

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2017

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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 consolidated interim statement of financial position of Barwa Real Estate Company Q.P.S.C. (the “Parent Company”) and its subsidiaries (the “Group”) as of 30 September 2017, the related condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, and condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements 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 these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial statements performed by the independent auditor of the entity’. A review of interim financial statements 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 consolidated interim financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB.

For and behalf of PricewaterhouseCoopers - Qatar Branch

A handwritten signature in blue ink, appearing to read 'Mohamed Elmoataz', is written over a light blue horizontal line.

Mohamed Elmoataz
Auditor’s registration number 281

Doha, 24 October 2017

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	30 September 2017 (Reviewed) QR'000	31 December 2016 (Audited) QR'000
ASSETS			
Cash and bank balances	5	3,241,054	2,875,318
Financial assets at fair value through profit or loss		27,518	29,477
Receivables and prepayments	6	827,073	1,137,270
Trading properties	7	2,859,946	3,201,609
Finance lease receivables	6	249,074	1,459,708
Due from related parties	8	212,213	201,785
Available-for-sale financial assets		153,144	181,372
Advances for projects and investments		4,956,900	4,870,074
Investment properties	9	15,536,378	13,851,222
Property, plant and equipment		573,969	591,636
Investments in associates	10	612,988	675,768
Goodwill		126,411	126,411
Deferred tax assets		1,450	1,289
TOTAL ASSETS		29,378,118	29,202,939
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	11	2,072,956	2,252,807
Provisions	12	62,176	61,083
Due to related parties	8	339,854	321,384
Obligations under Islamic finance contracts	13	8,206,468	8,206,468
Deferred tax liabilities		1,415	1,258
TOTAL LIABILITIES		10,682,869	10,843,000
EQUITY			
Share capital		3,891,246	3,891,246
Treasury shares		(4,119)	(4,119)
Legal reserve		1,452,226	1,452,226
General reserve		4,639,231	4,639,231
Other reserves	17	(260,917)	(264,542)
Retained earnings		8,764,434	8,514,812
Total equity attributable to equity holders of the Parent		18,482,101	18,228,854
Non-controlling interests		213,148	131,085
TOTAL EQUITY		18,695,249	18,359,939
TOTAL LIABILITIES AND EQUITY		29,378,118	29,202,939

These condensed consolidated interim financial statements were approved by the Board of Directors on 24th October 2017 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 25 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2017

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017	2016	2017	2016
		(Reviewed)		(Reviewed)	
		QR'000	QR'000	QR'000	QR'000
Rental income		337,217	302,898	993,672	890,024
Rental operation expenses		(109,204)	(108,452)	(298,684)	(290,984)
Net rental income		228,013	194,446	694,988	599,040
Finance lease income		8,883	52,333	39,490	165,688
Net rental and finance lease income		236,896	246,779	734,478	764,728
Income from consultancy and other services	24	198,065	100,480	331,021	259,063
Consulting operation and other services expenses		(43,842)	(45,001)	(135,478)	(144,477)
Net consulting and other services income		154,223	55,479	195,543	114,586
Net fair value gain on investment properties	9	(16,836)	76,797	452,246	707,040
Share of results of associates	10	29,395	3,515	84,273	28,648
(Loss) /Gain on sale of available-for-sale financial assets		-	(35)	-	2,691
(Loss) /Gain on sale of investments in associates		-	-	-	(313)
Loss on financial assets at fair value through profit or loss		(1,951)	924	(4,231)	(349)
General and administrative expenses		(58,369)	(59,660)	(167,186)	(169,726)
Depreciation		(9,885)	(15,904)	(31,655)	(44,265)
(Impairment losses) / reversal of impairments - net	14	(3,781)	10,547	(11,242)	6,785
Other income	15	15,422	6,783	52,641	161,807
Operating profit before finance cost and tax		345,114	325,225	1,304,867	1,571,632
Finance cost		(56,443)	(39,527)	(143,214)	(114,064)
Finance income		23,615	15,468	70,233	56,664
Profit before income tax		312,286	301,166	1,231,886	1,514,232
Income tax expense		(149)	(121)	(1,857)	(2,416)
Net profit for the period		312,137	301,045	1,230,029	1,511,816
Attributable to:					
Equity holders of the Parent	16	310,475	297,071	1,222,433	1,497,621
Non-controlling interests		1,662	3,974	7,596	14,195
		312,137	301,045	1,230,029	1,511,816
Basic and diluted earnings per share <i>attributable to equity holders of the Parent</i> <i>(expressed in QR per share)</i>	16	0.79	0.76	3.14	3.85

