

Barwa Real Estate Company Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

Barwa Real Estate Company Q.S.C.
Consolidated financial statements
For the year ended 31 December 2014

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Barwa Real Estate Company Q.S.C (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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



**Independent auditor's report to the shareholders of Barwa Real Estate Company
Q.S.C. (continued)**

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material aspects, the consolidated financial position of the Group as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, as required by the Qatar Commercial Companies Law No. 5 of 2002 we report that:

1. we have obtained all the information we considered necessary for the purpose of our audit;
2. the Group has maintained proper books of account and the consolidated financial statements are in agreement therewith.

In addition, we report that nothing has come to our attention which causes us to believe that the Group has breached any of the applicable provisions of the Qatar Commercial Companies Law No. 5 of 2002, or of the Company's Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 December 2014.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2013 were audited by another firm of auditors who expressed an unqualified audit opinion on these consolidated financial statements in their report dated 12 March 2014.

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

**Mohamed Elmoataz
PricewaterhouseCoopers**

Auditor's registration number 281
Doha, 8 March 2015

Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 QR'000	2013 QR'000 (Restated)	1 January 2013 QR'000 (Restated)
ASSETS				
Cash and bank balances	4	1,781,443	965,785	675,963
Financial assets at fair value through profit or loss	5	7,577	8,776	6,704
Receivables and prepayments	6	895,334	1,008,821	720,589
Trading properties	7	3,694,586	19,712,379	18,396,769
Finance lease receivables	8	2,191,389	2,508,058	2,792,229
Due from related parties	9	280,621	2,880,482	2,724,291
Assets of subsidiaries classified as held for sale		-	1,868	6,156,728
Non-current assets held for sale	10	-	4,344,252	-
Available-for-sale financial assets	11	304,043	208,005	366,406
Advances for projects and investments	12	7,144,954	4,687,216	4,781,942
Investment properties	13	10,964,783	9,758,249	12,415,315
Property, plant and equipment	14	693,857	417,265	873,415
Investments in associates	15	817,053	500,473	2,285,001
Goodwill	17	126,411	126,411	126,411
Deferred tax assets	18	1,175	783	114
TOTAL ASSETS		28,903,226	47,128,823	52,321,877
LIABILITIES AND EQUITY				
LIABILITIES				
Payables and other liabilities	19	4,569,370	4,492,780	5,028,096
Provisions	20	164,938	145,661	112,887
Due to related parties	9	329,117	385,276	7,092,289
Liabilities of subsidiaries classified as held for sale		-	612	11,540
Obligations under Islamic finance contracts	21	7,919,983	27,788,091	26,661,159
Liabilities under derivative financial instruments		-	-	142,128
Deferred tax liabilities	18	1,088	793	206
TOTAL LIABILITIES		12,984,496	32,813,213	39,048,305
EQUITY				
Share capital	22	3,891,246	3,891,246	3,891,246
Treasury shares	23	(4,119)	(4,119)	(4,119)
Legal reserve	24	1,110,169	842,294	811,555
General reserve	25	4,639,231	4,639,231	4,639,231
Other reserves	26	(90,436)	(36,484)	(325,916)
Retained earnings		6,213,240	4,478,958	3,752,649
Total equity attributable to equity holders of the Parent		15,759,331	13,811,126	12,764,646
Non-controlling interests		159,399	504,484	508,926
Total Equity		15,918,730	14,315,610	13,273,572
TOTAL LIABILITIES AND EQUITY		28,903,226	47,128,823	52,321,877

These consolidated financial statements were authorised for issuance by the Board of Directors on 08 March 2015 and signed on their behalf by:

H.E. Salah Bin Ghanem Al Ali
Chairman

Salman Mohamad Al Muhannadi
Group Chief Executive Officer

The attached explanatory notes 1 to 45 form an integral part of these consolidated financial statements

Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	2014 QR'000	2013 QR'000
Rental income		1,217,206	1,086,222
Rental operation expenses	27	(251,420)	(252,015)
Finance lease income	8	300,116	336,777
Net rental and finance lease income		1,265,902	1,170,984
Income from consultancy and other services		443,021	399,027
Consulting operation and other services expenses	27	(323,985)	(291,815)
Net consulting income		119,036	107,212
Profit on sale of properties	28	2,928,255	954
Net fair value (loss) gain on investment properties		(229,351)	718,474
Profit on disposal of subsidiaries	29	8,827	232,327
Share of results of associates	15	(107,011)	90,679
Profit on disposal of associates		10,288	336,548
Gain on sale of available-for-sale financial assets		25,603	1,795
(loss) gain on financial assets at fair value through profit or loss		(924)	2,073
General and administrative expenses	30	(334,603)	(429,577)
Depreciation		(93,334)	(93,712)
Impairment losses	31	(380,615)	(103,534)
Other income	32	54,528	315,743
Operating profit before finance cost and tax		3,266,601	2,349,966
Finance cost	33	(748,308)	(1,090,423)
Finance income	33	271,318	116,391
Profit before income tax		2,789,611	1,375,934
Income tax expense	18	(4,398)	(5,853)
Profit for the year		2,785,213	1,370,081
<i>Attributable to:</i>			
<i>Equity holders of the Parent</i>		2,777,547	1,374,987
<i>Non-controlling interests</i>		7,666	(4,906)
		2,785,213	1,370,081
Basic and diluted earnings per share <i>(attributable to equity holders of the Parent expressed in QR per share)</i>	34	7.14	3.53

The attached explanatory notes 1 to 45 form an integral part of these consolidated financial statements

Barwa Real Estate Company Q.S.C.**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2014**

	Notes	2014 QR'000	2013 QR'000
Profit for the year		<u>2,785,213</u>	<u>1,370,081</u>
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	35	(32,716)	285,629
Net gain on available-for-sale financial assets	35	<u>49,174</u>	<u>4,267</u>
Other comprehensive income for the year		<u>16,458</u>	<u>289,896</u>
Total comprehensive income for the year		<u>2,801,671</u>	<u>1,659,977</u>
<i>Attributable to:</i>			
Equity holders of the Parent		2,796,084	1,664,419
Non-controlling interests		<u>5,587</u>	<u>(4,442)</u>
		<u>2,801,671</u>	<u>1,659,977</u>

The attached explanatory notes 1 to 45 form an integral part of these consolidated financial statements

Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to equity holders of the Parent							Non-controlling interest	Total
	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
Balance at 31 December 2013 as previously reported	3,891,246	(4,119)	842,294	4,639,231	(36,484)	4,478,958	13,811,126	499,484	14,310,610
Prior year adjustment (Note 44)	-	-	-	-	-	-	-	5,000	5,000
Balance at 1 January 2014 (Restated)	3,891,246	(4,119)	842,294	4,639,231	(36,484)	4,478,958	13,811,126	504,484	14,315,610
Profit for the year	-	-	-	-	-	2,777,547	2,777,547	7,666	2,785,213
Other comprehensive income for the year (Note 35)	-	-	-	-	18,537	-	18,537	(2,079)	16,458
Total comprehensive income for the year	-	-	-	-	18,537	2,777,547	2,796,084	5,587	2,801,671
Contribution to social and sports fund (Note 37)	-	-	-	-	-	(69,629)	(69,629)	-	(69,629)
Disposal of Non-controlling interests' share due to sale of subsidiaries	-	-	-	-	18,537	2,707,918	2,726,455	5,587	2,732,042
Dividends for 2013 (Note 36)	-	-	-	-	-	-	-	(351,328)	(351,328)
Transfer to Legal Reserve	-	-	267,875	-	-	(778,250)	(778,250)	-	(778,250)
Other movements	-	-	-	-	-	(267,875)	-	-	-
Total transactions with owners	-	-	267,875	-	(72,489)	72,489	-	656	656
	-	-	-	-	(72,489)	(973,636)	(778,250)	(350,672)	(1,128,922)
Balance at 31 December 2014	3,891,246	(4,119)	1,110,169	4,639,231	(90,436)	6,213,240	15,759,331	159,399	15,918,730

Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

Attributable to equity holders of the Parent

	Share capital QR'000	Treasury shares QR'000	Legal reserve QR'000	General reserve QR'000	Other reserves QR'000	Retained earnings QR'000	Total QR'000	Non-controlling interest QR'000	Total QR'000
Balance at 31 December 2012 as previously reported	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,786,403	12,798,400	503,926	13,302,326
Prior year adjustment	-	-	-	-	-	(33,754)	(33,754)	5,000	(28,754)
Balance 1 - January 2013 (Restated)	3,891,246	(4,119)	811,555	4,639,231	(325,916)	3,752,649	12,764,646	508,926	13,273,572
Profit for the year	-	-	-	-	-	1,374,987	1,374,987	(4,906)	1,370,081
Other comprehensive income for the year (Note 35)	-	-	-	-	289,432	-	289,432	464	289,896
Total comprehensive income for the year	-	-	-	-	289,432	1,374,987	1,664,419	(4,442)	1,659,977
Contribution to social and sports fund (Note 37)	-	-	-	-	-	(34,252)	(34,252)	-	(34,252)
Dividends for 2012 (Note 36)	-	-	-	-	289,432	1,340,735	1,630,167	(4,442)	1,625,725
Transfer to Legal Reserve	-	-	-	-	-	(583,687)	(583,687)	-	(583,687)
Total transactions with owners	-	-	30,739	-	-	(30,739)	-	-	-
Balance at 31 December 2013	3,891,246	(4,119)	842,294	4,639,231	(36,484)	4,478,958	13,811,126	504,484	14,315,610

