2017 (Audited) QR'000</i>
<b>Financial assets</b>				
Bank balances (excluding cash)	<b>2,002,328</b>	3,238,070	<b>2,002,328</b>	3,238,070
Receivables (excluding prepayments)	<b>978,791</b>	1,214,738	<b>978,791</b>	1,214,738
Finance lease receivables	<b>194,780</b>	232,999	<b>194,780</b>	232,999
Due from related parties	<b>182,313</b>	218,599	<b>182,313</b>	218,599
Financial assets at fair value through profit or loss	<b>26,821</b>	20,817	<b>26,821</b>	20,817
Available-for-sale financial assets	<b>127,837</b>	144,794	<b>127,837</b>	144,794
<b>Financial liabilities</b>				
Payables and other liabilities	<b>(1,759,506)</b>	(1,922,732)	<b>(1,759,506)</b>	(1,922,732)
End of service benefits	<b>(99,746)</b>	(92,563)	<b>(99,746)</b>	(92,563)
Due to related parties	<b>(661,620)</b>	(324,655)	<b>(661,620)</b>	(324,655)
Obligations under Islamic finance contracts	<b>(8,072,729)</b>	(8,172,239)	<b>(8,072,729)</b>	(8,172,239)

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**20 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**

**20.3 Fair value estimation (continued)**

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;  
 Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and  
 Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

Available for sale financial assets amounting to QR 54,340 thousand (31 December 2017 - QR 57,173 thousand) are unquoted equity securities carried at fair value. Information for such investments is usually limited to periodic investment performance reports from the investment managers. Management has performed a review of its unquoted investments to assess whether impairment has occurred in the value of these investments. Based on the latest financial information available in respect of these investments and their operations, management is of the view that the fair value of these investments is not impaired more than what is already recorded.

As at 30 June 2018 and 31 December 2017, the Group held the following classes of financial instruments measured at fair value:

**Financial assets**

	<i>30 June 2018 (Reviewed) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Financial assets at fair value through profit or loss	26,821	26,821	-	-
Financial assets at fair value through other comprehensive income	127,837	73,497	-	54,340
	<u>154,658</u>	<u>100,318</u>	<u>-</u>	<u>54,340</u>
	<i>31 December 2017 (Audited) QR'000</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>
Financial assets at fair value through profit or loss	20,817	20,817	-	-
Available-for-sale financial assets	144,794	87,621	-	57,173
	<u>165,611</u>	<u>108,438</u>	<u>-</u>	<u>57,173</u>

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

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**21 SEGMENT INFORMATION**

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

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

**Operating segments**

The operating segments are presented as follows:

For the Six months ended 30 June 2018 (Reviewed):

	<i>Real Estate</i>	<i>Business services</i>	<i>Other Services</i>	<i>Eliminations</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<b>Revenues and gains</b>					
External parties	912,109	179,727	245,852	-	1,337,688
Internal segments	150,726	29,523	(250)	(179,999) (i)	-
<b>Total revenues and gains</b>	<b>1,062,835</b>	<b>209,250</b>	<b>245,602</b>	<b>(179,999)</b>	<b>1,337,688</b>
<b>Profit for the period</b>	<b>620,733</b>	<b>99,933</b>	<b>179,369</b>	<b>(91,230)</b>	<b>808,805</b>
<b>Net finance (cost)/ income</b>	<b>(85,872)</b>	<b>4,260</b>	<b>-</b>	<b>-</b>	<b>(81,612)</b>
<b>Depreciation</b>	<b>(17,631)</b>	<b>(1,893)</b>	<b>(4,682)</b>	<b>-</b>	<b>(24,206)</b>
<b>Share of results of associates</b>	<b>-</b>	<b>-</b>	<b>11,363</b>	<b>-</b>	<b>11,363</b>

For the Six months ended 30 June 2017 (Reviewed):

	<i>Real Estate</i>	<i>Business services</i>	<i>Other services</i>	<i>Eliminations</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<b>Revenues and gains</b>					
- External parties	1,156,144	132,956	89,817	-	1,378,917
- Internal segments	161,560	18,626	(12,579)	(167,607) (i)	-
<b>Total revenues and gains</b>	<b>1,317,704</b>	<b>151,582</b>	<b>77,238</b>	<b>(167,607)</b>	<b>1,378,917</b>
<b>Profit for the period</b>	<b>925,261</b>	<b>35,650</b>	<b>54,384</b>	<b>(97,403)</b>	<b>917,892</b>
<b>Net finance (cost)/ income</b>	<b>(43,346)</b>	<b>3,193</b>	<b>-</b>	<b>-</b>	<b>(40,153)</b>
<b>Depreciation</b>	<b>(19,257)</b>	<b>(2,077)</b>	<b>(4,677)</b>	<b>-</b>	<b>(26,011)</b>
<b>Share of results of associates</b>	<b>-</b>	<b>-</b>	<b>54,878</b>	<b>-</b>	<b>54,878</b>

