

Barwa Real Estate Company Q.S.C.

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 June 2013

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Barwa Real Estate Company Q.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2013 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the six-month period then ended and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

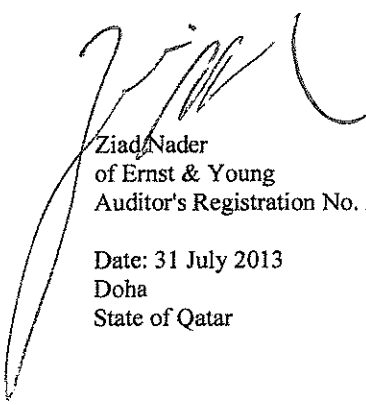
We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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

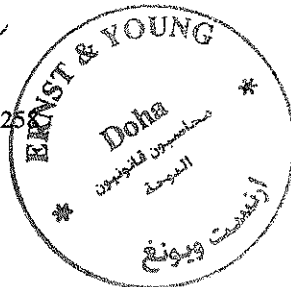
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

Without modifying our conclusion, we draw attention to the fact that during the current period, the Group has recognised its share of results, share of other comprehensive income and carrying value of equity accounted investees amounting to a loss of QR 7,280 thousand (for the six month period ended 30 June 2012: gain of QR 89,964 thousand), a gain of QR 2,569 thousand (for the six month period ended 30 June 2012: Nil) and QR 963,153 thousand (as at 31 December 2012: QR 1,027,592 thousand), respectively, based on financial information provided by the management of these investees. While there is no reason to believe that the financial information provided by the management is not reasonably accurate, a review of financial statements, performed in accordance with International Standard on Review Engagements 2410, may result in adjustments affecting the recognized share of results, share of other comprehensive income and carrying value of these investments.


Ziad Nader
of Ernst & Young
Auditor's Registration No. 25

Date: 31 July 2013
Doha
State of Qatar



Barwa Real Estate Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	30 June 2013 (Reviewed) QR'000	31 December 2012 (Audited) QR'000 (Restated)
ASSETS			
Cash and bank balances	5	962,950	665,514
Receivables and prepayments	6	652,351	720,589
Finance lease receivables	6	2,654,461	2,792,229
Due from related parties	7	2,859,398	2,724,291
Financial assets at fair value through profit or loss		8,217	6,704
Assets of subsidiaries classified as held for sale	8	-	5,782,872
Non-current assets held for sale	9	20,549,938	373,856
Advances for projects and investments	10	2,555,756	2,671,292
Available-for-sale financial assets		192,092	366,406
Trading properties	11	2,286,375	18,396,769
Investment properties	12	10,893,925	12,431,909
Investments in equity accounted investees	13	600,905	2,290,001
Property, plant and equipment		426,217	856,821
Goodwill		126,411	126,411
Deferred tax assets		-	113
TOTAL ASSETS		44,768,996	50,205,777
LIABILITIES AND EQUITY			
LIABILITIES			
Payables and other liabilities	14	2,759,636	3,030,334
Due to related parties	7	1,718,910	7,091,839
Liabilities of subsidiaries classified as held for sale	8	-	11,540
Obligations under Islamic finance contracts	15	27,145,983	26,661,159
Liabilities under derivative financial instruments		2,389	142,128
Deferred tax liabilities		25	205
TOTAL LIABILITIES		31,626,943	36,937,205
EQUITY			
Share capital		3,891,246	3,891,246
Treasury shares		(4,119)	(4,119)
Legal reserve		811,555	811,555
General reserve		4,639,231	4,639,231
Other reserves		(65,100)	(325,916)
Retained earnings		3,368,145	3,752,649
Total equity attributable to equity holders of the parent		12,640,958	12,764,646
Non-controlling interests		501,095	503,926
TOTAL EQUITY		13,142,053	13,268,572
TOTAL LIABILITIES AND EQUITY		44,768,996	50,205,777

These interim condensed consolidated financial statements were approved and signed on behalf of the Board of Directors by the following on 31 July 2013.

H.E. Salah Bin Ghanem Al Ali
Chairman

Abdulla Abdulaziz Al-Subaie
Group Chief Executive Officer

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

Barwa Real Estate Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2013

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2013	2012	2013	2012
		(Reviewed)		(Reviewed)	
		QR'000	QR'000	QR'000	QR'000
Continuing operations					
REVENUES AND GAINS					
Rental income		241,589	175,602	446,093	352,884
Income from consultancy and other related services		70,030	95,029	158,910	206,063
Profit on disposal of properties	16	-	206,336	954	284,787
Profit on disposal of subsidiaries	17	-	128	232,327	194,788
Net fair value loss on investment properties		-	(25,099)	-	(50,482)
Share of results of equity accounted investees	13	21,646	100,418	59,103	112,656
Other income – net		30,769	19,431	91,896	121,741
TOTAL REVENUES AND GAINS		364,034	571,845	989,283	1,222,437
EXPENSES AND LOSSES					
Operating expenses		(94,006)	(97,843)	(191,825)	(171,042)
General and administrative expenses		(104,431)	(93,068)	(196,940)	(224,012)
Net finance costs		(108,305)	(46,002)	(169,989)	(176,403)
Net impairment losses		-	40	-	(302)
Depreciation		(17,715)	(23,227)	(35,307)	(39,724)
TOTAL EXPENSES AND LOSSES		(324,457)	(260,100)	(594,061)	(611,483)
Profit before income tax		39,577	311,745	395,222	610,954
Income tax expense	18	(1,574)	(1,885)	(2,244)	(2,518)
Profit for the period from continuing operations		38,003	309,860	392,978	608,436
Discontinued operations					
Loss for the period from discontinued operations	8	-	(7,864)	(196,499)	(12,358)
Profit for the period		38,003	301,996	196,479	596,078
<i>Attributable to:</i>					
Equity holders of the parent		40,649	301,225	199,183	593,687
Non-controlling interests		(2,646)	771	(2,704)	2,391
		38,003	301,996	196,479	596,078
Basic and diluted earnings per share (attributable to shareholders of the parent expressed in QR per share)					
	19	0.10	0.77	0.51	1.53