Barwa Real Estate Company Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> QR'000	<i>2013</i> QR'000
OPERATING ACTIVITIES			
Profit for the year		2,785,213	1,370,081
<i>Adjustments for:</i>			
Net finance cost		-	-
Finance cost	33	748,309	885,300
Finance income	33	(271,318)	(453,151)
Net fair value gain on investment properties	13	387,225	(718,474)
Gain / loss on remeasurement of non-current assets held for sale		(157,874)	-
Unrealised gain on financial assets at fair value through profit or loss	32	924	(2,073)
Gain on sale of available-for-sale financial assets	11	(25,604)	(1,795)
Depreciation	14	93,334	93,712
Share of results of associates	15	107,011	(90,679)
Fair value change in derivative financial instruments		-	15,937
Net impairment losses	31	380,615	103,534
Gain on sale of non-current assets held for sale	28	(296,130)	(954)
Profit on disposal of subsidiaries	29	(8,827)	(232,327)
Profit on disposal of associate		(10,288)	(336,548)
Fair value loss (gain) on call option		-	50
Unwinding of discount on deferred sale arrangements	8	(300,116)	(336,777)
Gain on reversal of provision		-	(265,173)
Reversal of board of directors remuneration		-	(10,500)
Dividend income	32	(9,570)	(10,104)
Net deferred tax benefit		(97)	-
Change in Provisions	20	19,277	-
Accruals for board of directors remuneration	30	8,500	6,400
Gain on disposal of property, plant and equipment		-	(9,141)
Operating gain before working capital changes		3,450,584	7,318
<i>Changes in working capital:</i>			
Change in receivables and prepayments		628,190	461,605
Change in Trading Properties		(1,376,355)	(1,649,701)
Change in assets classified as held for sale		2,828	-
Amounts due from / due to related parties		2,301,690	58,594
Change in payables and accruals		279,072	96,054
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		5,286,009	(1,026,130)

The attached explanatory notes 1 to 45 form an integral part of these consolidated financial statements

Barwa Real Estate Company Q.S.C.**CONSOLIDATED STATEMENT OF CASH FLOWS****For the year ended 31 December 2014**

	<i>Notes</i>	2014 QR'000	2013 QR'000
INVESTING ACTIVITIES			
Finance income received		270,719	453,151
Proceeds from disposal of associates		69,000	-
Proceeds from disposal of subsidiaries	29	16,614,696	477,557
Proceeds from sale of available for sale financial assets		-	-
Purchase of investment properties	13	(9,485)	(36,116)
Payments for purchase of available-for-sale financial assets		(88,480)	(25,736)
Payments for purchase of property, plant and equipment	14	(16,612)	(67,327)
Proceeds from sale of available-for-sale financial assets		73,349	46,689
Proceeds from sale of investment properties		-	375,000
Proceeds from sale of non-current assets held for sale		1,044,000	-
Proceeds from disposal of property, plant and equipment		-	16,330
Dividends received from associates		4,000	12,000
Advances for purchase of investments and properties		(2,770,011)	(63,066)
Dividend income received	32	9,570	10,104
Proceed from disposal of financial assets at fair value through profit or loss		276	-
Net movement in short term deposits maturing after three months		(360,194)	(67,276)
NET CASH GENERATED FROM INVESTING ACTIVITIES		14,840,828	1,131,310
FINANCING ACTIVITIES			
Finance cost paid		(711,398)	(885,300)
Proceeds from obligations under Islamic finance contracts		-	1,983,232
Payments for the obligations under Islamic finance contracts		(18,372,903)	(856,300)
Dividends paid		(418,846)	(321,028)
Receipts of government grant		-	346,800
Settlement of derivative financial liabilities		5,566	(161,052)
Restricted bank balances		(21,828)	564
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES		(19,519,409)	106,916
NET INCREASE IN CASH AND CASH EQUIVALENTS		607,428	212,096
Net foreign exchange difference		0	-
Cash and cash equivalents at 1 January		838,701	621,980
Cash and cash equivalent for loss of control on subsidiaries		(175,659)	4,625
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	4	1,270,470	838,701

The attached explanatory notes 1 to 45 form an integral part of these consolidated financial statements

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Barwa Real Estate Company Q.S.C. ("the Company" or "the Parent") was incorporated pursuant to the provision of Article 68 of the Qatar Commercial Companies Law No. 5 of 2002 as Qatari Shareholding Company under Commercial Registration No. 31901 dated 27 December 2005. The term of the Company is 100 years starting from the date of declaration in the Commercial Register. The Company is a listed entity on 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") are investing 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 lands, and also buying, selling and leasing buildings or projects. It also administers and operates real estate investments in and outside the State of Qatar, investing, hotels ownership and management, projects consulting and others.

2 BASIS OF PREPARATION AND CONSOLIDATION

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

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

2.1 Basis of preparation

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

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

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to consolidated financial statements are disclosed in Note 42.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.2 Basis of consolidation (continued)

issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

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

(c) Disposal of subsidiaries

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

(d) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.2 Basis of consolidation (continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is

recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and charges the amount to the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of profit or loss.

(e) Joint arrangements

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint ventures are measured using the equity method of accounting, under which interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the group's share of losses in a joint venture equals to or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

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

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

2 BASIS OF PREPARATION AND CONSOLIDATION (continued)

2.2 Basis of consolidation (continued)

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Group effective shareholding percentage 31 December 2014</i>	<i>31 December 2013</i>
Asas Real Estate Company W.L.L	Qatar	100%	100%
Al-Waseef Property Management Company S.P.C.	Qatar	100%	100%
Barwa Al-Doha Real Estate Company W.L.L	Qatar	100%	100%
Barwa International Company S.P.C.	Qatar	100%	100%
Barwa Al Sadd Company S.P.C.	Qatar	100%	100%
Barwa Al- Baraha S.P.C.	Qatar	100%	100%
Barwa Financial District W.L.L.	Qatar	100%	100%
Barwa Village Company S.P.C.	Qatar	100%	100%
Gudran S.P.C.	Qatar	100%	100%
Masaken Al Sailiya & Mesaimeer Company S.P.C.	Qatar	100%	100%
Barwa District Cooling Company S.P.C.	Qatar	100%	100%
Qatar Real Estate Investment Company P.J.S.C.	Qatar	100%	100%
Cavendish Capital	UK	92.31%	92.31%
Guidance Hotel Investment Company B.S.C.C.	Bahrain	96.5%	96.5%
Qatar Project Management Company Q.P.S.C.	Qatar	70%	70%
Lusail Golf Development	Qatar	50%	50%

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2014 and have a material impact on the group.

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Changes in accounting policies and disclosures (continued)

accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The group has applied the amendment and there has been no significant impact on the group financial statements as a result.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The group is not currently subjected to significant levies so the impact on the group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. 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', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies

Fair value measurement

The group measures financial instruments, such as, available for sale financial assets and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 41.

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

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

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

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

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

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

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

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

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

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

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For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

External valuers are involved for valuation of significant assets, such as investment properties and trading properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management discusses and reviews, the group's external valuers, valuation techniques and assumptions used for each property.

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

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

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

Revenue recognition

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

Sale of trading property

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

Sales of property under development

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

- A contract to construct a property
- Or
- A contract for the sale of a completed property

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

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

- The buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer
- And
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the group.

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

Rental income

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

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

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

Finance lease income

Income from finance lease in which the group is the lessor is recognized based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease.

Management fee income

Management fee income is recognized based on the terms and conditions of the relevant management agreements concluded with external parties to the group. It is typically recognized when the service has been provided.

Services revenues

Revenues from services rendered is recognized in the consolidated statement of profit or loss by reference to the stage of completion of the specific transaction and assessed on the basis of the actual service provided as proportion of the total services to be provided. Revenue earned but not invoiced at year end is accrued and included in accrued income.

Construction contracts

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

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

Service charges, management charges and other expenses recoverable from the tenants

Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable. Services and management charges and other such receipts are

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

included in net rental income gross of related costs, as the management considers that the group acts as principal in this respect.

Dividend income

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

Finance income

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

Trading properties (Inventory)

Trading properties are real estate properties (including non-developed plots of land) those are readily available for sale and those properties under development for sale which are in construction phase. These are held for sale in the ordinary course of business rather than to be held for rental or capital appreciation, are carried at the lower of cost and net realizable value. The group may decide to lease out some units to increase the possibility of selling the properties rather than to earn rental income on a continuing basis and the property is not held for capital appreciation. The group account for these properties as trading property and not investment property as the property continues to be held exclusively with the view to subsequent disposal in the ordinary course of business. Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for time factor if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost include:

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

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

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

Investment properties

Investment property comprises completed property and property under construction or re-development that is held to earn rentals or for capital appreciation or both rather than for sale in the ordinary course of business or for use in administrative function. Property held under a lease contract is classified as investment property when the definition of an investment property is met.

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

Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

which they arise. For the purposes of these consolidated financial statements, in order to avoid double accounting, the assessed fair value is:

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

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

Buildings	20 years
Furniture and fixtures	3-7 years
Motor vehicles	5 years
Computers software and hardware	3-5 years
Office equipment	3 years
Leasehold improvements	3 years
Cooling plant	25 years

The assets' useful lives and residual values are reviewed and adjusted as appropriate at each reporting date.

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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the consolidated statement of profit or loss as the expense is incurred. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss in the year the asset is derecognized. Gains and losses on disposals are determined by comparing proceeds with carrying amount.

Financial instruments

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

Financial assets

The group classifies its financial assets in the following categories; as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

Financial assets at fair value through profit or loss

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

loans and receivables

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

impairment are recognised in the consolidated statement of profit or loss.

Available-for-sale financial assets

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

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

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

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

Derecognition

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

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

- The rights to receive cash flows from the asset have expired, or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and payables.

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

The group's financial liabilities include trade and other payables, due to related parties, and obligations under Islamic finance contracts.

Non-derivative financial liabilities

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

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

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

Accounts payable and accruals

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

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

Obligations under Islamic financing contracts

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

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

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derecognition

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

Offsetting offinancial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default insolvency or bankruptcy of the group or counter party.

Derivative financial instruments

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the consolidated statement of profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of derivative instruments not designated for hedges are recognized in the consolidated statement of profit or loss.

Impairment

Financial assets

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Impairment (continued)

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

Assets classified as available for sale

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

Non financial assets

The carrying amounts of the group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and bank deposits with original maturities of three months or less, unrestricted balances held with banks, and highly liquid financial assets with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value.

Share capital

Ordinary shares

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

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

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

Finance costs

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

The group begins capitalizing financing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the group first meets all of the following conditions:

- (a) incurs expenditures for the asset;
- (b) incurs borrowing costs; and
- (c) undertakes activities that are necessary to prepare the asset for its intended use or sale.

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

The financing costs applicable to the financing of the group that are outstanding during the period, other than those specific financing mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset.

The amount of financing costs that the group capitalizes during the period is not to exceed the amount of financing costs it incurred during that period. The group suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Tenant deposits

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

Leases

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

Group as a lessor

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

Group as a lessee

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

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

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

Provisions

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognised as net finance costs. Provisions are not recognized for future operating losses. where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to anyone item in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost.