*Note:*

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

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**21 SEGMENT INFORMATION (Continued)**

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2018 and 31 December 2017:

<i>At 30 June 2018 (Reviewed)</i>	<i>Real Estate QR'000</i>	<i>Business services QR'000</i>	<i>Other services QR'000</i>	<i>Eliminations QR'000</i>	<i>Total QR'000</i>
Current assets	5,172,260	406,306	181,805	-	5,760,371
Non-current assets	23,442,184	129,355	728,371	(581,527)	23,718,383
<b>Total assets</b>	<b>28,614,444</b>	<b>535,661</b>	<b>910,176</b>	<b>(581,527)</b>	<b>29,478,754</b>
Current liabilities	(1,829,156)	(161,718)	(37,441)	-	(2,028,315)
Non-current liabilities	(8,280,257)	(101,797)	(459,980)	185,821	(8,656,213)
<b>Total liabilities</b>	<b>(10,109,413)</b>	<b>(263,515)</b>	<b>(497,421)</b>	<b>185,821</b>	<b>(10,684,528)</b>
Investment in associates	-	-	529,245	-	529,245
Capital expenditures	689,889	(ii) -	-	-	689,889
<i>At 31 December 2017 (Audited)</i>	<i>Real estate QR'000</i>	<i>Business services QR'000</i>	<i>Other services QR'000</i>	<i>Eliminations QR'000</i>	<i>Total QR'000</i>
Current assets	5,872,491	435,198	191,096	-	6,498,785
Non-current assets	22,994,453	143,670	791,477	(693,860)	23,235,740
<b>Total assets</b>	<b>28,866,944</b>	<b>578,868</b>	<b>982,573</b>	<b>(693,860)</b>	<b>29,734,525</b>
Current liabilities	(1,428,623)	(171,045)	(32,789)	-	(1,632,457)
Non-current liabilities	(8,599,729)	(84,045)	(453,979)	176,338	(8,961,415)
<b>Total liabilities</b>	<b>(10,028,352)</b>	<b>(255,090)</b>	<b>(486,768)</b>	<b>176,338</b>	<b>(10,593,872)</b>
Investment in associates	-	-	578,791	-	578,791
Capital expenditures	814,487	(ii) -	-	-	814,487

**Note:**

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

**22 DIVIDENDS**

The shareholders of the Parent Company approved at the Annual General Meeting held on 27 February 2018 a cash dividend of QR 2.5 per share, amounting to QR 972,812 thousand from the profit of 2017 (2017: cash dividend of QR 2.5 per share; amounting to QR 972,812 thousand from the profit of 2016).

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**23 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION**

**23.1 Acquisition of subsidiaries during 2017**

**A. Nuzul Holding B.S.C. (c)**

In 2016, The Group increased its stake in Nuzul Holding B.S.C.C. from 39% to 49%. This increase did not result in a control in 2016. Accordingly, Nuzul Holding remained classified as an associate at 31 December 2016.

During April 2017, the Group has gained the control over Nuzul Holding as a result of the following:

- 1) At Nuzul Holding's AGM held on 20 April 2017, six members have been appointed to form the new board of directors. The new board includes three members out of a total of six board members, including the Chairman, that are representatives of the Group.
- 2) The Group holds significantly more voting rights (49%) than any other shareholder or organised group of shareholders. The remaining shareholding is widely held.
- 3) The Group is capable of, without having the contractual right to do so, approving the appointing of Nuzul Holdings' key management personnel who have the ability to direct the company's operations.
- 4) The Group can dominate either the nomination process for electing Nuzul Holding's board members or the obtaining of voting rights using proxies of other shareholders.
- 5) There are no contractual agreements with other holders of voting rights that can prevent the Group from exercising control over Nuzul Holding.
- 6) There are no facts and circumstances, including voting patterns at previous shareholders' meetings that indicate that the Group does not have the current ability to direct the relevant activities of Nuzul Holding whenever decisions need to be made.

The Group resolved to consolidate Nuzul Holding's financial position as at 30 June 2017 in the consolidated financial statements of the Group. No significant changes occurred in the financial position since 20 April 2017.