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

Barwa Real Estate Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Note	<i>For the three months ended</i>		<i>For the six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</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		<u>38,003</u>	<u>301,996</u>	<u>196,479</u>	<u>596,078</u>
Other comprehensive income					
Net movement on cash flow hedges	20	-	2,241	-	12,766
Exchange differences on translation of foreign operations	20	(8,766)	(41,741)	257,714	(39,379)
Net gain on available-for-sale financial assets	20	<u>6,595</u>	<u>24,390</u>	<u>2,975</u>	<u>35,056</u>
Other comprehensive income (loss) for the period		<u>(2,171)</u>	<u>(15,110)</u>	<u>260,689</u>	<u>8,443</u>
Total comprehensive income for the period		<u>35,832</u>	<u>286,886</u>	<u>457,168</u>	<u>604,521</u>
<i>Attributable to:</i>					
Equity holders of the parent		38,417	286,520	459,999	602,172
Non-controlling interests		<u>(2,585)</u>	<u>366</u>	<u>(2,831)</u>	<u>2,349</u>
		<u>35,832</u>	<u>286,886</u>	<u>457,168</u>	<u>604,521</u>

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

Barwa Real Estate Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Equity attributable to the equity holders of the parent							Non-controlling interests	Total equity
	Share capital	Treasury shares	Legal reserve	General reserve	Other reserves	Retained earnings	Total	QR '000	QR '000
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Balance at 1 January 2013, as previously reported (Audited)	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,786,403	12,798,400	503,926	13,302,326
Prior periods adjustment (Note 26)	-	-	-	-	-	(33,754)	(33,754)	-	(33,754)
Balance at 1 January 2013 (Audited) (Restated)	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,752,649	12,764,646	503,926	13,268,572
Profit (loss) for the period	-	-	-	-	-	199,183	199,183	(2,704)	196,479
Other comprehensive income (loss) for the period (Note 20)	-	-	-	-	260,816	-	260,816	(127)	260,689
Total comprehensive income (loss) for the period	-	-	-	-	260,816	199,183	459,999	(2,831)	457,168
Dividends for 2012 (Note 21)	-	-	-	-	-	(583,687)	(583,687)	-	(583,687)
Balance at 30 June 2013 (Reviewed)	3,891,246	(4,119)	811,555	4,639,231	(65,100)	3,368,145	12,640,958	501,095	13,142,053

	Equity attributable to the equity holders of the parent							Non-controlling interests	Total equity
	Share capital	Treasury shares	Legal reserve	General reserve	Other Reserves	Retained earnings	Total	QR '000	QR '000
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Balance at 1 January 2012 (Audited)	3,891,246	(4,119)	481,107	4,639,231	(49,533)	3,097,740	12,055,672	475,435	12,531,107
Profit for the period	-	-	-	-	-	593,687	593,687	2,391	596,078
Other comprehensive income (loss) for the period (Note 20)	-	-	-	-	8,485	-	8,485	(42)	8,443
Total comprehensive income for the period	-	-	-	-	8,485	593,687	602,172	2,349	604,521
Dividends for 2011 (Note 21)	-	-	-	-	-	(389,125)	(389,125)	-	(389,125)
Disposal of a subsidiary (Note 17)	-	-	-	-	-	-	-	(2,998)	(2,998)
Balance at 30 June 2012 (Reviewed)	3,891,246	(4,119)	481,107	4,639,231	(41,048)	3,302,302	12,268,719	474,786	12,743,505