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2017

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Profit for the period	312,137	301,045	1,230,029	1,511,816
Other comprehensive income				
<i>Other comprehensive income that will be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	13,462	(27,161)	44,097	(31,292)
Net gain /(loss) on available-for-sale financial assets	3,291	4,107	(42,251)	(2,127)
Other comprehensive income / (loss) for the period	16,753	(23,054)	1,846	(33,419)
Total comprehensive income for the period	328,890	277,991	1,231,875	1,478,397
<i>Attributable to:</i>				
Equity holders of the Parent	329,350	274,660	1,226,058	1,464,083
Non-controlling interests	(460)	3,331	5,817	14,314
	328,890	277,991	1,231,875	1,478,397

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	<i>Equity attributable to owners of the parent</i>						<i>Non-controlling interests</i>	<i>Total Equity</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total</i>		
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Balance at 1 January 2017	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	-	-	-	-	-	1,222,433	1,222,433	7,596	1,230,029
Other comprehensive income for the period	-	-	-	-	3,625	-	3,625	(1,779)	1,846
Total comprehensive income for the period	-	-	-	-	3,625	1,222,433	1,226,058	5,817	1,231,875
Shareholders' contribution:									
Dividends for 2016 (Note 22)	-	-	-	-	-	(972,811)	(972,811)	-	(972,811)
Transaction with non-controlling interest	-	-	-	-	-	-	-	(15,000)	(15,000)
Non-controlling interests on gaining control over a subsidiary (Note 23.ii)	-	-	-	-	-	-	-	91,235	91,235
Other movements	-	-	-	-	-	-	-	11	11
Total transactions with owners	-	-	-	-	-	(972,811)	(972,811)	76,246	(896,565)
Balance at 30 September 2017 (Reviewed)	3,891,246	(4,119)	1,452,226	4,639,231	(260,917)	8,764,434	18,482,101	213,148	18,695,249

	<i>Equity attributable to owners of the parent</i>						<i>Non-controlling interests</i>	<i>Total Equity</i>	
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total</i>		
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	
Balance at 1 January 2016	3,891,246	(4,119)	1,399,641	4,639,231	(210,026)	7,855,259	17,571,232	147,207	17,718,439
Profit for the period	-	-	-	-	-	1,497,621	1,497,621	14,195	1,511,816
Other comprehensive income for the period	-	-	-	-	(33,538)	-	(33,538)	119	(33,419)
Total comprehensive income for the period	-	-	-	-	(33,538)	1,497,621	1,464,083	14,314	1,478,397
Shareholders' contribution:									
Dividends for 2015 (Note 22)	-	-	-	-	-	(856,074)	(856,074)	-	(856,074)
Transaction with non-controlling interest	-	-	-	-	-	-	-	(30,000)	(30,000)
Other movements	-	-	-	-	-	-	-	(100)	(100)
Total transactions with owners	-	-	-	-	-	(856,074)	(856,074)	(30,100)	(886,174)
Balance at 30 September 2016 (Reviewed)	3,891,246	(4,119)	1,399,641	4,639,231	(243,564)	8,496,806	18,179,241	131,421	18,310,662