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case a bargain purchase, the difference is recognized directly in the profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs or group of CGUs that is expected to benefit from the synergies of the combination. Goodwill impairment testing is undertaken annually. Any impairment is recognized immediately as an expense and is not subsequently reversed.

The cost of intangible asset acquired in a business combination is fair value as at the date of acquisition. other intangible asset are carried at cost less any accumulated amortisation and any accumulated impairment losses.

End of service benefits

The group operates defined benefit and defined contribution retirement plans

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. In accordance with Qatar Labour Law number 14 of 2004, the group makes payments to non-Qatari and non-citizens of the Gulf Cooperation Council states employees in certain locations where the group operates, on their resignation, usually dependent on one or more factors such as years of service and compensation.

The liability recognised in the statement of financial position in respect of employees' end of service indemnity is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by management using the projected unit credit method.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in income.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using profit rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

End of service benefits (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Defined contribution plan

With respect to its national employees and citizens of GCC states, as well as other employees in certain locations outside Qatar, the group makes contributions to the General Pension Fund Authority and similar authorities of other countries, calculated as a percentage of the employees' salaries. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payment is available.

Current and deferred income tax

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

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

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

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

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

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

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

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

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

Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Segment reporting

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

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Unconditional government grant related to income are recognised in the consolidated statement of profit or loss at the fair value when the grant becomes receivable.

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

Non-current assets held for sale and discontinued operations

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

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

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

A disposal group qualifies as discontinued operation if it is:

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

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

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

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Dividend

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

Contribution to social and sports fund

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

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4 CASH AND CASH EQUIVALENTS

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Cash in hand	206	352
Short term deposits	966,167	157,953
Current accounts	282,022	204,817
Call accounts	510,222	601,664
Margin bank account	22,826	999
Total cash and bank balances	1,781,443	965,785
Cash and bank balances attributable to subsidiaries held for sale	-	1,868
Short term bank deposits maturing after 3 months	(488,147)	(127,953)
Restricted bank balances	(22,826)	(999)
Cash and cash equivalents	1,270,470	838,701

Notes:

- i. Cash and cash equivalents include fixed deposits with maturity dates from one to three months amounting to QR 478,020 thousand (2013: QR 30,000 thousand).
- ii. Short term deposits are made for varying periods depending on the immediate cash requirements of the group with original maturity period ranging from three to twelve months and the profit rates at commercial market rates.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
<i>Investments in equity securities</i>		
Quoted	7,577	8,776

6 RECEIVABLES AND PREPAYMENTS

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

<i>2014</i>	<i>Non-current</i> <i>QR'000</i>	<i>Current</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Trade receivables (net)	-	603,486	603,486
Prepaid expenses	8,754	29,958	38,712
Accrued income	-	32,375	32,375
Refundable deposits	8,293	2,864	11,157
Staff receivables (net)	366	13,029	13,395
Accrued profit on Islamic financial deposits	-	640	640
Other receivables (net)	10,871	184,698	195,569
	<u>28,284</u>	<u>867,050</u>	<u>895,334</u>
<i>2013</i>			
Trade receivables (net)	-	477,023	477,023
Prepaid expenses	56,212	68,829	125,041
Accrued income	1,547	93,932	95,479
Refundable deposits	6,693	6,545	13,238
Staff receivables (net)	9,341	3,888	13,229
Derivative financial instruments	-	2,988	2,988
Accrued profit on Islamic financial deposits	-	69	69
Other receivables (net)	93,506	188,248	281,754
	<u>167,299</u>	<u>841,522</u>	<u>1,008,821</u>

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

6 RECEIVABLES AND PREPAYMENTS (continued)

As at 31 December 2014, trade receivables amounting to QR 33,660 thousand (2013: QR 27,426 thousand) were impaired and fully provided for. Movement in the allowance for impairment of trade receivables is as follows:

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
At 1 January	27,426	16,911
Allowance charge for the year	7,780	10,924
Reclassification to impairment of related parties	(1,463)	-
Written off	-	(409)
Other movement	(83)	-
At 31 December	<u>33,660</u>	<u>27,426</u>

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

	<i>Total</i> <i>QR'000</i>	<i>Neither past due nor impaired</i> <i>QR'000</i>	<i>Past due but not impaired</i>				
			<i>0 – 30 days</i> <i>QR'000</i>	<i>31- 60 days</i> <i>QR'000</i>	<i>61- 90 days</i> <i>QR'000</i>	<i>91- 120 days</i> <i>QR'000</i>	<i>121- 365 days</i> <i>QR'000</i>
2014	603,486	244,680	6,711	242,462	66,872	5,613	37,148
2013	477,023	432,159	4,009	3,907	2,745	25,914	8,289

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

7 TRADING PROPERTIES

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Properties available for sale	184,472	16,101,633
Properties under development	3,510,114	3,610,746
	<u>3,694,586</u>	<u>19,712,379</u>

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
At 1 January	16,101,633	6,956,524
Additions	55,825	-
Sold properties during the year	(1,695)	-
Disposal of subsidiaries	(16,094,342)	-
Transferred from investment properties (Note 13)	88,389	-
Transferred from properties under development	34,662	9,145,109
At 31 December	<u>184,472</u>	<u>16,101,633</u>

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

7 TRADING PROPERTIES (continued)

Movements in the properties under development during the year were as follows

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
At 1 January	3,610,746	11,440,245
Additions	1,381,038	1,361,800
Transferred from advances for projects and investments	-	10,366
Disposal of subsidiaries (Note 29)	(843,234)	-
Disposed during the year	(49,523)	(106,462)
Capitalised finance cost (i) and (Note 33)	64,563	105,999
Transferred to properties available for sale	(34,662)	(9,145,109)
Transferred to investment properties (Note 13)	(346,182)	-
Write down to net realizable value (ii) and (Note 31)	(261,488)	(57,337)
Foreign exchange adjustment	(11,144)	1,244
At 31 December	<u>3,510,114</u>	<u>3,610,746</u>

Notes:

- (i) Capitalized finance cost is calculated based on the actual qualifying expenditures related to the properties under development. Finance cost is capitalised using the group's weighted average finance cost.
- (ii) The group carried an estimate of net realizable value of its trading properties at year end. Independent accredited property appraisers were engaged to provide relevant commercial and marketing inputs to this process and to advise on current market trends in areas such as achievable market prices. The exercise revealed that the fair values less costs to sell being the net realizable value were higher than the carrying amount of the trading properties at 31 December 2014 except for the properties under development for which a write down to net realizable value has been made.

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2014

8 FINANCE LEASE RECEIVABLES

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Non-current portion:		
Finance leases - gross receivables	2,432,112	3,039,177
Unearned finance income	<u>(588,331)</u>	<u>(847,830)</u>
Net non-current portion of finance lease receivables	<u>1,843,781</u>	<u>2,191,347</u>
Current portion:		
Finance leases - gross receivables	607,107	616,826
Unearned finance income	<u>(259,499)</u>	<u>(300,115)</u>
Net current portion of finance lease receivables	<u>347,608</u>	<u>316,711</u>
Net investment in finance leases	<u>2,191,389</u>	<u>2,508,058</u>

Contractual maturities of finance lease receivables are as follows:

Gross receivables from finance leases:		
Not later than 1 year	607,107	616,826
Later than 1 year and not later than 5 years	2,081,966	2,329,953
Later than 5 years	<u>350,146</u>	<u>709,224</u>
	<u>3,039,219</u>	<u>3,656,003</u>
Unearned finance income	<u>(847,830)</u>	<u>(1,147,945)</u>
Net investment in finance leases	<u>2,191,389</u>	<u>2,508,058</u>

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
At 1 January	2,508,058	2,792,229
Installments due and collected during the year	(790,694)	(488,517)
Transferred from (to) trade receivables	173,909	(132,431)
Finance lease income	<u>300,116</u>	<u>336,777</u>
At 31 December	<u>2,191,389</u>	<u>2,508,058</u>

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

Finance lease receivables are unsecured. Included in the gross finance lease receivables an amount of QR 850,738 thousand pledged as security against the Islamic facility "Sukuk Al Musharakah" amounting to QR 215,076 thousand at 31 December 2014 (2013: QR 1,068,702 thousand finance lease receivables pledge against the Islamic facility "Sukuk Al Musharakah" which was amounting to QR 337,977 thousand).

As at 31 December 2014, 80% (2013: 81%) of the total finance lease receivables balance is due from a single customer.

Barwa Real Estate Company Q.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9 RELATED PARTY DISCLOSURES

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

Related party transactions

Transactions with related parties during the year were as follows:

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Proceeds from sale of subsidiaries to an entity under the control of the main shareholder (Note 29)	<u>16,647,014</u>	<u>6,109,011</u>
Reconciliation / settlement of an Islamic financing facility with the consideration for the disposal of subsidiaries & associates	<u>18,228,649</u>	<u>5,808,454</u>
Sale of associates to the main shareholder	<u>69,000</u>	<u>2,389,849</u>
Reconciliation of payable to a related party on exercising call option from main shareholder	-	<u>730,941</u>
Advances received from a related party for disposal of assets	-	<u>65,636</u>
Proceeds from sale of property, plant and equipment to an associate company	-	<u>8,421</u>
Income from consultancy and other services from the main shareholder	<u>102,694</u>	<u>102,041</u>
Rental income from the main shareholder	<u>10,405</u>	<u>14,298</u>
Finance costs from the main shareholder	<u>36,695</u>	<u>36,369</u>

Related party balances

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

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Qatari Diar Real Estate Investment Company Q.S.C.	-	-	<u>230,636</u>	<u>285,577</u>
Associate companies	<u>106,750</u>	<u>155,320</u>	<u>29,366</u>	<u>16,628</u>
Non-controlling interest	-	-	<u>3,144</u>	<u>21,778</u>
Affiliated entities	<u>17,929</u>	<u>17,932</u>	<u>65,971</u>	<u>49,668</u>
Other related parties	<u>155,942</u>	<u>2,707,230</u>	-	<u>11,625</u>
	<u>280,621</u>	<u>2,880,482</u>	<u>329,117</u>	<u>385,276</u>

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

	<i>Due from related parties</i>		<i>Due to related parties</i>	
	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Non-current	<u>103,099</u>	<u>109,864</u>	<u>3,718</u>	<u>22,352</u>
Current	<u>177,522</u>	<u>2,770,618</u>	<u>325,399</u>	<u>362,924</u>
	<u>280,621</u>	<u>2,880,482</u>	<u>329,117</u>	<u>385,276</u>

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9 RELATED PARTY DISCLOSURES (continued)

Compensation of directors and other key management personnel

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Board of Directors' remuneration (ii)	8,500	6,400
Total key management staff benefits (group basis)	<u>53,800</u>	<u>64,341</u>
	<u>62,300</u>	<u>70,741</u>

Notes:

- (i) All outstanding balances at the year-end are unsecured, free of finance cost and the settlement occurs in cash and no guarantees provided or received for outstanding balances at reporting date. For the years ended 31 December 2014 and 2013, the group carried out an impairment testing for due from related parties and recognized an impairment allowance of QR 2,880 thousand (2013: QR 19,035 thousand) (Note 31). In the opinion of the management, based on recent available information, there is no evidence of further impairment in the value of due from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.
- (ii) The Directors' remuneration for the year 2014 represents a proposed amount of QR 8,500 thousand subject to the approval of the company's Annual General Assembly that will be held on 29 March 2015 (2013: QR 6,400 thousand, the shareholders of the Company approved at the Annual General Meeting held on 8 April 2014).