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**23 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION (continued)**

**23.1 Acquisition of subsidiaries during 2017 (continued)**

**A. Nuzul Holding B.S.C. (c) (continued)**

Details of the purchase consideration for gaining controlling rights, the net identifiable assets controlled and non-controlling interest were as follows:

	Note	QR'000
<b>Purchase consideration for gaining controlling rights</b>		
Cash paid		-
Book value of an associate at the date of gaining control		120,446
<b>Total purchase consideration for gaining controlling rights</b>		<b>120,446</b>
<b>Net identifiable assets controlled</b>		
Investment properties		203,373
Property, furniture and equipment		5,454
Investment in an associate	(i)	82,099
Accounts receivable and prepayments		760
Advances for properties		57,647
Due from a related party		117,530
Cash and bank balances		30,195
Payables and accruals		(969)
End of service benefits		(764)
Provisions		(1,179)
Due to related parties		(200,366)
Net identifiable assets controlled		293,780
Less: non-controlling interest through business combination		(173,334)
<b>Net identifiable assets attributable to the parent</b>		<b>120,446</b>

**Note:**

- i. Included within the assets of Nuzul Holding acquired is QR 82,099 thousands being its 50% interest in Nuzul Qatar, an entity that was previously controlled by Barwa Group. Upon gaining control over Nuzul Holding, this interest is now transferred to Barwa Group; and is accounted for as exchange of interest between the owners of the Group, thereby reduced the non-controlling interest in the consolidated financial position as at the date of gaining control.

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**23 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION (continued)**

**23.1 Acquisition of subsidiaries during 2017 (continued)**

**A. Nuzul Holding B.S.C. (c) (continued)**

ii. The following summarizes the movements of non-controlling interest during the period ended 30 June 2017 :

	QR'000
<b>Balance at 1 January 2017</b>	131,085
Profit for the period	5,934
Other comprehensive income for the period	344
Total comprehensive income	<u>6,278</u>
Control gained over additional interest in subsidiary entity (Nuzul Qatar)	(82,099)
Control gained over Nuzul Holding	125,386
Non-controlling interest in subsidiaries transferred to the Group from Nuzul Holding	<u>47,948</u>
Net movements due to control gained over Nuzul Holding	<u>91,235</u>
Other movements	<u>12</u>
<b>Balance at 30 June 2017</b>	<u><u>228,610</u></u>

**Contingent consideration**

There are no contingent assets or liabilities to be considered as a result of control gained over Nuzul Holding.

**Investment in associates**

Investment in associates represent a shareholding of 50% in Nuzul Qatar, a 50% owned subsidiary of Barwa Real Estate Q.P.S.C. In accordance with IFRS 10, this investment has been fully eliminated in these consolidated financial statements.

**Investment properties**

The fair value of the investment properties was QR 203,373 thousand. The properties have been valued by an independent valuer at 31 December 2016. There have been no changes in the valuation assumptions used since 31 December 2016.

**Due from related parties**

The fair values of the amounts due from related parties are QR 117,530 thousand. No impairment exists at 31 December 2017 as the amount is considered fully recoverable.

**Advances for properties**

Advances for properties represent the fair value of amounts paid in advance towards the acquisition of a property in the Kingdom of Saudi Arabia. The gross amount paid was QR 57,647 thousand, against which an impairment of QR 29,419 thousand had been made in prior periods.

**Revenue and profit contribution**

If the acquisition had occurred on 1 January 2017, the consolidated revenue and consolidated profit for the year would have been higher by QR 2,747 thousand and QR 49 thousand, respectively.



**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**23 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION (continued)**

**23.2 Acquisition of subsidiaries during 2018**

**A. Cavendish Capital (UK)**

During 2018, the Group acquired additional 2,500,000 shares in Cavendish Capital (Cavendish). According to the agreement, the acquisition of the non-controlling interest's share of 7.69% in Cavendish has been settled against a cash payment of GBP 910 thousand. During 2018 all the procedures have been completed and the shares have been transferred to the group. Cavendish is now a 100% owned subsidiary of the group.

As of the date of acquisition of the additional interest, the fair value of the share of net assets of Cavendish acquired amounted to QR 10,694 thousand.

	QR'000
fair value of net assets acquired from the non-controlling interest	10,694
Less: Purchase consideration	<u>(4,548)</u>
Excess of fair value of net assets acquired over the purchase consideration	<u><u>6,146</u></u>

The excess of fair value of net assets of Cavendish acquired from the non-controlling interest over the purchase consideration was recorded directly in the retained earnings of the Group as at 30 June 2018, being a transaction with a non-controlling interest that did not result in a change of control over the subsidiary.

