ZAD HOLDING COMPANY (Q.S.C)
DOHA – STATE OF QATAR

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

ZAD HOLDING COMPANY (Q.S.C)
DOHA – STATE OF QATAR

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INDEPENDENT AUDITOR'S REPORT

To
The Shareholders
Zad Holding Company (Q.S.C)
Doha – State of Qatar

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of **Zad Holding Company (Q.S.C) (the "Company") and its subsidiaries (together referred to as the "Group"),** Doha-State of Qatar, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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 Group'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 Group'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 qualified audit opinion.

INDEPENDENT AUDITOR'S REPORT Continued...

Basis for Qualified Opinion

- As explained in note 10 to the consolidated financial statements, an amount of QR.68,368,576 is receivable as a compensation from Government of Qatar in respect of subsidized flour sold during earlier years as per the provisions of the compensation agreement that was enforced until December 13, 2007. The quantification of the claim in respect of subsidized flour is still under discussion with the Government of Qatar. We were unable to obtain assurance that this amount will be recovered in full. Further, the loan from Government of Qatar amounting to QR.59,959,040 as at December 31, 2013 has been netted off against the amount due in respect of the subsidies to arrive at the net outstanding balance due from Government of Qatar amounting to QR.79,880,452 as at December 31, 2013. The Group was unable to demonstrate to us that the right of set off exists. Accordingly, we were unable to obtain assurance that the set off is appropriate.

- As discussed in note 6(b), the Group has recognized leased lands as "rights to use lands" under investment properties in the consolidated statement of financial position out of which certain leased lands with the carrying value of QR.141,083,246 do not meet the definition of an investment property as required by the International Financial Reporting Standards-IAS 40 Investment Properties. Further, these leased lands have been carrying at the Group's consolidated statement of financial position at fair value measured during the year 2011 based on the management estimation amounting to QR.179,833,646 and these fair value of leased lands "right to use lands" were not based on the valuations by an independent valuer or not supported by any appropriate market evidences. In addition, we did not receive sufficient and appropriate audit evidences to ensure the fair value of investment properties as at December 31, 2013.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Zad Holding Company (Q.S.C) (the "Company") and its subsidiaries (together referred to as the "Group"),** Doha-State of Qatar, as at December 31, 2013, and their consolidated financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without further qualifying our opinion, we draw attention to following matter and notes to the consolidated financial statements:

- As detailed in notes 9(c), 15(b), 16, and 39 (b) to the consolidated financial statements, the Group is in the process of listing of 8,464,132 shares of the Company at a par value of QR. 10 each to the shareholders of an acquired subsidiary during the year 2011. However, as of the reporting date the financial positions and operating results of the subsidiary have been consolidated with these consolidated financial statements without listing of the Company's shares.

Report on Other Legal and Regulatory Requirements

In addition, in our opinion, the Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We are not aware of any violations of the provisions of Qatar Commercial Companies Law No. 5 of 2002, or the terms of Articles of Association having occurred during the year which might have had a material effect on the business of the Group or its consolidated financial position as at December 31, 2013. Except for the matters described in the Basis for Qualified Opinion paragraphs, and notes 9(c), 15(b), 16 and 39(b), we have obtained the required information and explanations as deemed necessary for the purpose of our audit.

TALAL ABU-GHAZALEH & CO.

Hazim Al Suykhi
(Licence No. 119)
Doha, March 25, 2014

ZAD HOLDING COMPANY (Q.S.C)
DOHA – STATE OF QATAR

EXHIBIT "A"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	Note	2013 (QR.)	2012 (QR.)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	-5-	**118,538,029**	118,717,371
Investment properties	-6-	**1,108,622,619**	1,099,222,350
Goodwill	-7-	**19,704,770**	19,704,770
Investment in subsidiary-Al Heer Development Co.		**200,000**	200,000
Advance for purchase of land	-8-	**30,836,943**	25,853,195
Available-for-sale financial assets	-9-	**290,152,052**	260,656,521
Due from Government of Qatar	-10(b)-	**68,368,576**	68,368,576
Retentions receivable	-11-	**1,342,759**	10,858,488
Other assets		**675,744**	772,689
Total Non-Current Assets		**1,638,441,492**	1,604,353,960
CURRENT ASSETS			
Inventories	-12-	**125,483,214**	143,563,329
Excess of revenue over billings	-13-	**6,302,195**	5,173,445
Due from Government of Qatar	-10(b)-	**11,511,876**	18,999,055
Accounts, retentions and other receivables	-11-	**169,095,444**	183,518,861
Due from related party	-23(a)-	**281,928**	311,378
Assets classified as held for sale	-14-	**-0-**	2,723,902
Cash in hand and at banks	-30-	**57,488,559**	77,132,579
Total Current Assets		**370,163,216**	431,422,549
Total Assets		**2,008,604,708**	2,035,776,509

Continued...

These consolidated financial statements were approved by the Board of Directors on March 25, 2014 and were signed on their behalf by the following:

Sh. Nassar Bin Mohammad Bin Jabor Al-Thani
Chairman

Sh. Talal Bin Mohammad Bin Jabor Al-Thani
Vice Chairman

THE ACCOMPANYING NOTES 1 TO 40 CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ZAD HOLDING COMPANY (Q.S.C)
DOHA – STATE OF QATAR

EXHIBIT "A"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

Continued...

	Note	2013 (QR.)	2012 (QR.)
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital-Listed		130,810,680	130,810,680
Share capital-Unlisted		84,641,320	84,641,320
Total share capital	-15-	215,452,000	215,452,000
Legal reserve	-16-	563,120,753	563,120,132
Capital reserve	-17-	15,000,000	15,000,000
Fair value reserve	-18-	171,643,979	179,861,051
Retained earnings	-19-	375,419,593	339,208,852
Total Shareholders' Equity – Exhibit D		1,340,636,325	1,312,642,035
NON-CURRENT LIABILITIES			
Employees' end of service benefits	-20-	12,226,254	9,951,114
Due to Government of Qatar	-10(e)-	47,591,581	47,591,581
Borrowings	-21-	192,575,953	193,141,987
Total Non-Current Liabilities		252,393,788	250,684,682
CURRENT LIABILITIES			
Accounts, retentions and other payables	-22-	287,509,648	285,641,009
Due to related parties	-23(b)-	40,232,207	44,086,890
Borrowings	-21-	87,832,740	142,721,893
Total Current Liabilities		415,574,595	472,449,792
Total Liabilities		667,968,383	723,134,474
Total Shareholders' Equity and Liabilities		2,008,604,708	2,035,776,509

These consolidated financial statements were approved by the Board of Directors on March 25, 2014 and were signed on their behalf by the following:

Sh. Nassar Bin Mohammad Bin Jabor Al-Thani
Chairman

Sh. Talal Bin Mohammad Bin Jabor Al-Thani
Vice Chairman

THE ACCOMPANYING NOTES 1 TO 40 CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ZAD HOLDING COMPANY (Q.S.C)
DOHA – STATE OF QATAR

EXHIBIT "B"

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013 (QR.)	2012 (QR.)
Operating revenue	-24-	652,699,557	559,641,741
Compensation from Government of Qatar for sale of subsidized flour	-10-	116,664,292	107,064,800
Total revenue		769,363,849	666,706,541
Operating cost	-25-	(596,090,179)	(512,597,884)
Gross profit		173,273,670	154,108,657
Other operating income	-26-	78,771,565	57,569,767
Impairment on assets classified as held for sale	-14-	-0-	(276,098)
General and administrative expenses	-27-	(86,901,946)	(58,614,704)
Selling and distribution expenses	-28-	(29,321,114)	(25,233,834)
Finance charges		(5,437,761)	(13,006,217)
Profit before zakat fund contribution		130,384,414	114,547,571
Zakat fund contribution		(5,275,958)	(4,284,713)
Profit for the year – Exhibits C, D & E		125,108,456	110,262,858
Earnings per share			
Basic earnings per share	-29-	5.81	5.11
Diluted earnings per shares	-29-	5.81	5.11

THE ACCOMPANYING NOTES 1 TO 40 CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ZAD HOLDING COMPANY (Q.S.C)
DOHA – STATE OF QATAR