10 NON-CURRENT ASSETS HELD FOR SALE

On 5 November 2013, the group and Qatari Diar Real Estate Investment Company Q.S.C. ("QD") ("main shareholder ") entered into a framework agreement to sell investment properties, property, plant and equipment, investments in associates and available-for-sale financial assets (the "Assets"). As per the framework agreement, the assets are to be sold, transferred and/or assigned by the group to QD through separate sale and purchase agreements ("SPA's") to be entered into in respect of each individual Asset at future dates. QD will at its sole discretion either acquire the Assets directly or incorporates a SPV within the State of Qatar to acquire the Assets, which will either directly own the Assets or acquire the shares of the companies holding the underlying Assets. As of 31 December 2014, the agreement has been expired and the unsold assets have been transferred back to their original classifications.

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Investment properties (Note 13)	-	3,289,522
Property, plant and equipment (Note 14)	-	432,927
Investments in associate (Note 15)	-	484,746
Available-for-sale financial assets net of impairment (i)(Note 11)	-	137,057
	<u>-</u>	<u>4,344,252</u>

Barwa Real Estate Company Q.S.C.
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10 NON-CURRENT ASSETS HELD FOR SALE (continued)

Note

- (i) As at 31 December 2014, non-current assets held for sale amounting to QR Nil (2013:QR 8,824 thousand) were impaired and fully provided for (Note 31).

Movements in the non-current assets held for sale during the year were as follows:

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
At 1 January	4,344,252	373,856
Additions	22,631	731,131
Transferred (to) from investment properties (Note 13)	(1,214,744)	3,289,522
Transfers (to) from property, plant and equipment (Note 14)	(434,401)	432,927
Transfers (to) from available for sale financial assets (Note 11)	(92,605)	148,149
Transfers (to) from associates (Note 15)	(426,035)	1,785,639
Disposal of non-current assets held for sale	(2,306,582)	(2,408,460)
Gain on revaluation of non-current assets held for sale	164,762	312
Write down to net realizable value (Note 31)	(50,160)	(8,824)
Foreign exchange adjustment	(7,118)	-
At 31 December	<u>-</u>	<u>4,344,252</u>

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Investments in equity securities		
Quoted	172,383	106,938
Unquoted	131,660	101,067
	<u>304,043</u>	<u>208,005</u>

Notes:

- (i) As at 31 December 2014, the group reclassified an amount of QR 92,605 thousands from non-current assets held for sale to available-for-sale financial assets.
- (ii) At 31 December 2014, certain unquoted equity investments amounting to QR 131,660 thousand (2013: QR 101,067 thousand) are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

During the year, the group carried out an impairment testing for the unquoted available for sale financial assets and recognized an impairment loss of QR 23,862 thousand for the current financial year (2013: QR 875 thousand) (Note 31). In the opinion of the management, based on recent available information, there is no evidence of further impairment in the value of available-for-sale financial assets.

Barwa Real Estate Company Q.S.C.
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12 ADVANCES FOR PROJECTS AND INVESTMENTS

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Advances for purchase of investments (Note 45 (i))	2,482,879	-
Advances for purchase of properties	4,554,832	4,532,607
Advances against exchange of land (i)	1,836,459	1,836,459
Advances to subcontractors and suppliers	250,602	413,015
	<u>9,124,772</u>	<u>6,782,081</u>
Less: allowance for impairment of advances (ii)	<u>(1,979,818)</u>	<u>(2,094,865)</u>
	<u>7,144,954</u>	<u>4,687,216</u>

Notes:.

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

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
At 1 January	2,094,865	2,317,030
Impairment allowance provided for the year (Note 31)	-	1,837
Utilized during the year	<u>(115,047)</u>	<u>(224,002)</u>
At 31 December	<u>1,979,818</u>	<u>2,094,865</u>

13 INVESTMENT PROPERTIES

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
At 1 January	9,758,249	12,415,315
Additions during the year	9,485	36,116
Transfers from advances for projects and investments	47,672	211,802
Transfers to trading properties - available for sale (Note 7)	<u>(88,389)</u>	-
Transfer from trading properties - properties under development (Note 7)	346,182	-
Transfers from/(to) non-current assets held for sale (Note 10)	1,214,744	(3,289,522)
Transfers from property, plant and equipment (Note 14)	79,237	-
Government grant received	-	(346,800)
Net fair value (loss) /gain	<u>(387,225)</u>	<u>718,474</u>
Foreign exchange adjustment	<u>(15,172)</u>	<u>12,864</u>
At 31 December	<u>10,964,783</u>	<u>9,758,249</u>

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13 INVESTMENT PROPERTIES (continued)

Notes:

- (i) Investment properties are located in the State of Qatar, Republic of Cyprus and United Kingdom.
- (ii) Investment properties are stated at fair value, which has been determined based on valuation performed by accredited independent valuers and management as at 31 December 2014. Those valuers are an accredited independent valuers with a recognised and relevant professional qualifications and with recent experience in the location and category of those investment properties being valued. In arriving at estimated market values the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparable. In the absence of current prices in an active market, the valuations are based on the aggregate of the estimated cash flows expected to be received from renting the property. A yield that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation.
- (iii) The group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iv) Fair value hierarchy disclosures for investment properties have been provided in Note 41.
- (v) Capitalised finance cost is calculated based on the actual qualifying expenditures related to the projects under development, that is part of the investment properties. Finance cost is capitalized using the group's weighted average finance costs.
- (vi) Included in investment properties are certain properties with a fair value of QR 1,254,000 thousand at 31 December 2014 (31 December 2013: QR 897,975 thousand) for which the title deeds will be transferred on completion of the construction of the projects or upon settlement of the full purchase price. The consolidated financial statements have been prepared on the basis that the beneficial interest of these investment properties resides with the group.
- (vii) Description of valuation techniques used by the group and key inputs to valuation on majority 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>
Commercial properties	DCF method	Estimated rental value per sqm per month Rent growth p.a. Long-term vacancy rate Discount rate	QR 18-270 1%-2.5% 0%-2% 8.17%
Residential properties	DCF method	Estimated rental value per sqm per month Rent growth p.a. Long-term vacancy rate Discount rate	QR 31-69 2.5%-5% 0%-2% 8.17%
Land Bank	Direct Comparison	Estimated land value per sqm	QR 9,149 – 15,000

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13 INVESTMENT PROPERTIES (continued)

Discounted Cash Flow Method (DCF): The most commonly used technique for assessing Market Value within the income approach is discounted cash-flow. 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 rate is applied to estimated 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.

Sensitivity analysis:

At 31 December 2014, if discount rate for investment properties (valued using discounted cash flow method) had been higher/lower by 1% with all other variables held constant, the calculated fair valuation gains or losses on investment properties for the year would have been QR 240,942 thousand lower/high mainly as a result of higher/lower fair value gain or loss on investment properties.

At 31 December 2014, if market cap for investment properties (valued using discounted cash flow method) had been higher/lower by 1% with all other variables held constant, the calculated fair valuation gains or losses on investment properties for the year would have been Qr 812,456 thousand lower/high mainly as a result of higher/lower fair value gain or loss on investment properties.

At 31 December 2014, if price for square foot for investment properties (valued using market approach) had been higher/lower by 1% with all other variables held constant, the calculated fair valuation gains or losses on investment properties for the year would have been QR 4,670 thousand lower/high mainly as a result of higher/lower fair value gain or loss on investment properties.

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14 PROPERTY, PLANT AND EQUIPMENT

Cost	Land		Buildings		Furniture and fixtures		Motor vehicles		Computers software and hardware		Office equipment		Leasehold improvements		Cooling plant		Projects in progress		Total	
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
At 1 January 2014	106,485	232,619	122,840	4,271	75,028	24,100	93,452	-	694,311	1,353,106										
Additions	-	-	7,673	2,402	5,741	736	60	-	-	16,612										
Disposals	-	-	-	(300)	(51)	-	(104)	-	-	(455)										
Reclassifications	(82,527)	82,527	3,265	-	-	(506)	(2,759)	-	-	-										
Transferred from non - current assets held for sale (Note 10)	65,894	32,257	86,213	476	6,931	-	64,846	227,630	6,848	491,095										
Transferred to investment properties (Note 13)	-	(86,127)	-	-	-	-	-	-	-	(86,127)										
Disposal of subsidiaries	-	-	(279)	-	(165)	(297)	-	-	-	(741)										
Foreign exchange adjustment	-	(63)	(194)	(67)	(31)	(103)	-	-	-	(458)										
At 31 December 2014	89,852	261,213	219,518	6,782	87,453	23,930	155,495	227,630	701,159	1,773,032										
Accumulated depreciation																				
At 1 January 2014	-	13,101	59,296	3,235	66,001	20,673	79,224	-	694,311	935,841										
Charge for the year	-	15,047	33,809	497	7,653	2,661	19,667	14,000	-	93,334										
Transfer to operating expenses	-	-	940	296	16	262	-	-	-	1,514										
Relating to disposals	-	-	-	(260)	(29)	-	-	-	-	(289)										
Reclassification	-	-	2,018	-	-	(497)	(1,521)	-	-	-										
Transferred from non - current assets held for sale (Note 10)	-	9,250	25,021	238	4,266	-	14,960	-	2,959	56,694										
Transferred to investment properties (Note 13)	-	(6,890)	-	-	-	-	-	-	-	(6,890)										
Disposal of subsidiaries	-	-	(257)	-	(165)	(289)	-	-	-	(711)										
Foreign exchange adjustment	-	-	(125)	-	(58)	(33)	(102)	-	-	(318)										
At 31 December 2014	-	30,508	120,702	4,006	77,684	22,777	112,228	14,000	697,270	1,079,175										
Net Book Value																				
At 31 December 2014	89,852	230,705	98,816	2,776	9,769	1,153	43,267	213,630	3,889	693,857										