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

Barwa Real Estate Company Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

		<i>For the six months ended</i>	
		<i>30 June</i>	
		<i>2013</i>	<i>2012</i>
		<i>(Reviewed)</i>	
<i>Notes</i>		<i>QR'000</i>	<i>QR'000</i>
OPERATING ACTIVITIES			
	Profit for the period from continuing operations	392,978	608,436
	Loss for the period from discontinued operations	(196,499)	(12,358)
		<u>196,479</u>	<u>596,078</u>
	Adjustments for:		
	Depreciation	35,307	40,501
	Share of results of equity accounted investees	13 (59,103)	(112,656)
	Profit on sale of properties	16 (954)	(284,787)
	Fair value change in derivative financial instruments	(37,519)	(103,711)
	Fair value gain on call option	(3,975)	(50,102)
	Amortisation of unearned finance lease income	(172,710)	(190,000)
	Profit on disposal of subsidiaries	17 (232,327)	(194,788)
	Gain on disposal of property, plant and equipment	(8,498)	-
	Gain on reversal of provision	(6,110)	-
	Reversal of board of directors remuneration	(10,500)	-
	Gain on disposal of available-for-sale financial assets	(1,180)	9,688
	Dividend income	(8,271)	-
	Unrealised gain on financial assets at fair value through profit or loss	(1,513)	(1,194)
	Fair value loss on investment properties	-	50,482
	Impairment allowances on receivables	-	234
		<u>(310,874)</u>	<u>(240,255)</u>
	Operating loss before working capital changes		
	Working capital changes:		
	Change in receivables and prepayments	383,610	(313,666)
	Amounts due from/due to related parties	33,142	(353,198)
	Change in payables and other liabilities	<u>303,207</u>	<u>(27,943)</u>
	NET CASH FROM (USED IN) OPERATING ACTIVITIES	<u>409,085</u>	<u>(935,062)</u>
INVESTING ACTIVITIES			
	Acquisitions of subsidiaries, net of cash acquired	4 -	176,305
	Purchase of investment properties and trading properties	(739,184)	(1,581,256)
	Proceeds from sale of available-for-sale financial assets	22,835	79,152
	Proceeds from sale of properties	375,000	1,032,142
	Advances for purchase of investments and properties	(91,266)	(74,294)
	Payments for purchase of available-for-sale financial assets	(16,976)	(3,665)
	Payments for purchase of property, plant and equipment	(31,169)	(13,430)
	Proceeds from disposal of subsidiaries	17 477,557	31,000
	Net movement in short term deposits maturing after three months	(38,938)	(24,600)
	Dividend income	8,271	-
	Dividends received from equity accounted investees	<u>12,000</u>	<u>36,298</u>
	NET CASH USED IN INVESTING ACTIVITIES	<u>(21,870)</u>	<u>(342,348)</u>
FINANCING ACTIVITIES			
	Proceeds from Islamic financing contracts	606,966	1,961,700
	Payments for the obligations under Islamic financing contracts	(122,142)	(1,663,300)
	Dividends paid	(563,584)	(389,125)
	Receipts of government grant	12 346,800	-
	Payments of liability for purchase of land	-	(200,561)
	Movement in restricted bank balances	485	-
	Settlement of derivative financial liabilities	<u>(102,221)</u>	<u>(80,241)</u>
	NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>166,304</u>	<u>(371,527)</u>
	INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>553,519</u>	<u>(1,648,937)</u>
	Net foreign exchange differences	(298,167)	112,554
	Cash and cash equivalents at 1 January	611,531	2,624,922
	Cash and cash equivalents for loss of control on subsidiaries	<u>(4,625)</u>	<u>(37,434)</u>
	CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>5 862,258</u>	<u>1,051,105</u>

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

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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

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

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with International Financial Reporting Standards, IAS 34 – "Interim Financial Reporting" ("IAS 34").

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

The interim condensed consolidated 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 as at 31 December 2012. In addition, results for the six months ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

During the period, the Group has adopted the following standards effective for the annual period beginning on or after 1 January 2013.

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

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides these disclosure in Note 25.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 "Consolidated and Separate Financial Statements" that dealt with consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements of the current period. The Group provides these disclosures in Note 24.

In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

The following amendments to standards became effective in 2013, but did not have any impact on the accounting policies, financial position or performance of the Group.

<i>Standards</i>	<i>Contents</i>
IFRS 7	Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7
IFRS 11	Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures
IFRS 12	Disclosure of Interests in Other Entities
IAS 1	Clarification of the requirement for comparative information (Amendment)
IAS 19	Employee Benefits (Revised 2011) (IAS 19R)
IAS 32	Tax effects of distributions to holders of equity instruments (Amendment)

The Group is currently considering the implications of the new IFRS which are effective for future accounting periods and has not early adopted any of the new standards as listed below:

<i>Standards</i>	<i>Contents</i>	<i>Effective date</i>
IFRS 9	Financial instruments	1 January 2015
IAS 32	Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting	1 January 2014

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013

4 BUSINESS COMBINATION

No acquisitions took place during the six month period ended 30 June 2013.

Acquisition during the six month period ended 30 June 2012

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

During the six months period ended 30 June 2012, Qatar Real Estate Investment Company P.J.S.C. a fully owned subsidiary of the Group acquired the residual 50% of shareholding interest in its previous associate, Asas Real Estate Company W.L.L. ("ASAS") under the share purchase agreement concluded with the previous shareholders.

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

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

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

	<i>Fair value of assets and liabilities acquired QR'000</i>
Cash and bank balances	11,465
Available-for-sale financial assets	25,876
Receivables and other assets	5,050
Property, plant and equipment	931
Investment properties (Note 12)	<u>2,550,542</u>
	2,593,864
Less: Liabilities	<u>(35,768)</u>
Fair value of net identifiable assets at the date of acquisition	<u>2,558,096</u>
Fair value of previously held interest in ASAS (50% of net assets above)	1,279,048
Less: Carrying amount of previous interest in associate at date of acquisition	(1,275,918)
Less: Fair value reserve of available-for-sale financial assets of associate at the date of acquisition	<u>(3,363)</u>
Loss on previously held interest in ASAS	<u>(233)</u>
<i>Cash flow from the acquisition</i>	
Net cash acquired with the subsidiary	11,465
Add: Cash received as settlement from the previous shareholder	<u>164,840</u>
	<u>176,305</u>

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	<i>For the six months ended</i>		<i>As at</i>
	<i>30 June</i>		<i>31 December</i>
	<i>2013</i>	<i>2012</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Audited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Cash on hand	381	475	506
Short term bank deposits	200,415	391,516	75,178
Current account balances	162,730	135,292	168,969
Call account balances	598,347	548,422	419,299
Margin bank account	1,077	1,463	1,562
Total cash and bank balances	962,950	1,077,168	665,514
Less:			
Cash and bank balances attributable to discontinued operations	-	-	8,256
Short term bank deposits maturing after 3 months	(99,615)	(24,600)	(60,677)
Restricted bank balances	(1,077)	(1,463)	(1,562)
Cash and cash equivalents	862,258	1,051,105	611,531

Notes:

- (i) Short term deposits are made for varying periods depending on the immediate cash requirements of the Group with original maturity dates of less than three months and carry profit at commercial market rates.
- (ii) Short term bank deposits maturing after three months carry profit at commercial market rates.
- (iii) Restricted bank balances are restricted to cover certain bank guarantees given by the Parent.