EXHIBIT "C"

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013 (QR.)	2012 (QR.)
Profit for the year – Exhibit B		125,108,456	110,262,858
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of available-for-sale financial assets	-18-	37,295,202	(44,212,993)
Net changes in fair value of available-for-sale financial assets transferred to profit or loss	-18-	(45,512,274)	(11,616,880)
Other comprehensive (loss) for the year – Exhibit D		(8,217,072)	(55,829,873)
Total comprehensive income for the year – Exhibit D		116,891,384	54,432,985

THE ACCOMPANYING NOTES 1 TO 40 CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ZAD HOLDING COMPANY (Q.S.C)

DOHA – STATE OF QATAR

EXHIBIT "D"

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Share Capital (QR.)	Legal Reserve (QR.)	Capital Reserve (QR.)	Fair Value Reserve (QR.)	Retained Earnings (QR.)	Total (QR.)
Balance as at January 01, 2012	215,452,000	561,370,631	15,000,000	235,690,924	232,929,478	1,260,443,033
Total comprehensive income for the year						
Profit for the year Exhibit B	-0-	-0-	-0-	-0-	110,262,858	110,262,858
Other comprehensive income						
Net changes in fair value of available-for-sale financial assets	-0-	-0-	-0-	(44,212,993)	-0-	(44,212,993)
Net changes in fair value of available-for-sale financial assets transferred to profit or loss	-0-	-0-	-0-	(11,616,880)	-0-	(11,616,880)
Other comprehensive (loss) for the year Exhibit C	-0-	-0-	-0-	(55,829,873)	-0-	(55,829,873)
Total comprehensive income for the year Exhibit C	-0-	-0-	-0-	(55,829,873)	110,262,858	54,432,985
Contribution to social and sports fund Note 32	-0-	-0-	-0-	-0-	(2,233,983)	(2,233,983)
Transferred to legal reserve Note 16	-0-	1,749,501	-0-	-0-	(1,749,501)	-0-
Balance as at December 31, 2012 Exhibit A	215,452,000	563,120,132	15,000,000	179,861,051	339,208,852	1,312,642,035

Continued...

THE ACCOMPANYING NOTES 1 TO 40 CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ZAD HOLDING COMPANY (Q.S.C)
DOHA – STATE OF QATAR

EXHIBIT "D"

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

Continued...

	Share Capital (QR.)	Legal Reserve (QR.)	Capital Reserve (QR.)	Fair Value Reserve (QR.)	Retained Earnings (QR.)	Total (QR.)
Balance as at January 01, 2013	215,452,000	563,120,132	15,000,000	179,861,051	339,208,852	1,312,642,035
Total comprehensive income for the year						
Profit for the year Exhibit B	-0-	-0-	-0-	-0-	125,108,456	125,108,456
Other comprehensive income						
Net changes in fair value of available-for-sale financial assets	-0-	-0-	-0-	37,295,202	-0-	37,295,202
Net changes in fair value of available-for-sale financial assets transferred to profit or loss	-0-	-0-	-0-	(45,512,274)	-0-	(45,512,274)
Other comprehensive (loss) for the year Exhibit C	-0-	-0-	-0-	(8,217,072)	-0-	(8,217,072)
Total comprehensive income for the year Exhibit C	-0-	-0-	-0-	(8,217,072)	125,108,456	116,891,384
Contribution to social and sports fund Note 32	-0-	-0-	-0-	-0-	(2,716,294)	(2,716,294)
Transferred to legal reserve - Note 16	-0-	621	-0-	-0-	(621)	-0-
Dividend distribution Note 19	-0-	-0-	-0-	-0-	(86,180,800)	(86,180,800)
Balance as at December 31, 2013 Exhibit A	215,452,000	563,120,753	15,000,000	171,643,979	375,419,593	1,340,636,325

THE ACCOMPANYING NOTES 1 TO 40 CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ZAD HOLDING COMPANY (Q.S.C)
DOHA – STATE OF QATAR

EXHIBIT "E"

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		(QR.)	(QR.)
Profit for the year – Exhibit B		125,108,456	110,262,858
Adjustments for:			
Dividend income		(16,456,698)	(20,903,536)
Depreciation of property, plant and equipment		29,543,994	32,964,391
Islamic finance income		(560,714)	(43,769)
Amortization of lease premium		96,945	96,948
Gain on sale of available-for-sale financial assets		(46,513,275)	(11,616,880)
Provision for employees' end of service benefits		3,014,097	2,898,632
Profit on disposal of property, plant and equipment		(959,861)	(63,563)
Finance charges		5,437,761	13,006,217
Provision for slow moving inventories		293,452	323,443
Zakat fund contribution		5,275,958	4,284,713
Provision for doubtful debts		29,051,393	4,561,984
Loss on transfer of inventories		366,982	-0-
Reversal of provision for doubtful debts		(15,250)	-0-
Bad debts written off		-0-	307,763
Impairment on assets classified as held for sale		-0-	276,098
Operating profit before working capital changes		133,683,240	136,355,299
Changes in operating assets and liabilities of:			
- Inventories		17,419,681	(7,632,951)
- Excess of revenue over billings		(1,128,750)	(788,171)
- Due from and due to Government of Qatar		7,487,179	48,152,057
- Accounts, retentions and other receivables		(5,096,997)	(40,014,482)
- Due from related parties		29,450	(108,698)
- Accounts, retentions and other payables		3,731,822	(10,809,963)
- Due to related parties		(3,854,683)	(50,822,080)
Cash generated from operations		152,270,942	74,331,011
Zakat fund paid		(4,284,713)	(5,007,052)
Employees' end of service benefits paid		(738,957)	(709,039)
Finance charges paid		(7,737,855)	(10,950,591)
Net Cash from Operating Activities		139,509,417	57,664,329
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(29,181,509)	(15,074,706)
Additions to investment properties		(11,084,719)	(59,248,696)
Advance payments for purchase of land		(4,983,748)	(4,983,748)
Dividend income received		16,456,698	20,903,536
Islamic finance income received		560,714	43,769
Proceeds from disposal of property, plant and equipment		643,668	289,000
Proceeds from sale of available-for-sale financial assets		61,629,732	50,867,783
Proceeds from disposal of assets held for sale		1,270,774	-0-
Acquisition of available-for-sale financial assets		(52,829,060)	(41,071,285)
Net Cash (used in) Investing Activities		(17,517,450)	(48,274,347)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in borrowings		(55,455,187)	13,526,391
Restricted bank balances		(94,869)	-0-
Dividend distribution		(86,180,800)	-0-
Net Cash (used in) from Financing Activities		(141,730,856)	13,526,391
Net (decrease) increase in cash and cash equivalents		(19,738,889)	22,916,373
Cash and cash equivalents at beginning of the year		53,027,448	30,111,075
Cash and cash equivalents at end of the year	-30-	33,288,559	53,027,448

Supplementary information to the consolidated statement of cash flows is disclosed in note 31.

THE ACCOMPANYING NOTES 1 TO 40 CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL INFORMATION

Zad Holding Company (Q.S.C) (the "Company") was incorporated on July 07, 1969, under Commercial Registration No. 27 as a Qatari Shareholding Company by Emiri Decree No. (45) of 1969 and by Concession Law No. (12) of 1969. On April 22, 2008, the shareholders of the Company resolved to change the name of the Company to Zad Holding Company (Q.S.C).

The accompanying consolidated financial statements represent financial statements of the Company and its Subsidiaries (together referred to as the "Group").

The Group's main activities are import of wheat, production of different kinds of flour, manufacturing and marketing of pasta, biscuits and bakery products. Further, the Group earns income from sales of certain types of grains and related commodities. In addition to the above, the Group engaged in the activities of investments in financial instruments, including investment in available-for-sale financial assets and providing transport services.

During the year 2011, the company acquired two subsidiaries namely National Food Co. (O.P.C) and Meeda Projects Co. (O.P.C). As a result, the Group business activities extended to civil construction, investing, establishing and managing of industrial projects, activities in real estates, selling and rental of heavy equipments and investment in company shares, manufacturing and supply of ready mix concrete and asphalt, rock blasting and crushing services. Further, the Group is engaged in the import and sale of food stuffs and other dairy products.