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2017

		<i>30 September 2017</i>	<i>30 September 2016</i>
	<i>Notes</i>	<i>Reviewed QR'000</i>	<i>Reviewed QR'000</i>
OPERATING ACTIVITIES			
Profit for the period		1,230,029	1,511,816
<i>Adjustments for:</i>			
Finance cost		143,214	114,064
Finance income		(70,233)	(56,664)
Net fair value gain on investment properties	9	(452,246)	(707,040)
Unrealised losses on financial assets at fair value through profit or loss		4,231	349
Loss / (gain) on sale of financial assets at fair value through profit or loss		64	164
Gain on sale of available-for-sale financial assets		-	(2,691)
Depreciation	(i)	38,171	47,880
Share of results of associates	10	(84,273)	(28,648)
Impairment losses / (net reversal of impairments) - net	14	11,242	(6,785)
Loss on sale of investments in an associate		-	313
Finance lease income		(39,490)	(165,688)
Dividend income	15	(3,257)	(4,433)
Income from reversal of provisions	15	(86)	(145,857)
Gain from sale of property, plant and equipment		(255)	-
Other income		(49,043)	(11,517)
Operating gain before working capital changes		728,068	545,263
<i>Changes in working capital:</i>			
Change in receivables and prepayments		153,462	32,327
Change in trading properties		(25,022)	(879,863)
Change in finance lease receivables		1,385,383	439,478
Change in amounts due from / due to related parties		(74,792)	(395,260)
Change in payables and accruals		(219,169)	(214,110)
NET CASH GENERATED FROM OPERATING ACTIVITIES		1,947,930	(472,165)
INVESTING ACTIVITIES			
Cash and cash equivalent acquired through business combination	23	30,195	-
Finance income received		79,526	87,187
Dividends received from associates	10	37,118	24,030
Proceeds from sale of an associate		-	1,183
Purchase of investment properties	9	(464,937)	(175,518)
Payments for purchase of available-for-sale financial assets		-	(92)
Proceeds from sale of available-for-sale financial assets		-	10,863
Advances paid for purchase of projects and investments		(83,246)	(170,927)
Payments for purchase of property, plant and equipment		(9,741)	(5,137)
Proceeds from sale of property, plant and equipment		255	-
Dividend income received		3,323	4,433
Net payments for financial assets at fair value through profit or loss		(2,336)	(1,045)
Net movement in short term deposits maturing after three months		(245,975)	1,052,435
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES		(655,818)	827,412

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements

Barwa Real Estate Company Q.P.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (continued)

For the nine months ended 30 September 2017

		30	30
		September	September
		2017	2016
		Reviewed	Reviewed
<i>Notes</i>		QR'000	QR'000
FINANCING ACTIVITIES			
Finance cost paid		(205,070)	(181,768)
Payments for obligations under Islamic finance contracts	13	-	(92,175)
Dividends paid		(960,148)	(453,496)
Payment to non-controlling interest		-	(30,000)
Change in restricted bank balances		(20,245)	1,701
NET CASH USED IN FINANCING ACTIVITIES		<u>(1,185,463)</u>	<u>(755,738)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		(7,133)	(14,162)
Cash and cash equivalents at 1 January	5	<u>1,346,125</u>	<u>1,003,256</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5	<u><u>1,445,641</u></u>	<u><u>588,603</u></u>

Note:

- (i) Depreciation for the nine month period ended 30 September 2017 includes an amount of QR 6,516 thousand charged to rental operation expenses in the condensed consolidated interim statement of profit or loss (2016 - QR 3,615 thousand)

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

Description	30	30
	September	September
	2017	2016
	QR'000	QR'000
Change in receivables and prepayments	(156,734)	(19,735)
Changes in amounts due from / due to related parties	(82,835)	(348,262)
Change in finance lease receivables	174,749	155,828
Change in payables and accruals	(41,671)	(25,379)
Change in trading properties	(366,685)	(1,081,889)

The attached notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements.

Barwa Real Estate Company Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

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 February 2018. Additionally, the executive regulations necessary to apply the Companies Law have not yet been issued by the MOEC. The group is currently in communication with the MOEC in order to amend its articles of association to be in compliance with the new Companies Law.