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</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</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>
Current	627,284	597,534	300,843	284,213
Non-current	25,067	123,055	2,353,618	2,508,016
	652,351	720,589	2,654,461	2,792,229

Note:

Finance lease receivables amounting to QR 1,178,000 thousand (31 December 2012: QR 1,287,000 thousand) owned by a subsidiary of the Group has been pledged as a security against the US\$ 270,000,000 (QR 983,205,000) of Sukuk Al Musharaka facility.

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7 RELATED PARTY DISCLOSURES

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

Related party transactions

Transactions with related parties during the period were as follows:

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Consideration for the disposal of subsidiaries, out of which QR 477,557 thousand received in cash (Note 17)	-	-	6,109,011	31,000
Reconciliation of Islamic financing facility obtained from a related party with the consideration for the disposal of subsidiaries	-	-	5,808,454	-
Profit on Islamic financing facility extended to a related party	-	39,428	-	93,195
Gain from disposal of property, plant, and equipment to an associate	-	-	8,421	-
Income from consultancy and other services	25,786	40,562	52,080	70,562
Rental income	5,642	10,723	9,258	21,445
Finance costs	9,015	154,343	17,581	314,260

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</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Current	2,795,668	2,619,057	1,695,275	6,954,217
Non-current	63,730	105,234	23,635	137,622
	2,859,398	2,724,291	1,718,910	7,091,839

Due from related parties

Due from related parties include an Islamic financing facility extended to a related company amounting to QR 2,529,559 thousand (31 December 2012: 2,555,363 thousand). The facility carries profit at commercial rates. The Group has obtained a guarantee from a related party on the recoverability of the above Islamic financing facility granted to the related company. The management is of the opinion that the due from related parties balance is not impaired and will be fully recovered from the related party.

Due to related parties

Due to related parties include an Islamic financing facilities (Murabaha) obtained from a related party amounting to QR 1,281,215 thousand (31 December 2012: QR 1,281,515 thousand). This Islamic financing facility is non-secured and carries fixed and variable profit rates.

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7 RELATED PARTY DISCLOSURES (continued)

Compensation of directors and other key management personnel

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

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Board of Directors' remuneration	-	-	-	12,250
Total key management staff benefits (Group basis)	6,708	4,726	12,987	11,299
	6,708	4,726	12,987	23,549

8 DISCONTINUED OPERATIONS

On 16 October 2012, the Group announced the decision of its Board of Directors to dispose off its ownership in Barwa Egypt Group. The Barwa Egypt Group consists of Barwa Egypt Real Estate S.A.E and its subsidiaries; Barwa New Cairo for Real Estate Development S.A.E, Barwa Egypt for Real Estate Development S.A.E and Tarek Fouad Sayed El Shazly and Partners. The operations of Barwa Egypt Group have been classified as a discontinued operation in 2012. The business of Barwa Egypt Group was included in the real estate operating segment. On 26 February 2013, the Group completed the disposal of Barwa Egypt Group. The net realisable value of the net assets of Barwa Egypt Group disposed amounted to QR 5,612,548 thousand, resulting in an actual gain on disposal amounted to QR 232,327 thousand (after the effect of translation reserve amounting to QR 264,136 thousand) disclosed in Note 17 to the interim condensed consolidated financial statements.

Further during the six month period ended 30 June 2012, the Group disposed off the following subsidiaries and accordingly lost the control over these entities as more explained in Note 17 to the interim condensed consolidated financial statements.

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

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

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
EXPENSES				
General and administrative expenses	-	(6,057)	(809)	(10,143)
Net finance costs	-	(1,482)	(195,516)	(1,557)
Depreciation	-	(444)	(174)	(777)
Other income	-	119	-	119
Loss for the period from discontinued operations	-	(7,864)	(196,499)	(12,358)

Barwa Real Estate Company Q.S.C.

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8 DISCONTINUED OPERATIONS (continued)

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

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Assets		
Cash and bank balances	-	8,256
Receivables and prepayments	-	817
Properties under development (Note 11)	-	5,771,474
Property, plant and equipment	-	2,325
Assets of subsidiaries classified as held for sale	<u>-</u>	<u>5,782,872</u>
Liabilities		
Payables and other liabilities	-	(10,883)
End of service benefits	-	(657)
Liabilities of subsidiaries classified as held for sale	<u>-</u>	<u>(11,540)</u>
Net assets of subsidiaries held for sale	<u>-</u>	<u>5,771,332</u>

As the Barwa Egypt Group is disposed off prior to 30 June 2013, the assets and liabilities classified as part of the discontinued operation as at 31 December 2012 are no longer included in the interim consolidated statement of financial position.

9 NON-CURRENT ASSETS HELD FOR SALE

During the current period the Group announced the decision of its Board of Directors to dispose certain trading properties, investments in equity accounted investees, investment properties, property, plant and equipment and available-for-sale financial assets to a related party. The disposal of these assets is planned to be completed within twelve months from the reporting date. As of 30 June 2013, the negotiations for the sale were in progress, and accordingly, these assets were classified as non-current assets held for sale.

During the year 2012, the Group entered into an agreement with a third party to dispose off one of the subsidiaries' investment property and property, plant and equipment at market value. The disposal transaction was completed during the current period and the profit on disposal of non-current assets held for sale is disclosed in Note 16 to the interim condensed consolidated financial statements.