2) BASIS OF PREPARATION AND APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the applicable provisions of the Qatar Commercial Companies Law No. 5 of 2002.

b) Basis of Measurement

The consolidated financial statements have been drawn up from the accounting records of the Group under the historical cost convention except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on fair value of the consideration initially given in exchange for assets.

c) Functional and Presentation Currency

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

d) Use of Estimates and Judgments

The information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the note 36.

BASIS OF PREPARATION AND APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) Continued...

e) New and revised standards and amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the preparation of the previous consolidated financial statements for the year ended December 31, 2012, except for certain new and revised standards and amendments to the standards that became effective in the current period as described below:

The following new and revised standards and amendments to the standards have been adopted, where applicable.

IAS 1	Financial Statement Presentation (Presentation of Items of Other Comprehensive Income) – *Amendment*
IAS 1	Financial Statement Presentation (Clarification of Requirements for Comparative Information) – *Amendment*
IAS 16	Property, Plant and Equipment (Classification of Servicing Equipment) – Annual Improvements to IFRS's 2009-2011 Cycle
IAS 19	Employee Benefits - As revised in 2011
IAS 27	Separate Financial Statements - As revised in 2011
IAS 28	Investments in Associates - As revised in 2011
IFRS 1	First Time Adoption (Amendments to government loans and Clarification of Requirements for Comparative Information)
IFRS 7	Offsetting Financial Assets and Financial Liabilities – Disclosures
IFRS 10	Consolidated Financial Statements
IFRS 11	Join Arrangements
IFRS 12	Disclosure of Interest in Other Entities
IFRS 13	Fair Value Measurement

f) New and revised standards and amendments to IFRSs in issue but not yet effective

The new and revised standards to IFRSs have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

The following new and revised standards and amendments to the standards have been issued with effective from annual periods beginning on or after January 01, 2014 except for the mandatory effective date of IFRS 9 and amendments to IFRS 9 and IFRS 7 which effective for annual period beginning on or after January 01, 2015.

IFRS 7	Financial Instruments: Disclosures
IFRS 9	Financial Instruments: Classification and Measurement
IAS 32	Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities) – *Amendment*
IAS 27	Separate Financial Statements (Investment Entities) – *Amendment*
IFRS 10	Consolidated Financial Statement (Investment Entities) – *Amendment*
IFRS 12	Disclosures of Interests in Other Entities (Investment Entities) – *Amendment*

3) BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those entities including specific purpose entities controlled by the Company. Control is achieved when the Company:

- has power over an investee;
- is exposure, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect the amount of the investor's returns.

In accordance with the transitional provisions of IFRS 10 issued in 2011, the Company reassessed the control conclusion for its investees on January 01, 2013.

When the Company has less than a majority of the voting rights has rights that are sufficient to give it power when the Company has the practical ability to direct the relevant activities unilaterally.

When assessing whether Company's voting rights are sufficient to give it power, the Company considers all facts and circumstances, including:

- the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- and any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the parent.

The consolidated financial statements incorporate the financial statements of the below stated subsidiaries (the effective shareholding percentage of these subsidiaries are 100%) except for the Al Heer for Development.

Qatar Flour Mills Co.

The subsidiary was incorporated on November 17, 2009 in the State of Qatar under Commercial Registration No. 43969 as one person company with limited liability. The Company's controls on the subsidiary commenced from January 01, 2010. It carries out its activities in manufacturing and distribution of different kinds of flour, trading of bran and barley through participation in tenders. Further, Qatar Flour Mills Co. commenced the operations of its branch Flash Track Trading and Transport Division (referred to as "Transport Division").

BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES continued...

Umm Said Bakery

The subsidiary was incorporated on November 17, 2009 in the State of Qatar under Commercial Registration No.43972 as one person company with limited liability. The Company's controls on the subsidiary commenced from January 01, 2010. It carries out its activities in manufacturing of fresh and dry bakery products and sweet products.

Qatar Food Industries Co.

The subsidiary was incorporated on November 17, 2009 in the State of Qatar under Commercial Registration No.43971 as one person company with limited liability. The Company's controls on the subsidiary commenced from January 01, 2010. It carries out its activities in the production of biscuits.

Arzak Marketing Co.

The subsidiary was incorporated on October 07, 2008 in the State of Qatar under Commercial Registration No. 40515 as one person company with limited liability. The Company's controls on the subsidiary commenced from January 01, 2010. It carries out its activities in trading grains and food stuff.

Zain Trading Co.

The subsidiary was incorporated on November 10, 2009 in the State of Qatar under Commercial Registration No.43894 as one person company with limited liability and it has not yet commenced its operation. The principal activities of the company are trade in food stuff and animal food stuff.

National Food Company

The subsidiary was registered in the State of Qatar as a limited liability company under Commercial Registration No. 13119, in the names of Zad Holding Co. (Q.S.C) and Qatar Flour Mills Co. (O.P.C).

As per the agreement entered on February 09, 2011, the ex-partners, Seven Brothers Group Holding (70%) and Al Basateen Real Estate (30%), sold their shares to Zad Holding Co. (Q.S.C) and Qatar Flour Mills Co. (O.P.C) and hold 99% and 1% of the company's capital respectively. The Company's control on the subsidiary commenced from January 01, 2011. The subsidiary is engaged in the import and sale of food stuffs and other dairy products.

Meeda Projects Co.

Meeda Projects Co. is registered in the State of Qatar as a one person company under Commercial Registration number 37882 in the name of Zad Holding Co. (Q.S.C). The subsidiary holds the controls on Building Development Real Estate Co. (Holding company of Gulf United Real Estate Investment Co.), ALCAT Contracting Co. and Alcat Real Estate Development Co.

The principal activities of Meeda Projects Co. and its subsidiaries are civil construction, investing, establishing and managing of industrial projects, activities in real estates, selling and rental of heavy equipments and investment in company shares, manufacturing and supply of ready mix concrete and asphalt, rock blasting and crushing services.

Al Heer for Development

The financial statements of Al Heer for Development were not consolidated in the grounds of immateriality.

(ii) Transactions Eliminated on Consolidation

All intergroup assets and liabilities, equity, income, expenses and cash flows resulting to transactions between the entities of the group are eliminated in full on consolidation.

BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES continued...

(iii) Non-Controlling Interest

Non-controlling interest represents the equity in a subsidiary not attributable directly or indirectly to a parent. At the date of statement of financial position the company holds 100% ownership of its all of subsidiaries and there is no non-controlling interests exist.

(iv) Loss of Control

If a Group's ownership interest of a subsidiary changes without a loss of control it is accounted for as an equity transaction.

If the Group loses control of a subsidiary, the Group, derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost and the carrying amount of any non-controlling interests including any components of other comprehensive income attributable to non-controlling interests.

The Group recognises, the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; the transaction, event or circumstances that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution; and any investment retained in the former subsidiary at its fair value at the date when control is lost. Also, the Group reclassify to profit or loss, or transfer directly to retained earnings if required by other IFRSs, the amounts recognized in other comprehensive income in relation to the subsidiary and recognise any resulting difference as a gain or loss in profit or loss attributable to the parent.

(v) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree: plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statement of profit or loss. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IFRS 8 Operating Segment.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in the profit and loss.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at year-end.

Where goodwill forms part of a cash-generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

b) Non-Current Assets Held for Sale or Distribution

Non-current assets, or disposal Groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

c) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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 labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(ii) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component 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. The Group applies the straight-line method in depreciating its property, plant and equipment over their estimated useful lives except for the land.

The estimated useful lives are as follows:

Buildings	5 – 30 years
Plant, equipments and tools	1 – 20 years
Furniture and fixtures	4 – 10 years
Motor vehicles	4 – 10 years

Land is not depreciated and is measured at fair value less impairment losses recognized after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

(iv) Capital Work in Progress

Capital work in progress is stated at cost. Cost includes all expenditure incurred on capital projects that have not been completed. When the projects are completed they are transferred to property, plant and equipment and depreciated thereafter.

d) Investment Properties

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

Investment property is measured initially at cost including transactions costs. Transactions costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise.