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14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land		Buildings		Furniture and fixtures		Motor vehicles		Computers software and hardware		Office equipment		Leasehold improvements		Cooling plant		Projects in progress		Total		
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	
Cost																					
At 1 January 2013	153,344	267,270	138,505	4,111	71,669	22,760	225,515	222,629	689,030	1,794,833											
Additions	23,958	-	263	1,265	10,367	1,361	28,162	1,951	-	67,327											
Disposals	-	-	(12,128)	(628)	(25)	(4)	(6)	-	(238)	(13,029)											
Reclassifications	-	-	83,057	-	-	(6)	(87,714)	-	4,663	-											
Transferred to assets of subsidiaries classified as held for sale	-	-	(3)	-	(45)	(44)	-	-	-	(92)											
Transferred to non - current assets held for sale (Note 10)	(71,780)	(36,143)	(87,214)	(477)	(6,946)	-	(64,892)	(224,580)	(6,850)	(498,882)											
Foreign exchange adjustment	963	1,492	360	-	8	33	(7,613)	-	7,706	2,949											
At 31 December 2013	106,485	232,619	122,840	4,271	75,028	24,100	93,452	-	694,311	1,353,106											
Accumulated depreciation																					
At 1 January 2013	-	10,826	69,516	3,243	61,008	16,150	70,765	2,313	687,597	921,418											
Charge for the year	-	13,887	27,549	530	9,370	4,566	33,182	4,628	-	93,712											
Relating to disposals	-	-	(12,118)	(296)	(3)	(4)	-	-	-	(12,421)											
Reclassification	-	-	(2)	-	(1)	2	(5,332)	-	5,333	-											
Transferred to assets of subsidiaries classified as held for sale	-	-	(3)	-	(45)	(44)	-	-	-	(92)											
Transferred to non - current assets held for sale (Note 10)	-	(10,610)	(25,957)	(239)	(4,267)	-	(14,980)	(6,941)	(2,961)	(65,955)											
Foreign exchange adjustment	-	(1,002)	311	(3)	(61)	3	(4,411)	-	4,342	(821)											
At 31 December 2013	-	13,101	59,296	3,235	66,001	20,673	79,224	-	694,311	935,841											
Net Book Value																					
At 31 December 2013	106,485	219,518	63,544	1,036	9,027	3,427	14,228	-	-	417,265											

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15 INVESTMENTS IN ASSOCIATES

The group has the following investment in associates:

	<i>Nature of operation</i>	<i>Country of incorporation</i>	<u>Ownership</u>	
			<i>2014</i>	<i>2013</i>
Ottomon Gayrimenkul A.S.	RE Development	Turkey	50%	50%
Regency Residential UK Limited	RE Development	UK	50%	50%
Smeat Investment Company W.L.L.	Manufacturing	Qatar	43.86%	43.86%
Tanween Company W.L.L.	RE Development	Qatar	40%	40%
Nuzul Holding Company B.S.C.C.	RE Development	Bahrain	39%	39%
Panceltica Holding Limited	RE Development	UK	26%	26%
Al Imtiaz Investment Company (K.S.C)	Investment	Kuwait	24.52%	24.52%
Emdad Leasing Equipment Company	Leasing	Qatar	22.08%	22.08%
Bin Laden Group (QD — CPC)	Contrg & Trading	Qatar	-	21.5%
Bin Laden Group (QD — SBG)	Contrg & Trading	Qatar	-	21.5%
Al Damaan Islamic Insurance Company	Islamic Insurance	Qatar	20%	20%
Bait Al Mashura Financial Consulting Co.	Consultancy services	Qatar	20%	20%

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Total group's share of the associates' statement of financial position:		
Total assets	2,117,157	1,075,608
Total liabilities	(966,022)	(534,345)
Down/up stream profit	(299,637)	(40,790)
Impairment losses (Note 31)	(34,445)	-
Group share of net assets of associates	<u>817,053</u>	<u>500,473</u>
Carrying amount of the investments	<u>817,053</u>	<u>500,473</u>
Group's share of associates' revenues and results:		
Revenues	<u>121,795</u>	<u>265,090</u>
Results	<u>(107,011)</u>	<u>90,679</u>

Notes:

- (i) During 2014, the group has reclassified an amount of QR 426,035 thousand from non-current assets held for sale to investments in associates due to termination of the framework agreement (2013: during 2013 the group transferred certain investments in associates amounting to QR 1,785,639 thousand to non-current assets held for sale).

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16 MATERIAL PARTLY-OWNED SUBSIDIARIES

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

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

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>31 December 2014</i>	<i>31 December 2013</i>
Qatar Project Management Company Q.P.S.C.	Qatar	30%	30%
Nuzul Qatar Company Limited W.L.L.	Qatar	50%	50%
		2014	2013
		QR'000	QR'000
<i>Accumulated balances of material non-controlling interest.</i>			
Qatar Project Management Company Q.P.S.C.		47,553	36,347
Nuzul Qatar Company Limited W.L.L.		85,643	85,625
<i>Profit/(loss) allocated to material non-controlling interest:</i>			
Qatar Project Management Company Q.P.S.C.		12,195	6,280
Nuzul Qatar Company Limited W.L.L.		19	(176)

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

	<i>Qatar Project Management Company Q.P.S.C. QR'000</i>	<i>Nuzul Qatar Company Limited W.L.L. QR'000</i>
<i>Summarised statement of profit or loss for 2014:</i>		
Revenues and gains	232,668	217
Expenses and losses	(192,017)	(180)
Profit for the year	40,651	37
Total comprehensive income	37,350	37
<i>Summarised statement of profit or loss for 2013:</i>		
Revenues and gains	204,285	6,294
Expenses and losses	(183,352)	(6,646)
Profit (loss) for the year	20,933	(352)
Total comprehensive income (loss)	21,682	(352)

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16 MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

	<i>Qatar Project Management Company Q.P.S.C. QR'000</i>	<i>Nuzul Qatar Company Limited W.L.L. QR'000</i>
<i>Summarised statement of financial position as at 31 December 2014:</i>		
Non-current assets	24,875	-
Current assets	214,070	415,852
Non-current liabilities	(18,820)	-
Current liabilities	(61,615)	(244,566)
Total equity	158,510	171,286
 <i>Attributable to:</i>		
Equity holders of Parent	110,957	85,643
Non-controlling interest	47,553	85,643
 <i>Summarised statement of financial position as at 31 December 2013:</i>		
Non-current assets	25,253	-
Current assets	206,444	419,360
Non-current liabilities	(15,098)	-
Current liabilities	(95,441)	(248,111)
Total equity	121,158	171,249
 <i>Attributable to:</i>		
Equity holders of Parent	84,811	85,624
Non-controlling interest	36,347	85,625
 <i>Summarised cash flow information for the year ended 31 December 2014:</i>		
Operating activities	(20)	(5,698)
Investing activities	29	-
Net increase (decrease) in cash and cash equivalents	9	(5,698)
 <i>Summarised cash flow information for the year ended 31 December 2013:</i>		
Operating activities	20,371	(7,592)
Investing activities	14,476	-
Net increase (decrease) in cash and cash equivalents	34,847	(7,592)

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17 GOODWILL

Carrying amount of goodwill allocated to the CGUs:

	<i>Real estate</i>	
	<i>2014</i>	<i>2013</i>
	<i>QR'000</i>	<i>QR'000</i>
Goodwill	<u>126,411</u>	<u>126,411</u>

The group performed its annual impairment test as at 31 December 2014 and 2013. To assess whether goodwill is impaired, the carrying amount of the real estate CGU is compared to its recoverable amount determined on a value in use basis.

Key assumptions used in value in use calculations

The recoverable amount of the real estate CGU has been determined based on a value in use calculation using free cash flow to equity projections from financial budgets approved by senior management covering a five-year period. The cash flows have been discounted by a cost of equity of 12.0%, All cash flows beyond the five year period have an assumed growth rate of 2% for the CGU for the purpose of goodwill impairment testing; The strategic business plan assumes certain economic conditions and business performance, which are considered appropriate as they are consistent with current market expectations of the future. The resultant valuation from this method equates to an implied price to earnings multiple of 12x which is significantly lower than the last traded multiple of the CGU at the time of acquisition (13.7x). As a result of this analysis, no impairment allowance is recognised against goodwill as at 31 December 2013 and 2014.

Sensitivity to changes in assumptions

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

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18 INCOME TAX

The income tax represents amounts recognised by subsidiary companies. The major components of the income tax expense for the years ended 31 December 2014 and 2013 are:

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Current income tax		
Current income tax charge	(4,485)	(5,935)
Deferred income tax		
Relating to origination and reversal of temporary differences	<u>87</u>	<u>82</u>
Income tax expense reported in the consolidated statement of profit or loss	<u>(4,398)</u>	<u>(5,853)</u>

The Company is not subject to income tax in the State of Qatar. For the purpose of determining the taxable results for the year, the accounting profit of the companies were adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing laws, regulations and practices of each subsidiary jurisdiction. In view of the operations of the group being subject to various tax jurisdictions and regulations, it is not practical to provide a detailed reconciliation between accounting and taxable profits together with the details of the effective tax rates.