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

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Trading properties (Note 11)	16,818,435	-
Investments in equity accounted investees	1,720,754	-
Investment properties, net of impairment (Note 12)	1,418,838	370,095
Property, plant and equipment	426,465	3,761
Available-for-sale financial assets	165,446	-
	<u>20,549,938</u>	<u>373,856</u>

As at 31 December 2012, non-current assets held for sale amounting to QR 31,832 thousand were impaired and fully provided for.

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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10 ADVANCES FOR PROJECTS AND INVESTMENTS

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Advances for purchase of properties (i)	2,540,674	2,634,514
Advances against exchange of land	1,836,459	1,836,459
Advances to subcontractors and suppliers	<u>490,653</u>	<u>517,349</u>
	4,867,786	4,988,322
Less: allowance for impairment	<u>(2,312,030)</u>	<u>(2,317,030)</u>
	<u>2,555,756</u>	<u>2,671,292</u>

The classification of advances for projects and investments between non-current and current is as follows:

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Non-current	2,149,348	2,071,408
Current	<u>406,408</u>	<u>599,884</u>
	<u>2,555,756</u>	<u>2,671,292</u>

Notes:

- (i) Advances for purchase of properties include an amount of QR 2,148,587 thousand (31 December 2012: QR 2,074,294 thousand) paid to related parties.
- (ii) As at 30 June 2013, the Group has transferred advances for projects and investments amounted to QR 211,802 thousand to investment properties (31 December 2012: Nil) (Note 9).

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11 TRADING PROPERTIES

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Properties available for sale	94,029	6,956,524
Properties under development	<u>2,192,346</u>	<u>11,440,245</u>
	<u>2,286,375</u>	<u>18,396,769</u>

Movements in the properties under development during the period/year were as follows:

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
At 1 January	11,440,245	37,902,634
Additions during the period/year	634,952	2,378,585
On disposal of subsidiaries	-	(13,206,195)
Disposal	-	(2,604,384)
Capitalised finance cost	78,446	1,051,333
Transferred to non-current assets held for sale	(9,955,940)	-
Transferred to properties available for sale	-	(7,507,406)
Transferred to property, plant and equipment	-	(222,629)
Transferred to investment properties (Note 12)	-	(207,398)
Transferred to assets of subsidiaries classified as held for sale (Note 8)	-	(5,771,474)
Written off during the period/year	-	(2,191)
Impairment loss	-	(87,000)
Reversal of impairment	-	4,288
Exchange adjustment	<u>(5,357)</u>	<u>(287,918)</u>
At 30 June / 31 December	<u>2,192,346</u>	<u>11,440,245</u>

As at 30 June 2013, the Group has transferred trading properties amounting to QR 16,818,435 thousand (QR 9,951,476 thousand from properties under development and QR 6,862,495 thousand from properties available for sale) to non-current assets held for sale (31 December 2012: Nil) (Note 9).

Barwa Real Estate Company Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2013

12 INVESTMENT PROPERTIES

	<i>Land</i> <i>QR'000</i>	<i>Buildings</i> <i>QR'000</i>	<i>30 June</i> <i>2013</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>31 December</i> <i>2012</i> <i>(Audited)</i> <i>QR'000</i>
At 1 January	6,394,866	6,037,043	12,431,909	10,662,946
Relating to acquisition of a subsidiary (Note 4)	-	-	-	2,550,542
Additions during the period/year	14,378	11,408	25,786	12,524
Transferred from advances for projects and investments	211,802	-	211,802	-
Transferred from trading properties - available for sale	-	-	-	900,952
Transferred from trading properties - properties under development (Note 11)	-	-	-	207,398
Transferred to non-current assets held for sale (Note 9)	(463,346)	(955,492)	(1,418,838)	(401,927)
Transferred from property, plant and equipment	-	-	-	90,455
On disposal of subsidiaries (Note 17)	-	-	-	(593,162)
Net fair value gain (i)	-	-	-	433,111
Plot of land swapped on acquisition of a subsidiary	-	-	-	(1,454,137)
Government grant received (iii)	(346,800)	-	(346,800)	-
Translation adjustments	(1,019)	(8,915)	(9,934)	23,207
At 30 June / 31 December	<u>5,809,881</u>	<u>5,084,044</u>	<u>10,893,925</u>	<u>12,431,909</u>

Notes:

- (i) Investment properties are stated at fair value, which has been determined based on valuation performed by an accredited independent valuers as at 31 December 2012. The valuations were performed by an accredited independent valuers with recognized and relevant professional qualifications and with recent experience in the location and category of investment property being valued. In arriving at estimated market values the valuers used their market knowledge and professional judgement and not only relied on historical transactional comparable. In case the current prices in an active market are not available, the valuations were 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.

The Group has not appointed an independent valuer to value its investment properties as of the reporting date. Management having the experience and knowledge in real estate market believes that the carrying amounts of investment properties are not materially different from their fair values at the reporting date.