Investment property is derecognized 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 recognized 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 re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized directly in equity as a revaluation surplus. Any loss is recognized immediately in profit or loss.

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

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

e) **Excess of Revenue over Billings**

Excess of revenue over billings are stated at cost, plus attributable profit, less progress payments received and receivable. Cost includes material, labour and other direct costs plus an appropriate allocation of overheads. Attributable profit is not recognized until the contract has progressed to the point where the ultimate realizable profit can be reasonably determined. Provision is made for contingencies and any anticipated future losses.

f) **Financial Instruments**

Financial instruments represent the Group's financial assets and liabilities. Financial assets and financial liabilities are recognized on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments also include commitments not recognized but adequately disclosed in the respective notes to the consolidated financial statements.

(i) Recognition

The financial assets and liabilities are recognized on the date they are generated and on the date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) De-Recognition

The Group derecognizes the financial asset when the contractual rights to receive cash flows from that asset expire or it transfers the right to receive the contractual cash flow of that asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

The Group also derecognizes certain assets when it charges off balances pertaining to the assets deemed to be uncollectible. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Measurement

Financial Assets – Measurement

Financial assets include trade receivables, available-for-sale financial assets and cash and cash equivalents. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Trade Receivables

Trade receivables are stated at cost being the fair value, net of provisions for amounts estimated to be non-collectable. An estimate for provision accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Available-for-Sale Financial Assets

Quoted Investments

Investments available-for-sale financial assets are measured at fair value. Unrealized gains or losses arising from changes in fair values are recognized directly in equity, under fair value reserve, until such investments are sold, impaired, collected or otherwise disposed, at which time cumulative gain or loss previously recognized in the fair value reserve is included in other comprehensive income.

Unquoted Investments

Investments available-for-sale whose fair value cannot be reliably measured are carried at cost less provision for impairment in value, if any, until such time the fair value can be reliably measured.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand, balances under current accounts with the banks and deposits having a maturity between 30 to 90 days. For the purpose of consolidated statement of cash flows, cash and cash equivalents consists of cash in hand and cash at banks including short term fixed deposits, net of book overdrafts and restricted bank balances.

Financial liabilities - Measurement

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities', the other financial liabilities include borrowings and accounts and other payables.

Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Borrowings

Borrowings are recognized initially at fair value of the amounts borrowed, less direct attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method, with any differences between the cost and final settlement values being recognized in the consolidated statement of profit or loss over the period of borrowings.

Installments due within one year at amortized cost are shown as current liabilities. Gain or losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized.

g) **Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Costs are those expenses incurred in bringing each product to its present location and condition which are computed as follows:

- Raw materials, spare parts and consumables: Purchases costs on first in first out cost formula basis.
- Work in progress and finished goods: direct materials, direct labour and other direct cost plus any overheads attributable based on normal level of activity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) Related Party Transactions

Parties are considered to be related because they have the ability to exercise control over the Group or to exercise significant influence or joint control over the Group's financial and operating decisions. Further, parties are considered related to the Group when the Group has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties.

Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. At the statement of financial position date, the related parties' receivables are stated at the net realizable value.

i) Employees' End of Service Benefits, Leave Salary and Airfare

End of Service Benefits for Expatriate Employees
For the expatriate employees, the Group provides for employees' end of service benefits determined in accordance with the requirements of Qatar Labor laws pertaining to retirement and pensions, wherever required. These unfunded charges are made by the Group on the basis of employees' salaries and the number of years of service at the statement of financial position date. Applicable benefits are paid to employees on termination of employment with the Group. The Group has no expectation of settling its employees' terminal benefits obligation in the near term and hence classified this under non-current liability.

End of Service Benefits for Qatari Employees
With respect to its Qatari employees, the Group makes contributions to the General Pension Fund Authority calculated as a percentage of the employees' salaries in accordance with the requirements of Law No.24 of 2002 pertaining to Retirement and Pensions. The Group's obligations are limited to these contributions, which are expensed when due.

Employees' Leave Salary and Airfare
Provision for leave salary and airfare is determined as per the management policy applicable to each class of employee.

j) Provision

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by considering the expected future cash flows of the Group.

k) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Exchanges for goods and services of similar nature and value are not regarded as transactions that generate revenue. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Contract Revenue, Contract Work in Progress and Advance Billings

Contract revenue is recognized using the percentage of completion method, estimated based on the ratio of actual costs incurred to total estimated costs for completion, provided that the payment certificates are approved by the customer. Costs and estimated earnings in excess of billings to date are recorded as contract work in progress (excess of revenue over billings). Billings to date in excess of costs and estimated earnings are recorded as advance billings.

Contract costs include direct material, direct labour and indirect costs related to contract performance. Other costs are expensed as incurred. Maintenance costs expected to be incurred after the completion of the contract, but before the expiry of the official maintenance year, are provided for during the construction year and charged to contract costs.

Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and revenue and are recognized in the period in which the revisions are determined.

Profit incentives are included in revenues when their reliability is reasonably assured. Provisions for anticipated losses on uncompleted contracts are made in the period in which such losses are determined. An amount equal to contract costs attributable to claims is included in revenues when realization is probable and the amount can be reliably estimated.

Sale of Goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits will flow to the Group;
- The stage of completion at the consolidated statement of financial position date can be measured reliably; and
- The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

When the above criteria are not met, revenue arising from the rendering of services is recognized only to the extent of the expenses recognized are recoverable.

Dividend and Interest Revenue

Dividend revenue from investments is recognized when the shareholder's right to receive payment is established. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Profit on sale of Quoted Investments

Profit on the sale of quoted investments is recognized when the sale is confirmed by the broker.

Rental Income
Rental income from operating leases is recognized on straight-line basis over the term of relevant lease.

Other Income
Other income is recognized on an accrual basis.

l) **Compensation from Government of Qatar**

Government grants, including non-monetary grants at fair value, are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to the consolidated statement of profit or loss on a systematic and rational basis over the useful lives of the related assets. Other Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in consolidated statement of profit or loss in the period in which they become receivable.

Compensation from the Government of Qatar for the sale of subsidized flour is accrued based on the terms of the subsidy agreement signed by the Group with the Government of Qatar

m) **Impairment and Un-collectability of Assets**

(i) **Financial Assets**
Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account. When a trade receivable is uncollectible, it is written off against the provision account.

With the exception of available-for-sale investments and trading securities, 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 recognized, the previously recognized impairment loss is reversed through profit or loss to the extend that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale investments and trading securities, any increase in fair value of equities subsequent to an impairment loss is recognized directly in equity and profit and loss respectively.

(ii) **Non –Financial Assets**
The carrying amounts of the Group's non-financial assets other than inventories 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.

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 of profit or loss.

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.

n) **Borrowing Costs**

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

The Group begins capitalizing borrowing 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:

- incurs expenditures for the asset;
- incurs borrowing costs; and
- 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 borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

The borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific borrowings 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 borrowing costs that the Group capitalizes during the year is not to exceed the amount of borrowing costs it incurred during that year.

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.

o) **Foreign Currency Transactions**

Transactions in foreign currencies are initially recorded by the Group at Qatari Riyals at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated Qatari Riyals at exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using Qatari Riyals at exchange rates prevailing at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into Qatari Riyals at exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

p) **Earnings Per Share**

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

q) **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. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available on note 4 to the consolidated financial statements. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

r) **Events After the Reporting Period**

The consolidated financial statements are adjusted to reflect events that occurred between the statements of financial position date and when the consolidated financial statements are authorized for issue, provided they give evidence of conditions that existed at the statement of financial position date. There were no subsequent events which require neither adjustments nor disclosures in the consolidated financial statements except for the matters disclosed in 33 to the consolidated financial statements.

4) SEGMENT INFORMATION

For the management purposes, the Group is organized into business units based on their nature of activities and has four reportable segments including the parent. As described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Investment and managed services
This segment consists of the parent Company's core activities and includes participate in the management of the affiliated companies, investments in share capital and financial securities, provide support services to the affiliated companies and establishing companies with specific purposes in and outside of State of Qatar.