**23.3 Business combination during 2018**

**A. Millenium Plaza Doha and Recreation Center**

On 27 June 2018 the Group acquired a controlling stake of 25% in Millenium Plaza Doha Hotel and Recreation Center located in Barwa Al Sadd complex. The Group resolved to consolidate Millenium Plaza Doha and Recreation Center's financial position as at 30 June 2018 in the consolidated financial statements of the Group. No significant changes occurred in the financial position since 27 June 2018.

*Control is demonstrated based on the following contractual terms:*

- 1) the Group has full and absolute control over all matters concerning the operation and management of the property and the buildings, including business being carried out at the buildings.*
- 2) the Group acquired all practical and legal powers vested with an owner of a similar property.*
- 3) the Group has the ability to solely carry out all powers and authorities as the owner under the agreement signed with the operator of the hotel as well as any third parties in respect of the management and operation of the buildings including the building, which is currently operated as a hotel under the name of "Millenium Plaza Doha".*

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**23 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION (continued)**

**23.3 Business combination during 2018 (continued)**

**A. Millenium Plaza Doha and Recreation Center (continued)**

Details of the purchase consideration, the net identifiable assets acquired and non-controlling interest were as follows:

	Note	QR'000
<b>Purchase consideration</b>		
Settlement by way of offsetting against amount receivable		167,214
<b>Total purchase consideration</b>	(i)	<u>167,214</u>
<b>Fair value of identifiable assets</b>		
Cash and bank balances		2,945
Accounts receivable and prepayments		6,389
Due from a related party		8,645
Property, furniture and equipment		127,400
Payables and accruals		(2,607)
Due to related parties		(20,852)
Provisions		(356)
fair value of net identifiable assets at date of acquisition		<u>121,564</u>
Less: non-controlling interest through business combination		<u>(91,173)</u>
<b>Fair value of net identifiable assets attributable to the parent</b>	(ii)	<u>30,391</u>

**Note:**

Goodwill has been recognized as a result of the acquisition as follows:

		QR'000
Purchase consideration	(i)	167,214
Fair value of net assets attributable to the parent	(ii)	<u>(30,391)</u>
<b>Goodwill arising on the acquisition</b>		<u>136,823</u>

The Goodwill was attributable to the intrinsic value of the acquired business.

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**23 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND BUSINESS COMBINATION (continued)**

**23.3 Business combination during 2018 (continued)**

**A. Millenium Plaza Doha and Recreation Center (continued)**

***Contingent consideration***

According to the agreement, no contingent assets or liabilities to be considered as a result of control gained over Millenium Plaza Doha.

***Accounts receivable and prepayments***

The fair values of the amounts receivable was QR 6,389 thousand. No impairment exists at 30 June 2018 as the amount is considered fully recoverable.

***Property, furniture and equipment***

The fair values of the Property, furniture and equipment was QR 127,400 thousand. The asset has been valued by an independent valuer at 30 June 2018.

***Due from related parties***

The fair values of the amounts due from related parties are QR 8,645 thousand. No impairment exists at 30 June 2018 as the amount is considered fully recoverable.

***Revenue and profit contribution***

If the acquisition had occurred on 1 January 2018, the consolidated revenue for the period would have been higher by QR 8,838 thousand.

**23.4 Disposal of subsidiaries during 2017 and 2018**

No Subsidiaries have been disposed during 2017 and 2018.

**24 GOODWILL**

*The movement of the Group's goodwill balance during the period was as follows:*

	<b>2018</b>	2017
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>QR'000</b>	<b>QR'000</b>
At 1 January	<b>126,411</b>	126,411
Goodwill resulting from acquisition of a subsidiary (23.3)	<b>136,823</b>	-
	<b>263,234</b>	<b>126,411</b>
At 30 June / 31 December	<b>263,234</b>	<b>126,411</b>

**25 GAIN ON DEBT RESTRUCTURE**

During the period the Group entered into a settlement agreement with Ministry of Finance Qatar to settle a debt in equal monthly instalments of QR 7,500 thousand. The last instalment is due in December 2025. The present value of all future payments using the Group's discount rate resulted in a gain amounting to QR 140,436 thousand.

**Barwa Real Estate Company Q.P.S.C.**  
**Condensed consolidated financial statements**  
**For the period ended 30 June 2018**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**26 COMPARATIVE INFORMATION**

Some of the comparative figures have been reclassified in order to conform to the presentation in the current period.

	<b>Previous presentation at 31 December 2017</b>	<b>Reclassifications</b>	<b>Current presentation</b>
<b>Statement of Financial Position:</b>			
Receivables and prepayments	1,235,524	(5,990)	1,229,534
Trading properties	1,620,540	62,608	1,683,148
Advances for projects and investments	4,962,780	(15,028)	4,947,752
Payables and other liabilities	1,919,791	41,590	1,961,381