Diplomatic ties and transport links to the State of Qatar were cut off in early June 2017, by a number of members of the Gulf Cooperation Council and certain other countries. It is currently impractical to determine the extent of this impact on the Group or how and when the blockade may end. Management believes that based on the information currently available, these events are not expected to have a material impact on the financial position, as well as business results and cash flows in the foreseeable future; The management is monitoring the effect of the blockade on its financial position and its clients and the potential impact of the situation.

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 September 2017</i>	<i>31 December 2016</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 Sailiya & 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%

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the period ended 30 September 2017 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 2016. In addition, results for the nine month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016. There are no amendments to IFRSs that have a material effect on the group for the period ended 30 September 2017.

(a) New standards and interpretations are effective for annual periods beginning after 1 January 2017 and not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, ‘Financial instruments’ (Annual periods beginning on or after 1 January 2018). IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

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 standards, not yet effective, as of 30 September 2017.

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 41 of the annual consolidated financial statements for the year ended 31 December 2016.

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 2016 in addition to the business combination judgements (Note 23) .

Barwa Real Estate Company Q.P.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

5 CASH AND BANK BALANCES

Cash and bank balances are comprised of the following:

	<i>As at 30 September 2017 (Reviewed) QR'000</i>	<i>As at 31 December 2016 (Audited) QR'000</i>
Cash on hand	556	390
Short term deposits (i)	2,768,486	2,397,656
Current accounts	156,298	116,017
Call accounts	164,773	230,559
Restricted balances	134,250	114,605
Margin bank accounts	16,691	16,091
Total cash and bank balances	3,241,054	2,875,318
Short term bank deposits maturing after 3 months	(1,644,472)	(1,398,497)
Restricted bank balances and margin accounts (ii)	(150,941)	(130,696)
Cash and cash equivalents	1,445,641	1,346,125

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 1,124,014 thousand (2016: QR 999,159 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 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Current	797,762	1,103,235	58,771	493,534
Non-current	29,311	34,035	190,303	966,174
	827,073	1,137,270	249,074 (i)	1,459,708

Note:

- (i) At 31 January 2017, Qatar Real Estate Investment Co. "A wholly owned subsidiary" - entered into a termination and release agreement with its main customer, whereby 9 of its finance lease agreements have been terminated resulting in the collection of an amount of QR 1,172 Million in cash during the month of February 2017.

7 TRADING PROPERTIES

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Properties available for sale	192,469	192,469
Properties under development- net	<u>2,667,477</u>	<u>3,009,140</u>
	<u>2,859,946</u>	<u>3,201,609</u>

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

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>30 September 2016 (Reviewed) QR'000</i>
At 1 January	192,469	176,112
Additions during the period	-	-
Properties sold during the period	-	-
At 30 September	<u>192,469</u>	<u>176,112</u>

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

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>30 September 2016 (Reviewed) QR'000</i>
At 1 January	3,009,140	3,616,641
Additions	122,046	910,242
Capitalised finance cost	48,237	58,697
Transfer to investment property (i) (Note 9)	(535,292)	(1,194,553)
Reversal of impairment (Note 14)	9,386	21,910
Foreign exchange adjustment	<u>13,960</u>	<u>1,678</u>
At 30 September	<u>2,667,477</u>	<u>3,414,615</u>

- (i) During the period ended 30 September 2017 an amount of QR 535,292 thousand has been transferred to investment properties mainly related to Shell Project as a result of commencement of the lease and the decision taken to change the properties' investment purpose.