Manufacturing and distribution
The segment involves wholesale and/or retail distribution of manufactured bakery products includes buns, cookies and other soft bakery products. The segment includes the following entities:

- Umm Said Bakery
- Qatar Food Industries Co.

Trading, manufacturing, distribution and services
The segment involves wholesale and /or retail distribution of manufactured flour, bran and barley and trading activities of bran and barley to specific customers and selling and distribution of some food related commodities also it is engaged in the import and sale of food stuffs and other dairy products. The segment includes the following entities:

- Qatar Flour Mills Co.
- Arzak Marketing Co.
- Zain Trading Co.
- National Food Co.
- Transport Division – Branch of Qatar Flour Mills Co.

The segment includes Transport Division which is providing transportation services internally and externally.

Contracting, real estate and others

This segment engaged in the business of civil construction, investing, establishing and managing of industrial projects, activities in real estates, selling and rental of heavy equipments and manufacturing, supply of ready mix concrete and asphalt, rock blasting and crushing services.

The segment includes the following entities:

- Meeda Projects Co.
- Gulf United Real Estate Investment Co.
- Building Development Real Estate Co.
- Al.CAT Contracting Co.
- Alcat Real Estate Development Co.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Transactions between segments are conducted at estimated market rates, as approved by management, and are eliminated on consolidation.

SEGMENT INFORMATION continued...

The following table shows the distribution of the Group's revenue, expenditure and summary of assets and liabilities of the operating segments:

Operating Results Year ended December 31, 2013	Investment & managed services (QR.)	Manufacturing & distribution (QR.)	Trading, manufacturing, distribution & services (QR.)	Contracting, real estate & others (QR.)	Total (QR.)
External segments revenue	67,727,947	108,848,979	400,376,083	154,518,113	731,471,122
Internal segments revenue	-0-	-0-	53,567,226	536,699	54,103,925
Compensation from Government of Qatar	-0-	-0-	116,664,292	-0-	116,664,292
Total revenue	**67,727,947**	**108,848,979**	**570,607,601**	**155,054,812**	**902,239,339**
Profit before zakat	37,352,549	17,889,133	70,688,181	4,454,551	130,384,414
Zakat contribution	(5,275,958)	-0-	-0-	-0-	(5,275,958)
Profit for the year	**32,076,591**	**17,889,133**	**70,688,181**	**4,454,551**	**125,108,456**
Net changes in fair value	37,295,202	-0-	-0-	-0-	37,295,202
Contribution to social and sports fund	(2,716,294)	-0-	-0-	-0-	(2,716,294)
Depreciation	2,010,727	4,892,045	14,038,885	8,602,337	29,543,994
Amortization	-0-	-0-	-0-	96,945	96,945

Assets and Liabilities As at December 31, 2013	Investment & managed services (QR.)	Manufacturing & distribution (QR.)	Trading, manufacturing, distribution & services (QR.)	Contracting, real estate & others (QR.)	Total (QR.)
Current assets	42,629,427	21,963,124	223,454,139	82,116,526	370,163,216
Non-current assets	312,206,898	22,001,592	138,936,734	1,165,296,268	1,638,441,492
Total Assets	**354,836,325**	**43,964,716**	**362,390,873**	**1,247,412,794**	**2,008,604,708**
Current liabilities	30,701,993	7,093,173	199,546,036	178,233,393	415,574,595
Non-current liabilities	3,647,039	1,958,437	51,072,872	195,715,440	252,393,788
Total Liabilities	**34,349,032**	**9,051,610**	**250,618,908**	**373,948,833**	**667,968,383**
Capital expenditure	**1,584,151**	**8,808,368**	**4,980,941**	**24,892,768**	**40,266,228**

SEGMENT INFORMATION continued...

The following table shows the distribution of the Group's revenue, expenditure and summary of assets and liabilities of the operating segments:

Operating Results Year ended December 31, 2012	Investment & managed services (QR.)	Manufacturing & distribution (QR.)	Trading, manufacturing, distribution & services (QR.)	Contracting, real estate & others (QR.)	Total (QR.)
External segments revenue	32,516,796	88,040,991	293,842,471	202,811,250	617,211,508
Internal segments revenue	-0-	-0-	31,275,463	867,818	32,143,281
Compensation from Government of Qatar	-0-	-0-	107,064,800	-0-	107,064,800
Total revenue	32,516,796	88,040,991	432,182,734	203,679,068	756,419,589
Profit before zakat	6,565,218	11,871,794	56,485,374	39,625,185	114,547,571
Zakat contribution	(4,284,713)	-0-	-0-	-0-	(4,284,713)
Profit for the year	2,280,505	11,871,794	56,485,374	39,625,185	110,262,858
Net changes in fair value	(44,269,096)	-0-	56,103	-0-	(44,212,993)
Contribution to social and sports fund	(2,233,983)	-0-	-0-	-0-	(2,233,983)
Impairment loss	(276,098)	-0-	-0-	-0-	(276,098)
Depreciation	(2,047,498)	(5,579,477)	(13,158,531)	(12,178,885)	(32,964,391)
Amortization	-0-	-0-	-0-	(96,948)	(96,948)

Assets and Liabilities As at December 31, 2012	Investment & managed services (QR.)	Manufacturing & distribution (QR.)	Trading, manufacturing, distribution & services (QR.)	Contracting, real estate & others (QR.)	Total (QR.)
Current assets	39,263,472	23,120,440	275,842,327	93,196,310	431,422,549
Non-current assets	282,762,092	19,538,608	143,401,475	1,158,651,785	1,604,353,960
Total Assets	322,025,564	42,659,048	419,243,802	1,251,848,095	2,035,776,509
Current liabilities	26,274,998	7,234,726	206,139,473	232,800,595	472,449,792
Non-current liabilities	2,579,743	1,599,956	50,522,097	195,982,886	250,684,682
Total Liabilities	28,854,741	8,834,682	256,661,570	428,783,481	723,134,474
Capital expenditure	560,760	2,965,725	4,468,788	66,328,129	74,323,402

5) PROPERTY, PLANT AND EQUIPMENT

a) The details of cost, accumulated depreciation and respective net book value of various categories of property, plant and equipment are as follows:

Cost/Revaluation	Land (QR.)	Buildings (QR.)	Plant & Equipments (QR.)	Furniture & Fixtures (QR.)	Motor Vehicles (QR.)	Tools (QR.)	Capital Work in Progress (QR.)	Total 2013 (QR.)	Total 2012 (QR.)
As at January 01	10,634,832	215,853,688	235,849,185	16,365,075	83,272,249	10,179,021	8,084,001	**580,238,051**	566,769,481
Additions during the year	-0-	3,454,497	6,383,754	1,233,175	4,373,802	340,743	13,395,538	**29,181,509**	15,074,706
Disposals during the year	-0-	-0-	(4,566,197)	(56,400)	(1,283,428)	-0-	-0-	**(5,906,025)**	(1,416,136)
Transferred from (to) investment properties	-0-	-0-	-0-	-0-	-0-	-0-	1,684,450	**1,684,450**	(190,000)
Transfers	-0-	443,598	251,413	-0-	-0-	440,744	(1,135,755)	-0-	-0-
As at December 31	**10,634,832**	**219,751,783**	**237,918,155**	**17,541,850**	**86,362,623**	**10,960,508**	**22,028,234**	**605,197,985**	580,238,051
Accumulated Depreciation									
As at January 01	-0-	203,172,433	184,646,726	12,287,455	54,898,614	6,515,452	-0-	**461,520,680**	429,746,988
Charge for the year	-0-	4,147,945	13,575,366	2,177,821	8,511,458	1,131,404	-0-	**29,543,994**	32,964,391
On disposals	-0-	-0-	(3,143,345)	(56,400)	(1,204,973)	-0-	-0-	**(4,404,718)**	(1,190,699)
As at December 31	-0-	**207,320,378**	**195,078,747**	**14,408,876**	**62,205,099**	**7,646,856**	-0-	**486,659,956**	461,520,680
Net Book Value									
As at December 31, 2013 – Exhibit A	**10,634,832**	**12,431,405**	**42,839,408**	**3,132,974**	**24,157,524**	**3,313,652**	**22,028,234**	**118,538,029**	-0-
As at December 31, 2012 Exhibit A	10,634,832	12,681,255	51,202,459	4,077,620	28,373,635	3,663,569	8,084,001	-0-	118,717,371