- (ii) Included in investment properties are certain properties with a carrying value of QR 2,641,827 thousand at 30 June 2013 (31 December 2012: QR 2,641,827 thousand) for which the title deeds will be transferred on completion of the construction of the projects or upon settlement of full amount of the investment properties. The interim condensed consolidated financial statements have been prepared on the basis that the beneficial interest of these investment properties resides with the Group.
- (iii) During the six month period ended 30 June 2013, a subsidiary of the Group has received a capital government grant amounting to QR 346,800 thousand relating to infrastructure development cost incurred in prior years.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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13 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

The following table illustrates the summarised financial information of the Group's investments in equity accounted investees:

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000 (Restated)</i>		
Group's share of the investments in equity accounted investees:				
Total assets	<u>1,200,091</u>	<u>8,649,947</u>		
Total liabilities	<u>(599,186)</u>	<u>(6,359,946)</u>		
Group's share of net assets of equity accounted investees	<u>600,905</u>	<u>2,290,001</u>		
Carrying amount of the investments	<u>600,905</u>	<u>2,290,001</u>		
	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2013 (Reviewed) QR'000</i>	<i>2012 QR'000</i>	<i>2013 (Reviewed) QR'000</i>	<i>2012 (Reviewed) QR'000</i>
Group's share of equity accounted investees revenues and results:				
Revenues	<u>105,032</u>	<u>92,110</u>	<u>201,587</u>	<u>225,703</u>
Results	<u>21,646</u>	<u>100,418</u>	<u>59,103</u>	<u>112,656</u>

Note:

- (i) Investments in equity accounted investees comprise of investments in associates and investments in joint ventures analysed as follows;

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000 (Restated)</i>
Investments in associates	<u>595,905</u>	<u>2,285,001</u>
Investments in joint ventures	<u>5,000</u>	<u>5,000</u>
	<u>600,905</u>	<u>2,290,001</u>

- (ii) During 2012, Barwa Bank Q.S.C announced a rights issue of 57.18% of its share capital and the Group subscribed for the entitled shares amounting to a total value of QR 651,946 thousand by obtaining the funds needed from a related party. The agreement with the related party to arrange for subscription in the rights issue, signed in 2012, stipulates that the new shares acquired from the rights issue will be held by the Group as nominee for and on behalf of the related party. Accordingly, the ownership interest in Barwa Bank Q.S.C by the Group was diluted from 37.37% to 23.76%. As per the agreement with the related party, the Group has a right to exercise the "call option" which has arisen from the above transaction. Accordingly, the Group has recognised a fair value loss of QR 3,975 thousand for the six month period ended 30 June 2013 (for the six month period ended 30 June 2012: gain of QR 50,102 thousand) on the call option which is included in other income.
- (iii) As at 30 June 2013, the Group has transferred certain investments in associates amounted to QR 1,720,754 thousand to non-current assets held for sale (31 December 2012: Nil).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14 PAYABLES AND OTHER LIABILITIES

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Subcontractors and suppliers	1,077,750	1,344,980
Clients advances and unearned income	122,184	90,136
Retention payable	233,496	257,817
Contribution to social and sports fund	72,816	72,816
Accrued expenses	120,190	130,001
Accrued finance cost	109,395	109,483
Employees end of services benefits	46,947	43,122
Provisions for litigations	112,887	112,887
Other payables	863,971	869,092
	<u>2,759,636</u>	<u>3,030,334</u>
<i>The maturity of payables and other liabilities are as follows:</i>		
Non-current	772,321	783,769
Current	<u>1,987,315</u>	<u>2,246,565</u>
	<u>2,759,636</u>	<u>3,030,334</u>

15 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS

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

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
At 1 January	26,661,159	28,371,134
Facilities obtained during the period/year	606,966	1,962,084
Relating to disposal of a subsidiary (Note 17)	-	(888,625)
Repayments of outstanding facilities during the period /year	(122,142)	(2,832,952)
Exchange adjustment	-	49,518
At 30 June / 31 December	<u>27,145,983</u>	<u>26,661,159</u>
<i>The maturity profile of obligations under Islamic finance contracts are as follows:</i>		
Non-current	24,746,407	24,962,704
Current	<u>2,399,576</u>	<u>1,698,455</u>
	<u>27,145,983</u>	<u>26,661,159</u>

Note:

The Islamic finance contracts have been obtained for the purpose of financing long term projects and working capital requirements of the Group. The contracts carry profits at commercial rates. There were no securities pledged against any of the contracts at 30 June 2013 and 31 December 2012, except for finance lease receivable pledged as security which has been disclosed in Note 6 to the interim condensed consolidated financial statements.

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16 PROFIT ON SALE OF PROPERTIES

	<i>For the three months ended 30</i>		<i>For the six months ended</i>	
	<i>June</i>		<i>30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Sale consideration	-	2,687,419	375,000	2,907,201
Cost of sale	-	(2,481,083)	(374,046)	(2,622,414)
Profit	-	206,336	954	284,787

The profit on sale of properties recognised for the six month period ended 30 June 2013 represents the profit recognised on disposal of previously classified non-current assets held for sale.

17 DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries in 2013

During the six month period ended 30 June 2013, the Group disposed off its ownership in Barwa Egypt Group and accordingly lost the control. The list of subsidiaries disposed are as follows:

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

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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17 DISPOSAL OF SUBSIDIARIES (continued)

Disposal of subsidiaries in 2013 (continued)

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

Disposal of subsidiaries in 2012

During the six month period ended 30 June 2012, the Group disposed off the following subsidiaries and accordingly lost the control over these subsidiaries:

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

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

	<i>Carrying values on disposal QR'000</i>
<i>Assets</i>	
Cash and bank balances	37,434
Receivables and prepayments	71,563
Due from related parties	70,829
Deferred tax assets	78,348
Investment properties (Note 12)	<u>593,162</u>
	<u>851,336</u>
<i>Liabilities</i>	
Obligations under Islamic finance contract (Note 15)	888,625
Due to related parties	21,701
Payables and accruals	<u>101,800</u>
	<u>1,012,126</u>
Net assets disposed	(160,790)
Non-controlling interest	(2,998)
Profit on disposal (i)	<u>194,788</u>
Consideration on disposal of subsidiaries	<u>31,000</u>

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17 DISPOSAL OF SUBSIDIARIES (continued)

Disposal of subsidiaries in 2012 (continued)

Note:

- (i) The profit on disposal of the above subsidiaries for the three month period ended 30 June 2013 (three month period ended 30 June 2012 QR 128 thousand).