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

Reflected in the consolidated statement of financial position as follows:

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Deferred tax assets	1,175	783
Deferred tax liabilities	<u>(1,088)</u>	<u>(793)</u>
	<u>87</u>	<u>(10)</u>

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19 PAYABLES AND OTHER LIABILITIES

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

	<i>Non- current</i>	<i>Current</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
2014			
Subcontractors and suppliers	-	584,347	584,347
Clients advances and unearned income	-	54,802	54,802
Retention payable	57,383	160,849	218,232
Contribution to social and sports fund (Note 37)	-	112,279	112,279
Accrued expenses	24,955	194,479	219,434
Accrued finance cost	-	32,116	32,116
Employees end of services benefits (i)	74,798	-	74,798
Other payables (ii)	677,380	2,595,982	3,273,362
	<u>834,516</u>	<u>3,734,854</u>	<u>4,569,370</u>

	<i>Non- current</i>	<i>Current</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
2013			
Subcontractors and suppliers	-	649,753	649,753
Clients advances and unearned income	-	161,650	161,650
Retention payable	77,582	93,733	171,315
Contribution to social and sports fund (Note 37)	-	42,650	42,650
Accrued expenses	26,449	163,869	190,318
Accrued finance cost	-	115,608	115,608
Employees end of services benefits (i)	52,103	-	52,103
Other payables (ii)	677,053	2,432,330	3,109,383
	<u>833,187</u>	<u>3,659,593</u>	<u>4,492,780</u>

(i) Movements in the employees end of service benefits recognised in the consolidated statement of financial position are as follows:

	<i>2014</i>	<i>2013</i>
	<i>QR'000</i>	<i>QR'000</i>
At 1 January	52,103	43,122
Provided during the year	35,771	18,312
End of service benefits paid	(13,076)	(9,050)
Transferred to liabilities of subsidiaries classified as held for sale	-	(281)
At 31 December	<u>74,798</u>	<u>52,103</u>

(ii) Included in other payables an amount of QR 2,332,397 thousand due to a partner in one of the group's subsidiaries for purchasing of Lusail golf land.

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20 PROVISIONS

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
At 1 January	145,661	112,887
Provided during the year	19,277	32,774
At 31 December	<u>164,938</u>	<u>145,661</u>

21 OBLIGATIONS UNDER ISLAMIC FINANCE CONTRACTS

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Un-secured facilities	7,710,514	27,460,516
Secured facilities (Note 8)	215,076	337,977
	<u>7,925,590</u>	<u>27,798,493</u>
Deferred finance charges	(5,607)	(10,402)
	<u>7,919,983</u>	<u>27,788,091</u>

The above balance can be classified as follows:

Non-current portion	7,185,831	25,376,845
Current portion	734,152	2,411,246
	<u>7,919,983</u>	<u>27,788,091</u>

Note:

- (i) The above facilities have been obtained for the purpose of financing long term projects and working capital requirements of the group. The facilities carry profits at rates less than commercial rates prevailing in the market for facilities with the same terms and conditions like the group's facilities, the current market rate is approximately amounting to 4% per annum.

22 SHARE CAPITAL

	<i>2014</i> <i>No of shares</i> <i>(Thousands)</i>	<i>2013</i> <i>No of shares</i> <i>(Thousands)</i>
<i>Authorised shares:</i>		
Ordinary shares of QR 10 each	<u>389,134</u>	<u>389,134</u>
	<i>No of shares</i> <i>(Thousands)</i>	<i>QR'000</i>
<i>Ordinary shares issued and fully paid up:</i>		
At 1 January 2013	389,125	3,891,246
At 31 December 2013	389,125	3,891,246
At 31 December 2014	<u>389,125</u>	<u>3,891,246</u>

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

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23 TREASURY SHARES

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

24 LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies Law No. 5 of 2002 and the Parent's Articles of Association, an amount equal to 10% of the net profit for the year should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Parent's Articles of Association. In accordance with their article of associations, and statutory laws requirements, the group companies are transferring a specific percentage from their annual net profit to the legal reserve.

25 GENERAL RESERVE

In accordance with the Parent's Articles of Association, the premium on issue of share capital is added to general reserve. In addition, residual annual profits, after the required transfer to legal reserve (Note 24), can be appropriated and transferred to general reserve based on the general assembly meeting's approval.

26 OTHER RESERVES

a) Fair value reserve:

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

b) Translation reserve:

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

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27 OPERATING EXPENSES

27.1 RENTAL OPERATING EXPENSES

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Staff costs	23,615	21,130
Hotel operation costs	93,783	94,207
Rent expenses	59,525	65,130
Maintenance and utilities expense	60,513	42,907
Facility management expense	12,273	17,916
Other expenses	1,711	10,725
	<u>251,420</u>	<u>252,015</u>

27.2 CONSULTING OPERATING AND OTHER SERVICES EXPENSES

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Staff costs	178,170	140,136
Maintenance and utilities expense	43,113	12,402
Facility management expense	10,355	-
Fit out costs	65,327	106,463
Other expenses	27,020	32,814
	<u>323,985</u>	<u>291,815</u>

28 PROFIT ON SALE OF PROPERTIES

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Sale proceeds – trading properties	2,633,940	-
Cost of sales – trading properties	(1,815)	-
Profit on sale of trading properties	<u>2,632,125</u>	-
Gain on sale of investment properties	296,130	954
Profit on sale of properties	<u>2,928,255</u>	<u>954</u>

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29 DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries in 2014

During the year 2014, the group liquidated one of its subsidiaries (ownership 50%) and disposed off its whole ownership in two of its subsidiaries and accordingly lost the control. The list of subsidiaries disposed were as follows:

<i>Name of the subsidiary</i>	<i>Disposed ownership %</i>	<i>Sold to a</i>
Barwa City Real Estate Company W.L.L.	100%	Related party
Barwa Commercial Avenue W.L.L.	95%	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	173,791
Receivables and prepayments	181,352
Property, plant and equipment	30
Advances for projects and investments	1,572
Trading Property	16,094,342
Property under development	843,234
	<u>17,294,321</u>
Liabilities	
Due to related party	111,081
Payables and accruals	155,656
Share premium	389,397
	<u>656,134</u>
Net assets disposed	16,638,187
Profit on disposal	8,827
Consideration on disposal of subsidiaries	<u>16,647,014</u>
	<i>Carrying values on disposal QR'000</i>
Cash received on disposal	16,614,696
Due from a related party on disposal of subsidiaries	32,318
Consideration on disposal of subsidiaries	<u>16,647,014</u>
Net cash disposed with the subsidiaries	(173,791)
Net cash received on disposal of subsidiaries	<u>16,473,223</u>

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29 DISPOSAL OF SUBSIDIARIES (continued)

Disposal of subsidiaries in 2013

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

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

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

	<i>Carrying values on disposal QR'000</i>
Assets	
Cash and bank balances	4,625
Receivables and prepayments	793
Property, plant and equipment	2,025
Deferred tax assets	18
Property under development	5,615,563
	<u>5,623,024</u>
Liabilities	
Employee retirement benefit obligations	641
Payables and accruals	9,835
	<u>10,476</u>
Net assets disposed	5,612,548
Translation reserve transferred from other comprehensive income	264,136
Profit on disposal	232,327
Consideration on disposal of subsidiaries	<u>6,109,011</u>
	<i>Carrying values on disposal QR'000</i>
Net cash disposed with the subsidiaries	(4,625)
Cash received on disposal	477,557
Net cash received on disposal of subsidiaries	<u>472,932</u>

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30 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Staff costs	241,977	246,000
Social contributions	32,953	52,670
Professional fee expenses	29,468	40,590
Provision for litigations	-	32,774
Utilities expenses	8,646	16,288
Advertising and promotion expenses	4,227	11,395
Board of Directors remuneration (i)	8,500	6,400
Repair and maintenance expense	3,450	6,565
Travel expenses	1,412	3,567
Rent expenses	396	2,676
Government fees	2,099	2,846
Other expenses	1,475	7,806
	<u>334,603</u>	<u>429,577</u>

Note:

- (i) The Directors' remuneration for 2014 represents a proposed amount of QR 8,500 thousand subject to the approval of the company's Annual General Assembly that will be held on 29 March 2015 (2013: QR 6,400 thousand, approved by the shareholders of the Company at the Annual General Meeting held on 8 April 2014).

31 IMPAIRMENT LOSSES

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Impairment losses on:		
Trading properties — properties under development (Note 7)	261,488	57,337
Due from related parties (Note 9)	2,880	19,035
Receivables and prepayments	7,780	15,626
Non-current assets held for sale (Note 10)	50,160	8,824
Advances for projects and investments (Note 12)	-	1,837
Available-for-sale financial assets (Note 11)	23,862	875
Investment in associates (Note 15)	34,445	-
	<u>380,615</u>	<u>103,534</u>

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32 OTHER INCOME

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Reversal of impairment allowances/provisions	62	275,673
Dividend income	9,570	10,104
Gain on disposal of property, plant and equipment	-	9,141
Miscellaneous income	44,896	20,825
	<u>54,528</u>	<u>315,743</u>

33 NET FINANCE COST

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
<i>Finance costs</i>		
Finance costs on islamic finance contracts	567,392	1,087,779
Less: capitalized finance costs (Note 7)	<u>(64,563)</u>	<u>(105,999)</u>
Finance costs charged to consolidated statement of profit or loss	502,829	981,780
Net foreign exchange loss	245,479	-
Losses from derivative financial instruments	-	108,643
Finance costs for the year	<u>748,308</u>	<u>1,090,423</u>
<i>Finance income</i>		
Income from Murabaha and Islamic deposits	(24,672)	(9,291)
Gain from derivative financial instruments	(246,646)	-
Net foreign exchange gain	-	(107,100)
Finance income for the year	<u>(271,318)</u>	<u>(116,391)</u>
Net finance costs for the year	<u>476,990</u>	<u>974,032</u>

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34 EARNINGS PER SHARE

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

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

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Net profit attributable to equity holders of the Parent for basic earnings (in 000 QR)	<u>2,777,547</u>	<u>1,374,987</u>
Ordinary shares issued and fully paid (thousand shares)	<u>389,125</u>	389,125
Treasury shares (thousand shares)	<u>(50)</u>	<u>(50)</u>
Weighted average number of shares outstanding during the year (thousand shares)	<u>389,075</u>	<u>389,075</u>
Basic and diluted earnings per share (QR)	<u>7.14</u>	<u>3.53</u>

35 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
<i>Translation reserves:</i>		
Foreign exchange differences on translation of foreign operations	(32,716)	21,493
Foreign exchange differences transferred on disposal of subsidiaries	-	264,136
	<u>(32,716)</u>	<u>285,629</u>
<i>Available-for-sale financial assets:</i>		
Gain on remeasurement at fair value	<u>49,174</u>	<u>4,267</u>
Other comprehensive income for the year	<u>16,458</u>	<u>289,896</u>

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36 DIVIDENDS

Dividends paid and proposed

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
<i>Declared, accrued and paid during the year:</i>		
Final dividend for the year 2013, QR 2 per share (2013 : final dividend for the year 2012, QR 1.5 per share)	<u>778,250</u>	<u>583,687</u>

The shareholders of the Company approved at the Annual General Meeting held on 8 April 2014 a cash dividend of QR 2 per share total amounting to QR 778,250 thousand relating to the financial year 2013 (2013: 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 relating to the financial year 2012).