PROPERTY, PLANT AND EQUIPMENT continued...

b) The depreciation charge for the year is included in the consolidated statement of profit or loss as follows:

	2013 (QR.)	2012 (QR.)
Operating cost	23,027,183	25,753,313
General and administrative expenses	4,086,424	4,730,412
Selling and distribution expenses	2,430,387	2,480,666
Total	29,543,994	32,964,391

c) The Company is claiming the title of the land from Government of Qatar on which company premises are located and discussions are expected to be included as part of overall settlement to be reached over compensation claims with the Government of Qatar (Note 10). The net book value of land in the books of the Company is nil.

d) The carrying value of assets relating to baby food production plant and biscuit production plant were transferred to assets held for sale during earlier periods have been disposed during the year 2013 as disclosed in note 14 to these consolidated financial statements.

e) The pasta production plant which formed as a part of property, plant and equipment with the net book value of QR.1,400,000 were disposed during the year ended December 31, 2013 for the sales proceeds of QR.1,817,500.

f) Motor vehicles amounting to QR.6,110,725 as at December 31, 2013 (2012: QR.6,110,725) are to be registered in the name of the Group.

g) The fair value of a subsidiary's land is based on valuation carried out by an external independent valuer based in the State of Qatar. The date of the valuation was on December 21, 2007. If the land was measured using the cost model the carrying amount would be QR.631,074 as at December 31, 2013 (2012: QR. 631,074).

h) The fair value of a subsidiary's some of property, plant and equipment is based on valuation carried out by an external independent valuer, based in the State of Qatar. The date of the valuation was on December 01, 2008.

i) The details of property, plant and equipment pledged against the borrowings are disclosed in note 21 to these consolidated financial statements, if any.

j) Buildings of a subsidiary are erected on a land leased from the Government of Qatar for a period of 30 years starting from January 1991. The respective land has been categorized as investment properties, as to major portion of the lands are occupied for the future rental income purpose.

k) The capital work in progress includes cost incurred towards the constructions of labour camp and construction of asphalt plant and partition wall at Industrial Area amounting to QR.11,426,925 and QR.8,883,470 respectively as at December 31, 2013. On the successful completion of the project, the total amount incurred would be capitalized and depreciated thereafter.

l) The opening balances to the property, plant and equipment were reclassified to match with the current year presentation and to comply with internal transfers among the entities of the Group.

m) Management is of the opinion that the recoverable amounts of the property, plant and equipment are higher than their carrying amounts as at December 31, 2013.

6) INVESTMENT PROPERTIES

a) Movements in investment properties were as follows:

Cost/Revaluation	Lands (QR.)	Buildings (QR.)	Projects Under Development (QR.)	Total (QR.)
As at December 31, 2011	863,053,446	169,941,949	6,788,259	1,039,783,654
Additions during the year	-0-	-0-	59,248,696	59,248,696
Transferred from capital work in progress	-0-	-0-	190,000	190,000
As at December 31, 2012-Exhibit A	863,053,446	169,941,949	66,226,955	1,099,222,350
Additions during the year	-0-	-0-	**11,084,719**	**11,084,719**
Transferred to capital work in progress	-0-	-0-	**(1,684,450)**	**(1,684,450)**
As at December 31, 2013-Exhibit A	**863,053,446**	**169,941,949**	**75,627,224**	**1,108,622,619**
	Note 6(b)	*Note 6(b)*	*Note 6(h)*	

b) **Details of land and buildings held by the Group are as follows:**

	Lands (QR.)	Buildings (QR.)	Total 2013 (QR.)	Total 2012 (QR.)
Freehold Properties-Note 6(c)&(d)	513,807,300	160,501,500	**674,308,800**	674,308,800
Leasehold Properties -Note 6(e)	-0-	9,440,449	**9,440,449**	9,440,449
Lands-Use Rights	179,833,646	-0-	**179,833,646**	179,833,646
Lands-Against Advances				
At Water Lussail District 1 – 6(g)	85,731,000	-0-	**85,731,000**	85,731,000
At Water Lussail District 2 – 6(f)	83,681,500	-0-	**83,681,500**	83,681,500
Sub Total	169,412,500	-0-	**169,412,500**	169,412,500
Grand Total – Note 6(a)	863,053,446	169,941,949	**1,032,995,395**	1,032,995,395

Notes:

General

The investment properties as of the reporting date have not been valued by an independent valuer. Management having the experience and knowledge in real estate market believes that the carrying amounts of investment properties are not materially differ from their fair values at the reporting dates.

There is a rebuttable presumption that Group can reliably determine the fair value of investment properties on a continuing basis. However, considering the comparable market transactions are infrequent, the management is of the opinion that the fair values of investment properties as at December 31, 2013 are not materially deviated from of those values stated as at December 31, 2012. These managements' estimates are derived based on the recent experience in the location and category of those investment properties being valued and used their market knowledge, professional judgment and not only relied on historical transactional comparable.

The Group has recorded a sum of QR.42,576,183 as rental income from investment properties during the year ended December 31, 2013 (2012: QR.41,755,342).

INVESTMENT PROPERTIES (continued)

Freehold Properties

The carrying value of freehold properties as at December 31, 2013 and December 31, 2012 respectively are stated at the fair value determined based on valuations performed by an accredited independent valuer, dated on March 31, 2011. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The management believes and estimates carrying value of freehold properties as at December 31, 2013 and December 31, 2012 which approximates or equals the fair values. Therefore, no amounts have been recognized in the consolidated statement of profit or loss as a gain or loss on changes in fair value of these investment properties for the year ended December 31, 2013 and December 31, 2012 respectively.

Lands-Use Rights

The Group has acquired some of lands rights to use and the respective land-use rights was measured and recognized based on the management estimation during earlier periods. Accordingly, the carrying value of the lands-use rights as of reporting date have been measured and recognized based on the management estimation with the same value. Management is of the opinion the valuation was arrived at by reference to market evidence of transaction prices for similar properties. As a result, there were no amounts recognized in the consolidated statement of profit or loss as a gain or loss on changes in fair value of these investment properties for the year ended December 31, 2013 and December 31, 2012 respectively. The respective lands classified under lands-use rights are not registered in the name of the Group and leased from the Government of Qatar for the period of 20 to 30 years.

Lands-Against Advances

The Group has entered in to an agreement with a real estate development company for the purchases of lands No.1 and 2 at Water Lusail –District. These lands have been respectively adjusted for the fair value as at December 31, 2011 based on the valuation performed by an accredited independent valuer, dated on March 31, 2011. The total carrying value of lands-against advances amounting to QR.169,412,500 as at December 31, 2013 and December 31, 2012 respectively derived based on valuation dated on March 31, 2011. As a result, there were no amounts recognized in the consolidated statement of profit or loss as a gain or loss on changes in fair value of these investment properties for the year ended December 31, 2013 and December 31, 2012 respectively.

c) The ownership of certain lands and buildings have been pledged as a security for a loan amounting to QR.98,280,000 (USD 27,000,000) [Note 21(b)]. As disclosed in note 21(e), the previously obtained bank loans by Seven Brothers Holding Company (W.L.L.) (related party) recorded in a subsidiary's books of accounts were fully settled during the year ended December 31, 2013 through refinancing arrangements, accordingly, the management is in the process of withdrawing the pledged ownership of the properties from the banks. In addition, certain investment properties were secured against new facilities obtained during the year ended December 31, 2013 [Note 21(e)].

d) Ownership of Najma land and building amounting to QR.9,481,000 and QR.4,491,400 respectively had been transferred to a local bank as a security against the loan obtained from them. However, as explained in [Note 21(d)], the loan was fully settled during the year ended December 31, 2013 and the management is in the process of withdrawing the pledged ownership from the local bank.

e) On March 13, 2005 a subsidiary has signed a contract with two owners to lease a land in the airport area for a period of 11 years and 6 months. It has to construct buildings within three years from the date of the singed lease. It is eligible to take full benefits during the period of the lease and upon its expiry; the ownership of land and buildings will go back to the lessor. During the year ended December 31, 2010, the subsidiary has completed construction of the buildings.