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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:

	<i>For the nine months ended</i>	
	<i>30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>QR'000</i>	<i>QR'000</i>
Income from consultancy and other services – Main shareholder	143,581	89,690
Rental income – Main shareholder / associates	14,425	15,156

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 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Qatari Diar Real Estate Investment Co. Q.S.C.	28,448	21,375	308,137	291,637
Associate companies (i)	3,793	97,154	30,294	28,788
Entities under common control	179,972	83,256	-	-
Other related parties	-	-	1,423	959
	212,213	201,785	339,854	321,384

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 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Non-current (i)	-	85,627	578	574
Current	212,213	116,158	339,276	320,810
	212,213	201,785	339,854	321,384

(i) The decrease resulted mainly from the acquisition of Nuzul Holding B.S.C.C. (Note 23)

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 three months ended 30 September</i>		<i>For the nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Short term benefits	3,331	3,639	10,837	10,740
End of service benefits	234	234	727	661

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9 INVESTMENT PROPERTIES

	30 September 2017 (Reviewed) QR'000	30 September 2016 (Reviewed) QR'000
At 1 January	13,851,222	11,222,850
Additions	464,937	175,518
Acquired through business combination (Note 23)	203,373	-
Transfer from trading properties (Note 7)	535,292	1,194,553
Transfer from advances for projects and investment	141	-
Net fair value gain	452,246	707,040
Foreign exchange adjustment	29,167	(30,166)
At 30 September	15,536,378	13,269,795

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 September 2017 for local properties and 30 June 2017 for international properties except for 2 properties owned by Nuzul Holding (Note 23) which have been valued as at 31 December 2016. Those valuers are accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparable. In the absence of current prices in an active market, the valuations are based on the aggregate of the estimated cash flows expected to be received from renting the property. A yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation.
- (iii) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements, other than the commitments disclosed in note 19.
- (iv) Included in investment properties are certain properties with a carrying value of QR 1,262,294 thousand at 30 September 2017 (31 December 2016: QR 1,254,000 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.
- (v) Description of valuation techniques used by the group and key inputs to valuation on some of the investment properties are as follows:

<i>Type of properties</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range (weighted average)</i>	
			<i>30 September 2017</i>	<i>31 December 2016</i>
Commercial properties	DCF method	Estimated rental value per sqm per month	QR 17-300	QR 17-300
		Rent growth p.a.	0%-3%	0%-3%
		Long-term vacancy rate	0%-40%	0%-15%
		Discount rate	8.44% - 9.00%	8.44%-8.81%
		Market cap	6.75%-7%	6.75%-7%
Residential properties	DCF method	Estimated rental value per sqm per month	QR 30-84	QR 31-83
		Rent growth p.a.	0%-5%	0%-5%
		Long-term vacancy rate	0%-25%	0%-15%
		Discount rate	8.44%-8.81%	8.44%-8.81%
		Market cap	6.50%-7%	6.50%-7%
Land Bank	Direct comparison	Estimated land value per sqm	QR 1,600-16,700	QR 2,000-17,000

9 INVESTMENT PROPERTIES (continued)

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

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

10 INVESTMENTS IN ASSOCIATES

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

	<i>Nine months ended 30 September 2017 (Reviewed) QR’000</i>	<i>Nine months ended 30 September 2016 (Reviewed) QR’000</i>
At 1 January	675,768	723,494
Dividends received from associates	(37,118)	(24,030)
Share of results of associates	84,273	28,648
Disposal	-	(1,496)
Acquired through business combination	(91,100)	-
Net impairment losses (Note 14)	(7,654)	(12,145)
Share of change in fair value reserve of available for sale financial assets	(13,749)	(1,596)
Currency translation adjustment	2,568	4,310
At 30 September	612,988	717,185
	<i>Nine months ended 30 September 2017 (Reviewed) QR’000</i>	<i>Nine months ended 30 September 2016 (Reviewed) QR’000</i>
Total group’s share of the associates’ statement of financial position:		
Total assets	1,405,332	1,642,765
Total liabilities	(792,344)	(925,580)
Group share of net assets of associates	612,988	717,185
Carrying amount of the investments	612,988	717,185
Group’s share of associates’ revenues and results:		
Revenues	428,990	356,900
Results	84,273	28,648

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11 PAYABLES AND OTHER LIABILITIES