The proposed dividend for 2014 of QR 2.2 per share will be submitted for formal approval at the Annual General Assembly Meeting that will be held on 29 March 2015.

37 CONTRIBUTION TO SOCIAL AND SPORTS FUND

During the year, the group appropriated an amount of QR 69,629 thousand (2013: QR 34,252 thousand) representing 2.5% of the consolidated net profit for the year.

38 CONTINGENT LIABILITIES

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Bank guarantees	<u>77,496</u>	<u>72,029</u>

Litigations and claims

In prior years, the group has provided an amount of QR 147 million as provision for various litigations and claims that have been filed against the group.

During the year, various other legal cases were filed against the group. According to the group's Legal Counsel best estimates, no material liabilities will arise as a result of these cases and accordingly no provisions have been provided against them, except for what have been provided for in the consolidated financial statements in note 20.

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39 COMMITMENTS

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Contractual commitments to contractors and suppliers for properties under development	<u>1,380,502</u>	<u>2,248,854</u>
Commitments for operating leases (i)	<u>256,195</u>	<u>329,457</u>
Commitments for purchase of investments and properties	<u>381,827</u>	<u>456,695</u>

Note:

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Less than one year	33,030	68,825
Between 1 and 5 years	132,098	137,200
More than 5 years	<u>91,067</u>	<u>123,432</u>
Total operating lease expenditure contracted for at 31 December	<u>256,195</u>	<u>329,457</u>

40 FINANCIAL RISK MANAGEMENT

Objectives and policies

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

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

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

Market risk

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

Profit rate risk

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

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40 FINANCIAL RISK MANAGEMENT (continued)

Profit rate risk (continued)

The group manages its profit rate risk by having a balanced portfolio of fixed and variable profit rate obligations under Islamic finance contracts and finance lease receivable, in which the group agrees to exchange at specified intervals, the difference between fixed and variable rate profit amounts calculated by reference to an agreed upon notional amount. The swaps are designated to hedge underlying debt obligations. At 31 December 2014, after taking into the effect of profit rate swaps, approximately [Nil]% of the group's obligations under Islamic finance contracts are at a fixed rate of profit (2013: 4%)

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

	<i>Carrying amounts</i>	
	<i>2014</i>	<i>2013</i>
	<i>QR'000</i>	<i>QR'000</i>
<i>Floating profit rate instruments:</i>		
Financial liabilities	<u>(7,925,590)</u>	<u>(27,798,493)</u>
	<u>(7,925,590)</u>	<u>(27,798,493)</u>

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

	<i>Profit or loss +25b.p QR'000</i>
<i>At 31 December 2014</i>	<u>(27,352)</u>
<i>At 31 December 2013</i>	<u>(70,157)</u>

Foreign currency risk

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

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40 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

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

	<i>2014</i> <i>QR'000</i> <i>Assets</i> <i>(Liabilities)</i>	<i>2013</i> <i>QR'000</i> <i>Assets</i> <i>(Liabilities)</i>
EURO	(1,570)	2,801,880
KWD	303,396	447,088
GBP	171,013	365,239
EGP	915	5,419
AED	88,926	186,039
SAR	(68,904)	(77,590)
USD	(7,346,778)	(27,328,943)

The group has limited exposure to foreign exchange risks arising from balances dominated in US Dollars as it is pegged to Qatari Riyals.

Equity price risk

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

	<i>Changes in</i> <i>market</i> <i>indices</i>	<i>Effect on</i> <i>profit</i> <i>QR'000</i>	<i>Effect on</i> <i>equity</i> <i>QR'000</i>
2014			
Available for sale financial assets — Quoted	+10%	-	17,238
Financial assets at fair value through profit or loss	+15%	1,137	1,137
2013			
Available for sale financial assets — Quoted	+10%	-	10,694
Financial assets at fair value through profit or loss	+15%	1,316	1,316

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

Credit risk

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

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40 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Bank balances (excluding cash)	1,781,237	965,433
Receivables	856,622	883,780
Finance lease receivables	2,191,389	2,508,058
Due from related parties	280,621	2,880,482
	<u>5,109,869</u>	<u>7,237,753</u>

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

	<i>Carrying amounts</i>				<i>Total</i> <i>QR'000</i>
	<i>Domestic</i> <i>QR'000</i>	<i>Other GCC</i> <i>countries</i> <i>QR'000</i>	<i>European</i> <i>countries</i> <i>QR'000</i>	<i>North</i> <i>Africa</i> <i>QR'000</i>	
<i>2014</i>					
Bank balances (excluding cash)	1,716,865	8,622	55,332	418	1,781,237
Receivables	720,042	102,003	31,480	3,097	856,622
Finance lease receivables	2,191,389	-	-	-	2,191,389
Due from related parties	211,600	17,471	51,550	-	280,621
	<u>4,839,896</u>	<u>128,096</u>	<u>138,362</u>	<u>3,515</u>	<u>5,109,869</u>

	<i>Carrying amounts</i>				<i>Total</i> <i>QR'000</i>
	<i>Domestic</i> <i>QR'000</i>	<i>Other GCC</i> <i>countries</i> <i>QR'000</i>	<i>European</i> <i>countries</i> <i>QR'000</i>	<i>North</i> <i>Africa</i> <i>QR'000</i>	
<i>2013</i>					
Bank balances (excluding cash)	905,331	8,242	51,748	112	965,433
Receivables	655,603	193,763	31,079	3,335	883,780
Finance lease receivables	2,508,058	-	-	-	2,508,058
Due from related parties	2,818,489	61,993	-	-	2,880,482
	<u>6,887,481</u>	<u>263,998</u>	<u>82,827</u>	<u>3,447</u>	<u>7,237,753</u>

The group monitors its exposure to credit risk on an on-going basis and based on the management's assessment and historic default rates, the group believes that impairment allowance of QR 57,596 thousand (2013: QR 48,109 thousand) is sufficient against financial assets as at the reporting date. Financial assets include certain balances that are overdue but in management's view are not impaired as at the reporting date.

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40 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The group reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in reputed banks. 96% (2013: 93%) of bank balances represents balances maintained with local banks in Qatar with a proper rating.

As at 31 December 2014, 80% (2013: 81%) of the total finance lease receivables balance is due from a single customer which is a Government related entity.

Liquidity risk

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

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

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

<i>2014</i>	<i>Carrying amounts QR'000</i>	<i>Contractual cash out flows QR'000</i>	<i>Less than 1 year QR'000</i>	<i>1- 2 years QR'000</i>	<i>2 - 5 years QR'000</i>	<i>More than 5 years QR'000</i>
Payables and other liabilities	3,763,670	3,763,670	3,680,052	-	83,618	-
Due to related parties	329,117	329,117	325,399	-	3,718	
Obligations under Islamic finance contracts	7,919,983	8,258,821	957,740	6,781,698	356,347	163,036
	<u>12,012,770</u>	<u>12,351,608</u>	<u>4,963,191</u>	<u>6,781,698</u>	<u>443,683</u>	<u>163,036</u>

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40 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

2013	<i>Carrying amounts QR'000</i>	<i>Contractual cash out flows QR'000</i>	<i>Less than 1 year QR'000</i>	<i>1- 2 years QR'000</i>	<i>2 - 5 years QR'000</i>	<i>More than 5 years QR'000</i>
Payables and other liabilities	3,602,927	3,602,927	3,497,939	-	104,988	-
Due to related parties	385,276	385,276	362,924	22,352	-	-
Liabilities of a subsidiary classified as held for sale	612	612	612	-	-	-
Obligations under Islamic finance contracts	27,788,091	29,648,669	3,257,816	3,038,298	23,038,955	313,600
	<u>31,776,906</u>	<u>33,637,484</u>	<u>7,119,291</u>	<u>3,060,650</u>	<u>23,143,943</u>	<u>313,600</u>

Operational risk

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

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

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

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

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40 FINANCIAL RISK MANAGEMENT (continued)

Real estate risk

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

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

Other risks

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

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, treasury shares, other reserves, general reserve and retained earnings of the group. The Board of Directors monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to the shareholders.

The group's main objectives when managing capital are:

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

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

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

	<i>2014</i> <i>QR'000</i>	<i>2013</i> <i>QR'000</i>
Profit bearing debts	7,919,983	29,062,616
Less: cash and bank balances	<u>(1,781,443)</u>	<u>(965,785)</u>
Net debt	6,138,540	28,096,831
Total equity (excluding legal reserve & non-controlling interests)	<u>14,649,162</u>	<u>12,968,832</u>
Net debt to equity ratio at 31 December	<u>0.42</u>	<u>2.17</u>

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41 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair values

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

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Financial assets				
Bank balances (excluding cash)	1,781,236	965,433	1,781,236	965,433
Receivables	856,622	883,780	856,622	883,780
Finance lease receivables	2,191,389	2,508,058	2,191,389	2,508,058
Due from related parties	280,621	2,880,482	280,621	2,880,482
Financial assets at fair value through profit or loss	7,577	8,776	7,577	8,776
Available-for-sale financial assets	304,043	208,005	304,043	208,005
Financial liabilities				
Payables and other liabilities	(3,763,670)	(3,602,927)	(3,763,670)	(3,602,927)
Due to related parties	(329,117)	(385,276)	(329,117)	(385,276)
Liabilities of a subsidiary classified as held for sale	-	(612)	-	(612)
Obligations under Islamic finance contracts	(7,919,983)	(27,788,091)	(7,919,983)	(27,788,091)

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

- Bank balances, receivables, due from related parties, payables and other liabilities, due to related parties their carrying amounts largely due to the short-term maturities of these instruments.
- Finance lease receivables are evaluated by the group based on parameters such as profit rates and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these finance lease receivables. At the end of the reporting year, the carrying amounts of such finance lease receivables, net of allowances, approximate their fair values.
- The fair value of the quoted available-for-sale financial assets is derived from quoted market prices in active markets.
- The fair value of unquoted financial assets are estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted financial assets.
- The fair value of obligation under Islamic finance contracts approximates its carrying amount as these facilities are repriced periodically to reflect market rates through revolving Murabaha finance mechanism.