INVESTMENT PROPERTIES continued...

f) This includes the original value of land at Water Lusail-District amounting to QR.57,978,840 and a sum of QR.5,090,352 capitalized as borrowing costs since inception. As at December 31, 2013, the Group has paid a sum of QR.56,239,470 (2012: QR.49,282,013) and the remaining balance of QR.1,739,370 (2012: QR.8,696,827) shown under other payables. The title of this land will be transferred to Group upon settlement of the final installment.

g) This includes the original value of land at Water Lusail-District amounting to QR.59,573,908. As the Group has fully settled the financial obligation related to this land during the year, there was no payable balance as at December 31, 2013 (2012:QR.8,909,835) shown under other payables and the management is in the process of transferring the title of this land in the name of the Group.

h) **Details of projects under development by the Group are as follows:**

	2013 (QR.)	2012 (QR.)
Building under construction at Industrial Area – Note 6*(h-i)*	**40,191,385**	39,527,344
Building under construction at Industrial Area – Note 6*(h-ii)*	**32,754,213**	24,037,985
Consulting & design fees for building to be constructed on C-Ring Road land	**376,449**	376,449
Consulting & design fees for buildings to be constructed on airport land	**2,303,817**	2,283,817
Transaction cost for construction on Umm-Salal land	**1,360**	1,360
Total – Note 6(a) and 6*(h-iii)*	**75,627,224**	66,226,955

i) The Group is in the process of constructing a warehouse on the land located at industrial area. The land was classified as lands-use rights and recorded at QR.102,700,332 as at December 31, 2013 (2012:QR.102,700,332).

ii) The Group is in the process of constructing a labor camp and warehouse on the land located at industrial area. The land was classified as lands-use rights and recorded at QR.38,750,400 as at December 31, 2013 (2012:QR.38,750,400).

iii) The Group has signed contracts for QR.78,027,923 (2012:QR.83,115,865) for the above project. The remaining balance of the contract value is QR.2,400,699 as at December 31, 2013 (2012:QR.16,888,910). On the successful completion of the above projects under development, the total amount incurred would be capitalized as investment properties.

7) GOODWILL

a) This item consists of the following:

	2013 (QR.)	2012 (QR.)
Goodwill on acquisition of a subsidiary	19,704,770	19,704,770
Total – Exhibit A	19,704,770	19,704,770

b) Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at year-end. However, the management of the opinion that the carrying value of Goodwill as at December 31, 2013 is less than its recoverable value.

8) ADVANCE FOR PURCHASE OF LAND

a) The movements during the year were as follows:

	2013 (QR.)	2012 (QR.)
Balance at beginning of the year	25,853,195	20,869,447
Amount paid during the year	4,983,748	4,983,748
Balance at end of the year – Exhibit A	**30,836,943**	25,853,195

b) The Group has entered into an agreement with a real estate development company for purchase of land located in Qatar. The first installment of QR.7,164,140 was paid in 2007 and a sum of QR.23,672,803 (2012: QR.18,689,055) payment made as installments of purchase price. The value of land is QR.35,820,700. The remaining payment to be made in 4 quarterly installments of QR.1,245,937 each. The title of the above advance for purchases of lands will be transferred to the Group upon payment of the final installment which will be due on October 01, 2014.

9) AVAILABLE-FOR-SALE FINANCIAL ASSETS

a) Available-for-sale financial assets comprise of investments in shares of listed and unlisted companies classified as available-for-sale financial assets.

	2013 (QR.)	2012 (QR.)
Investments in quoted equity instruments – Note 9(b)	285,852,052	256,356,521
Investments in un-quoted equity instruments – Note 9(c)	4,300,000	4,300,000
Total – Exhibit A	**290,152,052**	260,656,521

b) **Investments in quoted equity instruments**

This item consists of the following:

	2013 (QR.)	2012 (QR.)
Cost	114,208,073	76,495,470
Fair value reserve	171,643,979	179,861,051
Total – Note 9(a)	**285,852,052**	256,356,521

The movements during the year were as follows:

	2013 (QR.)	2012 (QR.)
Balance at beginning of the year	256,356,521	310,366,012
Additions during the year	52,829,060	41,071,285
Fair value adjustments transferred to equity	37,295,202	(44,212,993)
Disposals during the year	(60,628,731)	(50,867,783)
Balance at end of the year	**285,852,052**	256,356,521

c) **Investments in un-quoted equity instruments**

The investments in un-quoted equity instruments amounting to QR.4,300,000 [Note 9 (a)] represents the investments made in Meeda Projects Company (O.P.C) with the holding of 0.656% (2012:0.656%) of share capital as at December 31, 2013 (2012: QR.4,300,000). Prior to register Meeda Projects Company as to one person company of Zad Holding Co. (Q.S.C) on December 29, 2011, it was registered as a Private Shareholding Company.

The investment is owned by Qatar Flour Mills Co. (O.P.C) which is wholly owned subsidiary of Company. However, as at December 31, 2013 the investment has not been disposed or setoff against the potential consideration arises due to share exchange transaction by which one share of Zad Holding Co. (Q.S.C) (the "Company") were exchanged with 7.7387 shares of Meeda Projects Co. As per the management decision, the investment will be sold upon issuance of Zad Holding Co. (Q.S.C) shares.

Generally, the unquoted equity investments are carried at cost less impairment due to non-availability of quoted market prices or other reliable measures of their fair value.

10) DUE FROM AND DUE TO GOVERNMENT OF QATAR

a) This item consists of the following:

	2013 (QR.)	2012 (QR.)
Compensation from Government of Qatar		
Balance at beginning of the year	**147,326,671**	147,887,147
Cash received from Government of Qatar	**(124,151,471)**	(107,625,276)
Compensation of subsidized flour – Exhibit B	**116,664,292**	107,064,800
Net compensation due from Government of Qatar	**139,839,492**	147,326,671
Loan from Government of Qatar – Note 10(d)	**(59,959,040)**	(59,959,040)
Net	**79,880,452**	87,367,631

b) The amount due from Government of Qatar is classified in the consolidated statement of financial position based on its maturities as follows:

	2013 (QR.)	2012 (QR.)
Non-current portion – Exhibit A	**68,368,576**	68,368,576
Current portion – Exhibit A	**11,511,876**	18,999,055
Total	**79,880,452**	87,367,631

c) The current period compensation for subsidized flour sold during the period has been computed on the terms of subsidy agreement dated December 13, 2007 signed by the Group with the Government of Qatar, which was effective from that date. The compensation receivable amounting to QR.68,368,576 due up to December 31, 2007 was computed based on the terms of a subsidy agreement dated May 25, 1993.

d) A loan amounting to QR.40,000,000 was provided by the Government of Qatar on June 5, 1994 according to a decision taken by the cabinet of ministers in 1991. The loan was repayable in equal semi annual installments for 10 years commencing three years after the receipt of the loan. It carries interest at a variable rate of 2% over the Qatar Central Bank lending rate. In addition, the Group is required to pay an additional 1% annual rate of interest if it is failed to make repayments on the due dates. The Group has not yet made any repayment of the principal or interest. However, the Group has provided provision for the interest on the loan amounting to QR.19,959,040.

The interest has been computed on the loan balance net of the amount due from Government of Qatar on account of the compensation for subsidized flour. As the amount receivable in respect of compensation for subsidized flour has exceeded the loan balance since beginning of the year 2006, no interest has been accrued for the subsequent period.

The amounts of claims under previous compensation agreement and the loan are under review by the Government of Qatar and are considered as long term receivable.

e) Due to Government of Qatar amounting to QR.47,591,581 (Exhibit A) as at December 31, 2013 (2012: QR. 47,591,581) represents the compensation received from Government of Qatar in order to maintain the strategic wheat stock as required by the Government of Qatar, since the repayable terms and conditions have not arranged with the Government, the compensation considered as long term due until finalization of the binding arrangement with the Government.