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Subcontractors and suppliers	276,696	428,144
Clients advances and unearned income	97,344	100,563
Retention payable	211,279	213,695
Contribution to social and sports fund	39,816	124,325
Accrued expenses	355,208	333,430
Accrued finance cost	39,380	26,788
Employees end of services benefits	97,119	93,475
Other payables	956,114	932,387
	<u>2,072,956</u>	<u>2,252,807</u>

The maturity of payables and other liabilities are as follows:

Non-current	967,064	895,468
Current	1,105,892	1,357,339
	<u>2,072,956</u>	<u>2,252,807</u>

12 PROVISIONS

	<i>Nine months ended 30 September 2017 (Reviewed) QR'000</i>	<i>Nine months ended 30 September 2016 (Reviewed) QR'000</i>
At 1 January	61,083	207,028
Utilized during the period	-	(86)
Reversal during the period (note 15)	(86)	(145,857)
Acquired through business combination (Note 23)	1,179	-
Translation adjustments	-	(2)
At 30 September	<u>62,176</u>	<u>61,083</u>

Provisions are analysed by nature as follows:

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Provision for litigations	21,895	20,802
Provision for committed costs	40,281	40,281
At 30 September / 31 December	<u>62,176</u>	<u>61,083</u>

13 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS

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

	30	30
	September	September
	2017	2016
	(Reviewed)	(Reviewed)
	QR'000	QR'000
At 1 January	8,206,468	7,698,643
Repayment during the period	-	(92,175)
At 30 September	<u>8,206,468</u>	<u>7,606,468</u>

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

	30	31
	September	December
	2017	2016
	(Reviewed)	(Audited)
	QR'000	QR'000
Non-current portion	8,116,242	8,206,468
Current portion	90,226	-
	<u>8,206,468</u>	<u>8,206,468</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 September 2017 and 31 December 2016.

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14 IMPAIRMENT LOSSES - NET

	<i>Nine months ended 30 September 2017 (Reviewed) QR'000</i>	<i>Nine months ended 30 September 2016 (Reviewed) QR'000</i>
<u>Impairment losses :</u>		
Available for sale financial assets	-	(3,103)
Receivables and prepayments	(12,974)	(1,336)
Investment in associates (Note 10)	(11,416)	(27,680)
<u>Reversal of impairment:</u>		
Trading properties (Note 7)	9,386	21,910
Receivables and prepayments	-	1,459
Investment in associates (Note 10)	3,762	15,535
 (Impairment losses) / reversal of impairments - net	 <u>(11,242)</u>	 <u>6,785</u>

15 OTHER INCOME

	<i>Nine months ended 30 September 2017 (Reviewed) QR'000</i>	<i>Nine months ended 30 September 2016 (Reviewed) QR'000</i>
Dividend income	3,257	4,433
Income from reversal of provisions (Note 12)	86	145,857
Penalties from contractors	18,495	-
Others	30,803	11,517
	<u>52,641</u>	<u>161,807</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 nine months ended 30 September</i>	
	<i>2017 (Reviewed)</i>	<i>2016 (Reviewed)</i>
Profit attributable to owners of the parent (QR'000)	<u>1,222,433</u>	<u>1,497,621</u>
Ordinary shares issued and fully paid (Thousand shares)	389,125	389,125
Treasury Shares (Thousand shares)	<u>(50)</u>	<u>(50)</u>
Weighted average number of shares outstanding during the period (in thousand shares)	<u>389,075</u>	<u>389,075</u>
Basic and diluted earnings per share (QR)	<u>3.14</u>	<u>3.85</u>

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

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17 OTHER RESERVES

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
<i>Translation reserves:</i>		
Currency translation differences from foreign operations	(271,306)	(317,182)
<i>Available-for-sale financial assets:</i>		
Gain on remeasurement at fair value	10,389	52,640
	<u>(260,917)</u>	<u>(264,542)</u>