	<i>Carrying values on disposal QR'000</i>
Net cash disposed with the subsidiaries	(37,434)
Proceeds on disposal	<u>31,000</u>
Net cash movement on disposal of subsidiaries	<u>(6,434)</u>

18 INCOME TAX

The income tax for the period included in the interim consolidated statement of income are as follows:

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2013 (Reviewed)</i>	<i>2012</i>	<i>2013 (Reviewed)</i>	<i>2012 (Reviewed)</i>
	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
Income tax expense resulted from continuing operations	<u>(1,574)</u>	<u>(1,885)</u>	<u>(2,244)</u>	<u>(2,518)</u>

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19 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 three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2013 (Reviewed)</i>	<i>2012</i>	<i>2013 (Reviewed)</i>	<i>2012</i>
Profit attributable to equity holders of the parent from continuing operations (QR 000')	<u>40,649</u>	309,089	<u>395,682</u>	606,045
Loss attributable to equity holders of the parent from discontinued operations (QR 000')	<u>-</u>	<u>(7,864)</u>	<u>(196,499)</u>	<u>(12,358)</u>
Profit attributable to equity holders of the parent for basic earnings (QR 000')	<u>40,649</u>	<u>301,225</u>	<u>199,183</u>	<u>593,687</u>
Weighted average number of shares outstanding during the period (in thousand shares)	<u>389,125</u>	<u>389,125</u>	<u>389,125</u>	<u>389,125</u>
Basic and diluted earnings per share (QR)	<u>0.10</u>	<u>0.77</u>	<u>0.51</u>	<u>1.53</u>

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

20 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2013 (Reviewed) QR'000</i>	<i>2012 QR'000</i>	<i>2013 (Reviewed) QR'000</i>	<i>2012 QR'000</i>
<i>Cash flow hedges:</i>				
Net change in fair value of cash flow hedges transferred to interim consolidated statement of income	-	2,241	-	9,421
Effective portion of changes in fair value of cash flow hedges	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,345</u>
	<u>-</u>	<u>2,241</u>	<u>-</u>	<u>12,766</u>
<i>Translation reserves:</i>				
Exchange differences on translation of foreign operations	<u>(8,766)</u>	<u>(41,741)</u>	<u>(6,422)</u>	<u>(39,379)</u>
Exchange differences transferred on disposal of subsidiaries	<u>-</u>	<u>-</u>	<u>264,136</u>	<u>-</u>
	<u>(8,766)</u>	<u>(41,741)</u>	<u>257,714</u>	<u>(39,379)</u>
<i>Available-for-sale financial assets:</i>				
Gain on remeasurement	<u>6,595</u>	<u>24,390</u>	<u>2,975</u>	<u>35,056</u>
	<u>6,595</u>	<u>24,390</u>	<u>2,975</u>	<u>35,056</u>
Other comprehensive income (loss) for the period	<u>(2,171)</u>	<u>(15,110)</u>	<u>260,689</u>	<u>8,443</u>

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21 DIVIDENDS

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Approved at the Annual General Assembly Meeting				
Final dividend for the year 2012, QR 1.5 per share (2012:				
final dividend for the year 2011, QR 1 per share)	<u>583,687</u>	<u>-</u>	<u>583,687</u>	<u>389,125</u>

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

22 CONTINGENT LIABILITIES

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

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Bank guarantees	<u>70,416</u>	<u>70,890</u>
Letters of credit	<u>269,414</u>	<u>400,000</u>

23 COMMITMENTS

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Contractual commitments to contractors and suppliers for properties under development	<u>1,695,059</u>	<u>2,353,371</u>
Commitments for operating leases (i)	<u>304,267</u>	<u>326,552</u>
Commitments for purchase of properties	<u>185,736</u>	<u>260,030</u>
Commitments for purchase of investments	<u>270,931</u>	<u>273,851</u>

Note:

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

	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Less than one year	<u>69,545</u>	<u>68,854</u>
Between 1 and 5 years	<u>127,187</u>	<u>144,316</u>
More than 5 years	<u>107,535</u>	<u>113,382</u>
	<u>304,267</u>	<u>326,552</u>

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24 FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments as at 30 June 2013 and 31 December 2012:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>	<i>30 June 2013 (Reviewed) QR'000</i>	<i>31 December 2012 (Audited) QR'000</i>
Financial assets				
Bank balances (excluding cash)	962,569	665,008	962,569	665,008
Receivables	485,017	536,388	485,017	536,388
Finance lease receivables	2,654,461	2,792,229	2,654,461	2,792,229
Due from related parties	2,859,398	2,724,291	2,859,398	2,724,291
Financial assets at fair value through profit or loss	8,217	6,704	8,217	6,704
Assets of subsidiaries classified as held for sale	-	5,782,872	-	5,782,872
Non-current assets held for sale	20,549,938	373,856	20,549,938	373,856
Available-for-sale financial assets	192,092	366,406	192,092	366,406
	<u>27,711,692</u>	<u>13,247,754</u>	<u>27,711,692</u>	<u>13,247,754</u>
Financial liabilities				
Payables and other liabilities	(1,914,406)	(2,220,976)	(1,914,406)	(2,220,976)
Due to related parties	(1,718,910)	(7,091,839)	(1,718,910)	(7,091,839)
Liabilities of subsidiaries classified as held for sale	-	(11,540)	-	(11,540)
Obligations under Islamic finance contracts	(27,145,983)	(26,661,159)	(27,145,983)	(26,661,159)
Liabilities under derivative financial instruments	(2,389)	(142,128)	(2,389)	(142,128)
	<u>(30,781,688)</u>	<u>(36,127,642)</u>	<u>(30,781,688)</u>	<u>(36,127,642)</u>

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.