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41 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair values (continued)

Fair value measurement

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2014 are as follows:

	Date of valuation	Total QR'000	Fair value measurement using		
			Quoted prices in active markets Level 1 QR'000	Significant observable inputs Level 2 QR'000	Significant unobservable inputs Level 3 QR'000
Assets measured at fair value:					
<i>Investment properties (Note 13):</i>	31 Dec 2014	10,964,783	-	-	10,964,783
<i>Available-for-sale financial assets (Note 11):</i>					
Quoted equity shares	31 Dec 2014	172,383	172,383	-	-
Unquoted equity shares	31 Dec 2014	131,660	-	-	131,660
<i>Financial assets at fair value through profit or loss (Note 5):</i>					
Quoted equity shares	31 Dec 2014	7,577	7,577	-	-

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

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

	Date of valuation	Total QR'000	Fair value measurement using		
			Quoted prices in active markets Level 1 QR'000	Significant observable inputs Level 2 QR'000	Significant unobservable inputs Level 3 QR'000
Assets measured at fair value:					
<i>Investment properties (Note 13):</i>	31 Dec 2013	9,758,249	-	-	9,758,249
<i>Available-for-sale financial assets (Note 11):</i>					
Quoted equity shares	31 Dec 2013	106,938	106,938	-	-
Unquoted equity shares	31 Dec 2013	101,067	-	-	101,067
<i>Financial assets at fair value through profit or loss (Note 5):</i>					
Quoted equity shares	31 Dec 2013	8,776	8,776	-	-
<i>Derivative financial instruments (Note 6):</i>					
Foreign exchange forward contracts	31 Dec 2013	2,988	-	-	2,988

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41 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value measurement (continued)

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

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

	Date of valuation	Fair value measurement using			
		Total QR'000	Quoted prices in active markets Level 1 QR'000	Significant observable inputs Level 2 QR'000	Significant unobservable inputs Level 3 QR'000
Assets measured at fair value:					
<i>Investment properties (Note 13):</i>	31 Dec 2013	9,758,249	-	-	9,758,249
<i>Available-for-sale financial assets (Note 11):</i>					
Quoted equity shares	31 Dec 2013	106,938	106,938	-	-
Unquoted equity shares	31 Dec 2013	101,067	-	-	101,067
<i>Financial assets at fair value through profit or loss (Note 5):</i>					
Quoted equity shares	31 Dec 2013	8,776	8,776	-	-
<i>Derivative financial instruments (Note 6):</i>					
Foreign exchange forward contracts	31 Dec 2013	2,988	-	-	2,988

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

42 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Judgements other than estimates

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

Revenue recognition

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

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

Classification of property

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

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

Operating lease contracts — the group as lessor

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

Impairment of receivables and prepayments

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

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

At the reporting date, there were no allowances for impairment of due from related parties as the group does not have collection concern with regards to its receivables from its related parties unless disclosed otherwise (Note 31). The overdue and doubtful amounts for collection as the end of the reporting period relating to trade receivables are disclosed in Note 6.

Classification of investment securities

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

Estimation uncertainty

Impairment of available-for-sale financial assets

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

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

Fair value of unquoted equity and debt investments

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

Estimation of net realizable value for trading properties

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

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

Valuation of investment property

Investment properties are stated at fair value. The group used external, independent valuers to determine the fair value of the investment properties in addition to the properties that are being valued by the management. The independent valuers uses the market situations, estimated yield and expected future cash flows and the recent real estate transactions with similar characteristics and location of properties for the valuation of investment properties.

Useful lives of property, plant and equipment

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

Impairment of non financial assets

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

The estimates used by management in testing impairment of the goodwill resulting from business combinations are as follows:

Key assumptions used in value in use calculations.

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

Gross margin

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

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

Discount rates

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

Growth rate

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

43 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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43 SEGMENT INFORMATION (continued)

Operating segments

The operating segments are presented as follows;

<i>For the year ended 31 December 2014</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					
- Rental income	1,217,206	-	-	-	1,217,206
- Income from consultancy and other related services	-	431,890	11,131	-	443,021
- Profit on sale of properties	2,928,255	-	-	-	2,928,255
- Profit on disposal of subsidiaries	382	269	8,176	-	8,827
- Profit on disposal of an associate	10,288	-	-	-	10,288
- Net fair value loss on investment properties	(229,351)	-	-	-	(229,351)
- Share of results of associates and joint venture	-	-	(107,011)	-	(107,011)
- Other income	-	-	54,528	-	54,528
Internal segments	(10,834)	84,554	4,088	(77,808) (i)	-
Total revenues and gains	3,915,946	516,713	(29,088)	(77,808)	4,325,763
Profit (loss) for the year	2,657,850	240,107	(83,692)	(29,052)	2,785,213
Net finance (cost) income	(483,762)	6,772	-	-	(476,990)
Depreciation	(78,126)	(1,208)	(14,000)	-	(93,334)

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43 SEGMENT INFORMATION (continued)

Operating segments (continued)

<i>For the year ended 31 December 2013</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					
- Rental income	1,086,222	-	-	-	1,086,222
- Income from consultancy and other related services	-	384,128	14,899	-	399,027
- Profit on sale of properties	954	-	-	-	954
- Profit on disposal of subsidiaries	232,327	-	-	-	232,327
- Profit on disposal of an associate	-	-	336,548	-	336,548
- Net fair value gain on investment properties	718,474	-	-	-	718,474
- Share of results of associates and joint venture	-	-	90,679	-	90,679
- Other income	-	-	315,743	-	315,743
Internal segments	32,721	102,190	-	(134,911) (i)	-
Total revenues and gains	2,070,698	486,318	757,869	(134,911)	3,179,974
Profit (loss) for the year	386,791	245,165	743,776	(5,651)	1,370,081
Net finance (cost) income	(975,082)	1,050	-	-	(974,032)
Depreciation	(87,212)	(1,872)	(4,628)	-	(93,712)

Note:

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

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43 SEGMENT INFORMATION (continued)

The following table presents segment assets and liabilities of the group's operating segments as at 31 December 2014 and 2013.

<i>At 31 December 2014</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	9,164,351	263,503	31,454	-	9,459,308
Non-current assets	18,762,104	180,841	1,051,794	(550,821)	19,443,918
Total assets	<u>27,926,455</u>	<u>444,344</u>	<u>1,083,248</u>	<u>(550,821)</u>	<u>28,903,226</u>
Current liabilities	(4,841,758)	(106,174)	(1,399)	-	(4,949,331)
Non-current liabilities	(7,783,289)	(72,748)	(151,146)	(27,982)	(8,035,165)
Total liabilities	<u>(12,625,047)</u>	<u>(178,922)</u>	<u>(152,545)</u>	<u>(27,982)</u>	<u>(12,984,496)</u>
Investment in associates	-	-	817,053	-	817,053
Capital expenditures	<u>1,527,524</u> (i)	-	-	-	<u>1,527,524</u>
<i>At 31 December 2013</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	28,837,433	220,007	220,381	-	29,277,821
Non-current assets	17,823,592	71,351	526,167	(570,108)	17,851,002
Total assets	<u>46,661,025</u>	<u>291,358</u>	<u>746,548</u>	<u>(570,108)</u>	<u>47,128,823</u>
Current liabilities	(6,531,466)	(75,073)	(1,797)	-	(6,608,336)
Non-current liabilities	(26,062,187)	(60,858)	(149,451)	67,619	(26,204,877)
Total liabilities	<u>(32,593,653)</u>	<u>(135,931)</u>	<u>(151,248)</u>	<u>67,619</u>	<u>(32,813,213)</u>
Investment in associates	-	-	500,473	-	500,473
Capital expenditures	<u>1,571,242</u> (i)	-	-	-	<u>1,571,242</u>

Note:

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

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44 COMPARATIVE INFORMATION

(i) Restatements

The group used to report its 50% interest in Lusail Golf Development Company LLC as a joint venture under IFRS 11. This classification was based on shareholders' agreement, which requires all decisions to be made by anonymous approval of all shareholders. Such shareholders agreement is not yet authenticated. Based on advice of the internal legal counsel, the group management has assessed that only the articles of association of Lusail Golf Development Company LLC which gives a casting power in the voting to the group should be considered as guidance for managing the Company till the official authentication of the shareholders agreement. Therefore, Lusail Golf Development Company LLC is consolidated in these condensed consolidated financial statements with retrospective effect.

The restatement of prior period amounts did not lead to any significant effect on the comprehensive income, other comprehensive income, cash flows or retained earnings of the group. The restatement mainly affected the statement of financial position as at 31 December 2013 and 1 January 2013 as follows:

	As previously reported QR'000	Effect of restatement QR'000	Restated QR'000
31 December 2013			
Advances for projects and investments	317,329	4,369,887	4,687,216
Payables and other liabilities	2,271,032	2,221,748	4,492,780
Non-controlling interest	499,484	5,000	504,484
Investment in Joint Venture	2,153,497	(2,153,497)	-
Cash & bank balances	955,336	10,449	965,785
1 January 2013			
Advances for projects and investments	2,671,293	2,110,649	4,781,942
Payables and other liabilities	2,917,447	2,110,649	5,028,096
Non-controlling interest	503,926	5,000	508,926
Cash & bank balances	665,514	10,449	675,963

(ii) Reclassification

As at 31 December 2013, the group reclassified the trading properties "properties under development" to receivables. The reclassifications made affected the following previously reported figures:

	<i>Trading Properties QR'000</i>	<i>Receivables and prepayments QR'000</i>
<i>As previously reported</i>	19,818,842	902,358
Transferred from trading properties to receivables	(106,463)	106,463
<i>As reclassified</i>	<u>19,712,379</u>	<u>1,008,821</u>

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45 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date the group:

- (i) acquired the remaining 50% of Lusail Golf Development Co. through one of its wholly owned subsidiaries for a purchase consideration of QR 2,482,755 thousand. The purchase price was paid in December 2014 and was presented in the consolidated statement of financial position under “Advances for projects and investments” at 31 December 2014. Subsequent to the year end, all the procedures have been completed and the shares have been transferred, accordingly, Lusail Golf Development Company is a fully owned subsidiary of the group on the date of issuing these consolidated financial statements.
- (ii) sold a plot of land for a sales price of QR 2,703,424 thousand on 15 January 2015. The sales proceeds have been received in full in January 2015.