18 CONTINGENT LIABILITIES

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

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Bank guarantees	<u>110,105</u>	<u>102,873</u>

19 COMMITMENTS

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Contractual commitments to contractors and suppliers for properties under development	<u>529,402</u>	<u>736,291</u>
Commitments for operating leases (i)	<u>402,571</u>	<u>470,159</u>
Commitments for purchase of investments	<u>271,387</u>	<u>363,859</u>

Note:

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

	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Less than one year	81,613	82,773
Between 1 and 5 years	232,022	277,560
More than 5 years	88,936	109,826
Total operating lease expenditure contracted for at 30 September / 31 December	<u>402,571</u>	<u>470,159</u>

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 2016.

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

20.2 Liquidity risk

Compared to 31 December 2016, there were no material changes in the contractual undiscounted cash out flows 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 September 2017 and 31 December 2016:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>	<i>30 September 2017 (Reviewed) QR'000</i>	<i>31 December 2016 (Audited) QR'000</i>
Financial assets				
Bank balances (excluding cash)	3,240,498	2,874,928	3,240,498	2,874,928
Receivables (excluding prepayments)	770,281	1,082,220	770,281	1,082,220
Finance lease receivables	249,074	1,459,708	249,074	1,459,708
Due from related parties	212,213	201,785	212,213	201,785
Financial assets at fair value through profit or loss	27,518	29,477	27,518	29,477
Available-for-sale financial assets	153,144	181,372	153,144	181,372
Financial liabilities				
Payables and other liabilities (excluding non-financial liabilities)	(1,202,394)	(1,382,670)	(1,202,394)	(1,382,670)
Due to related parties	(339,854)	(321,384)	(339,854)	(321,384)
Obligations under Islamic finance contracts	(8,206,468)	(8,206,468)	(8,206,468)	(8,206,468)

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 58,649 thousand (31 December 2016 - QR 57,667 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 September 2017 and 31 December 2016, the Group held the following classes of financial instruments measured at fair value:

Financial assets

	<i>30 September 2017 (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	27,518	27,518	-	-
Available-for-sale financial assets	153,144	94,495	-	58,649
	<u>180,662</u>	<u>122,013</u>	<u>-</u>	<u>58,649</u>
	<i>31 December 2016 (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	29,477	29,477	-	-
Available-for-sale financial assets	181,372	123,705	-	57,667
	<u>210,849</u>	<u>153,182</u>	<u>-</u>	<u>57,667</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.

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:

<i>For the nine months ended 30 September 2017 (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>
Revenues and gains					
- External parties	1,481,278	193,528	274,306	-	1,949,112
- Internal segments	175,941	28,272	2,567	(206,780) (i)	-
Total revenues and gains	1,657,219	221,800	276,873	(206,780)	1,949,112
Profit for the period	955,293	134,748	242,014	(102,026)	1,230,029
Net finance (cost)/ income	(77,663)	4,682	-	-	(72,981)
Depreciation	(21,539)	(3,097)	(7,019)	-	(31,655)
Share of results of associates	-	-	84,273	-	84,273

<i>For the nine months ended 30 September 2016 (Reviewed)</i>	<i>Real Estate QR'000</i>	<i>Business services QR'000</i>	<i>Other services QR'000</i>	<i>Eliminations QR'000</i>	<i>Total QR'000</i>
Revenues and gains					
- External parties	1,692,487	329,016	192,795	-	2,214,298
- Internal segments	145,025	29,955	389	(175,369) (i)	-
Total revenues and gains	1,837,512	358,971	193,184	(175,369)	2,214,298
Profit for the period	1,409,172	39,248	163,418	(100,022)	1,511,816
Net finance (cost)/ income	(61,465)	4,065	-	-	(57,400)
Depreciation	(34,081)	(3,168)	(7,016)	-	(44,265)
Share of results of associates	-	-	28,648	-	28,648

Note:

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

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21 SEGMENT INFORMATION (Continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2017 and 31 December 2016:

<i>At 30 September 2017 (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	6,659,823	479,366	182,672	-	7,321,861
Non-current assets	21,908,649	151,638	821,923	(825,953)	22,056,257
Total assets	28,568,472	631,004	1,004,595	(825,953)	29,378,118
Current liabilities	(1,418,888)	(163,824)	(33,141)	-	(1,615,853)
Non-current liabilities	(8,775,665)	(129,856)	(443,704)	282,209	(9,067,016)
Total liabilities	(10,194,553)	(293,680)	(476,845)	282,209	(10,682,869)
Investment in associates	-	-	612,988	-	612,988
Capital expenditures	644,962 (ii)	-	-	-	644,962
<i>At 31 December 2016 (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	7,494,906	405,388	40,338	-	7,940,632
Non-current assets	20,934,195	163,848	891,722	(727,458)	21,262,307
Total assets	28,429,101	569,236	932,060	(727,458)	29,202,939
Current liabilities	(1,613,988)	(111,791)	(31,648)	-	(1,757,427)
Non-current liabilities	(8,737,266)	(128,708)	(416,653)	197,054	(9,085,573)
Total liabilities	(10,351,254)	(240,499)	(448,301)	197,054	(10,843,000)
Investment in associates	-	-	675,768	-	675,768
Capital expenditures	1,349,690 (ii)	-	-	-	1,349,690

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 5th March 2017 a cash dividend of QR 2.5 per share, amounting to QR 972,811 thousand from the profit of 2016 (2016: cash dividend of QR 2.2 per share; amounting to QR 856,074 thousand from the profit of 2015).

23 BUSINESS COMBINATION

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.

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

	Notes	QR'000
Purchase consideration for gaining controlling rights		
Cash paid		-
Book value of an associate at the date of gaining control		120,446
Total purchase consideration for gaining controlling rights		120,446
Net identifiable assets controlled		
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)
Net identifiable assets attributable to the parent		120,446

23 BUSINESS COMBINATION (Continued)

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 (Note 23.ii).
- ii. The effect of the business combination on the non-controlling interest is analyzed as follows :

	QR'000
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>

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, 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 were QR 117,530 thousand. No impairment existed at 30 June 2017 as the amount was 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

The acquisition neither affected the consolidated revenue nor the consolidated net profit for the six months period ended 30 June 2017. If the acquisition had occurred on 1 January 2017, the consolidated revenue and consolidated profit for the six month period ended 30 June 2017 would have been higher by QR 2,747 thousand and QR 49 thousand, respectively.

Prior period

No business combination took place during the year ended 31 December 2016.

24 INCOME FROM CONSULTANCY AND OTHER SERVICES

Income from consultancy and other services consists of Income from consultancy services amounting to QR 189,400 thousand for the nine months ended 30 September 2017 (2016: QR 259,063 thousand) and Income from other services amounting to QR 141,621 thousand for the nine months ended 30 September 2017 (2016: Nil).

Income from other services represents Revenue from chilled water services recognized during the period ended 30 September 2017, representing the value of the services provided by Barwa District Cooling Co. W.L.L to its customers since inception of the cooling plant's operations. Historically, no clear measurement mechanism was agreed upon between the management and customers to reliably measure the value of the services provided. Accordingly, no revenue was recognized from these services.

There were ongoing communications, meetings and negotiations throughout the previous years in order to reach an agreement on how to reliably measure the revenue which resulted finally in a partial agreement between all parties on the criteria and method to reliably measure the value of the service. Accordingly, the management is now able to reliably determine part of the value of the service and recognized the related revenue of QR 141,621 thousand since inception of the cooling plant until 30 September 2017 during the quarter ended 30 September 2017. Further negotiations are now in place with the customers to agree on the disputed points which may result in additional revenue to be recognized in the future relating to the current period.

25 COMPARATIVE INFORMATION

Some of the comparative figures for the nine months period ended 30 September 2016 have been reclassified in order to conform to the presentation in the current period.