As at 30 June 2013 and 31 December 2012, the Group held the following classes of financial instruments measured at fair value:

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24 FINANCIAL INSTRUMENTS (continued)

Financial assets

	<i>30 June 2013</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Available-for-sale financial assets	192,092	83,744	108,348	-
Financial assets at fair value through profit or loss	8,217	8,217	-	-
Derivative financial instruments	25,444	-	25,444	-
	<u>225,753</u>	<u>91,961</u>	<u>133,792</u>	<u>-</u>
	<i>31 December</i> <i>2012</i> <i>(Audited)</i> <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Available-for-sale financial assets	366,406	138,619	227,787	-
Financial assets at fair value through profit or loss	6,704	6,704	-	-
Derivative financial instruments	21,469	-	21,469	-
	<u>394,579</u>	<u>145,323</u>	<u>249,256</u>	<u>-</u>

Financial liabilities

	<i>30 June 2013</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Derivative financial instruments	<u>2,389</u>	<u>-</u>	<u>2,389</u>	<u>-</u>
	<i>31 December</i> <i>2012</i> <i>(Audited)</i> <i>QR'000</i>	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>
Derivative financial instruments	<u>142,128</u>	<u>-</u>	<u>142,128</u>	<u>-</u>

During the period/year ended 30 June 2013 and 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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25 SEGMENT INFORMATION

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

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

Operating segments

The operating segments are presented as follows;

<i>For the six months ended 30 June 2013 (Reviewed)</i>	<i>Real Estate</i> <i>QR'000</i>	<i>Business services</i> <i>QR'000</i>	<i>Financial institution and other services</i> <i>QR'000</i>	<i>Eliminations</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenues and gains					
- External parties	901,971	84,288	3,024	-	989,283
- Internal segments	241,361 (i)	47,553	-	(288,914)	-
Total revenues and gains	1,143,332	131,841	3,024	(288,914)	989,283
Profit (loss) for the period	410,940	16,651	(435)	(230,677)	196,479
Net finance (cost) income	(187,172)	(58)	(44)	17,285	(169,989)
Depreciation	(34,169)	(984)	(154)	-	(35,307)
Share of results of equity accounted investees	58,058	-	1,045	-	59,103
<i>For the six months ended 30 June 2012 (Reviewed)</i>	<i>Real Estate</i> <i>QR'000</i>	<i>Business services</i> <i>QR'000</i>	<i>Financial institution and other services</i> <i>QR'000</i>	<i>Eliminations</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Revenues and gains					
- External parties	1,149,757	71,472	1,208	-	1,222,437
- Internal segments	(217,714)	59,348	-	158,366	-
Total revenues and gains	932,043	130,820	1,208	158,366	1,222,437
Profit (loss) for the period	241,714	2,284	(17,385)	369,465	596,078
Net finance (cost) income	(350,290)	133	205	173,549	(176,403)
Depreciation	(31,674)	(3,443)	(4,607)	-	(39,724)
Share of results of equity accounted investees	113,027	-	(371)	-	112,656

Note:

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

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25 SEGMENT INFORMATION (continued)

Operating segments (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2013 and 31 December 2012:

<i>At 30 June 2013 (Reviewed)</i>	<i>Real Estate</i>	<i>Business services</i>	<i>Financial institution and 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>
Current assets	25,498,276	216,207	30,857	-	25,745,340
Non-current assets	19,332,063	39,298	101,132	(448,837)	19,023,656
Total assets	44,830,339	255,505	131,989	(448,837)	44,768,996
Current liabilities	(6,044,216)	(65,857)	(1,516)	-	(6,111,589)
Non-current liabilities	(25,471,990)	(60,591)	(138,560)	155,787	(25,515,354)
Total liabilities	(31,516,206)	(126,448)	(140,076)	155,787	(31,626,943)
Investments in equity accounted investees	635,523	-	13,524	(48,142)	600,905
Capital expenditures	782,457	-	-	-	782,457
<i>At 31 December 2012 (Audited)</i>	<i>Real Estate</i>	<i>Business services</i>	<i>Financial institution and 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>
Current assets	17,643,767	212,250	35,068	(5,688)	17,885,397
Non-current assets	33,163,138	48,000	106,513	(997,271)	32,320,380
Total assets	50,806,905	260,250	141,581	(1,002,959)	50,205,777
Current liabilities	(4,066,752)	(79,388)	(2,776)	-	(4,148,916)
Non-current liabilities	(32,705,256)	(65,269)	(140,568)	122,804	(32,788,289)
Total liabilities	(36,772,008)	(144,657)	(143,344)	122,804	(36,937,205)
Investments in equity accounted investees (Restated)	2,316,827	-	13,340	(40,166)	2,290,001
Capital expenditures	4,586,842 (ii)	-	-	-	4,586,842

Note:

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

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26 PRIOR PERIOD ADJUSTMENT

The consolidated financial statements for the year ended 31 December 2012 have been restated to account for the share of results, share of other comprehensive income and carrying value of one of the equity accounted investee as per their audited financial statements for the year ended 31 December 2012. There is no effect on the interim consolidated statements of income and comprehensive income for the six month period ended 30 June 2012. The effect of the restatement on those financial statements is summarised below:

	<i>Effect on 31 December 2012</i>
Net decrease in investment in equity accounted investees	<u>33,754</u>
Net decrease in retained earnings	<u>33,754</u>