11) ACCOUNTS, RETENTIONS AND OTHER RECEIVABLES

a) This item consists of the following :

	2013 (QR.)	2012 (QR.)
Accounts receivable	122,847,094	162,857,948
Retentions receivable	25,945,711	16,029,644
Total	148,792,805	178,887,592
Provision for doubtful debts – Note 11(b)	(48,455,533)	(19,419,390)
Net	100,337,272	159,468,202
Prepayments and advances	15,582,467	15,423,528
Margin deposit	3,633,652	3,710,902
Accrued income	49,773,521	5,049,269
Other receivables and deposits	3,808,389	3,906,817
Total	72,798,029	28,090,516
Provision for other doubtful debts – Note 11(c)	(4,039,857)	(4,039,857)
Net	68,758,172	24,050,659
Total – Exhibit A	169,095,444	183,518,861
Retentions receivable – Non-current – Exhibit A	1,342,759	10,858,488
Total	170,438,203	194,377,349

b) **Provision for Doubtful Debts**

The movements during the year were as follows:

	2013 (QR.)	2012 (QR.)
Balance at beginning of the year	19,419,390	15,727,632
Provision for the year	29,051,393	3,751,687
Reversal for the year	(15,250)	-0-
Written off during the year	-0-	(59,929)
Balance at end of the year – Note 11(a)	48,455,533	19,419,390

c) **Provision for Other Doubtful Debts**

The movements during the year were as follows:

	2013 (QR.)	2012 (QR.)
Balance at beginning of the year	4,039,857	3,229,560
Provision for the year	-0-	810,297
Balance at end of the year – Note 11(a)	4,039,857	4,039,857

d) Concentration: A sum of QR.57,934,153 (2012: QR. 105,160,054) is receivable from two major customers (2012:two customers) which represents 39% (2012:55%) of total accounts and retentions receivable as at December 31, 2013.

e) The Normal credit terms of trade and other receivables granted by the Group from 60 to 90 days and information on financial risk of accounts and other receivables is disclosed in note 37 to the consolidated financial statements.

12) INVENTORIES

a) This item consists of the following:

	2013 (QR.)	2012 (QR.)
Wheat stock	94,810,118	110,414,924
Raw materials	10,201,431	8,370,791
Packing materials	2,719,423	2,804,271
Empty bags and others	1,592,113	632,326
Spare parts	1,298,112	1,254,917
Products in process	604,460	1,652,981
Others	328,565	245,441
Sub Total	111,554,222	125,375,651
Provision for slow moving inventories-Note 12(b)	(890,667)	(844,157)
Net	110,663,555	124,531,494
Finished goods	2,915,292	5,693,834
Trading inventories – Note 12(c)	11,904,367	13,338,001
Total – Exhibit A	125,483,214	143,563,329

b) **Provision for slow moving inventories**

The movement during the year were as follows:

	2013 (QR.)	2012 (QR.)
Balance at beginning of the year	844,157	520,714
Provision for the year	293,452	323,443
Written off during the year	(246,942)	-0-
Balance at end of the year – Note 12(a)	890,667	844,157

c) **Trading Inventories**

Trading inventories amounting to QR.11,904,367 [note 12(a)] as at December 31, 2013 (2012: QR.13,338,001) represents the cost of bran and barley including the corresponding landed cost purchases for the exclusively trading purposes. As of reporting date, the quantities were not delivered to Central Tender Committee (the "Client"). Pursuant the tender agreement with Central Tender Committee, the Group should maintain certain quantities as a minimum stock to avoid any possible stock out. The respective quantities have been subsequently delivered and billed to the client.

13) EXCESS OF REVENUE OVER BILLINGS

This item consists of the following:

	2013 (QR.)	2012 (QR.)
Accumulated contract costs and attributable profits	182,391,200	239,320,829
Progress billings up to date	(176,089,005)	(234,147,384)
Net – Exhibit A	6,302,195	5,173,445

14) ASSETS CLASSIFIED AS HELD FOR SALE

a) The movement during the year were as follows:

	2013 (QR.)	2012 (QR.)
Carrying value at beginning of the year	2,723,902	3,000,000
Impairment losses for the year	-0-	(276,098)
Disposal during the year	(2,723,902)	-0-
Carrying value at end of the year – Exhibit A	-0-	2,723,902

b) The Group has classified its baby food production plant and biscuit production plant as held for sale with a carrying amount of QR.18,000,000 after considering the net realizable value of these plants in the year 2009. Accordingly, at the time of reclassification in the year 2009 these plants as held for sale, impairment test were carried out and amount of QR.27,936,139 (the net book value was QR.45.936,139) had been recognized as impairment loss.

The carrying value of these assets held for sale was tested for impairment to the extent of recoverable value until the date of disposal. The carrying value of these plants at the time of disposal as follows:

Description	Baby Food (QR.)	Biscuit Plant (QR.)	Total (QR.)
Net book value	22,340,112	23,596,027	45,936,139
Less: Cumulative Impairment	(21,432,145)	(21,780,092)	(43,212,237)
Carrying value at disposal date	907,967	1,815,935	2,723,902

During the year ended December 31, 2013, these plants were disposed for a consideration of QR.2,723,902 to a foreign unrelated party pursuant to the firm purchase contract commitment with a foreign unrelated party during the year 2012.

c) Impairment losses of assets classified as held for sale:

	2013 (QR.)	2012 (QR.)
Baby food production plant	-0-	92,033
Biscuit production plant	-0-	184,065
Total – Exhibit B	-0-	276,098

15) SHARE CAPITAL

a) The authorized share capital amounting to QR.215.452,000 represents 21,545,200 ordinary shares of QR.10 each as follows:

	2013 (QR.)	2012 (QR.)
Issued and fully paid share capital -listed	130,810,680	130,810,680
Issued through share exchange transactions –unlisted	84,641,320	84,641,320
Total Share Capital – Exhibit A	**215,452,000**	215,452,000

b) Share capital-unlisted amounting to QR.84,641,320 as at December 31, 2013 (2012: QR.84,641,320) represents the par value of shares arises due to the acquisition of Meeda Projects Co. through a share exchange transactions. At the Extraordinary General Assembly held on June 13, 2011, the shareholders' approved the implementation of the Memorandum of Understanding (MOU) dated January 25, 2011 between Zad Holding Co. (Q.S.C) and Meeda Projects Co, pursuant to which each 7.7387 shares of Meeda Projects Co. to be exchanged for one newly issued share of Zad Holding Co. (Q.S.C).

At the same meeting, the shareholders approved to increase the share capital of the Company from QR.130,810,680 to QR. 215,452,000 by issuing 8,464,132 shares at a par value of QR.10 each. The share exchange transactions were approved by Ministry of Business and Trade on November 29, 2011. Accordingly, the commercial registry of Meeda Projects Co. was amended on December 29, 2011 to give effect of ownership change. Until the date of authorization of these consolidated financial statements, these shares are not listed in Qatar Exchange.

16) LEGAL RESERVE

Pursuant to Qatar Commercial Companies' Law No. 5 of 2002, 10% of the net profit for the year is to be deducted annually and retained in the legal reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the Company's capital and is not available for distribution except in the circumstances specified in the law.

The management has decided not to transfer any amount to legal reserve of the Company as the minimum requirement has already been exceeded as at December 31, 2013.

The movements in the legal reserve were as follows:	2013 (QR.)	2012 (QR.)
Balance at beginning of the year	563,120,132	561,370,631
Subsidiaries' legal reserve	621	1,749,501
Balance at end of the year – Exhibit A	563,120,753	563,120,132

The legal reserve includes an amount of QR.75,197,700 excess proceeds from rights issue (share premium) and an amount of QR.415,588,881 related to share premium from the share exchange transaction related to the year 2011. However, as at December 31, 2013 the shares were not listed in Qatar Exchange.

17) CAPITAL RESERVE

Capital reserve amounting to QR.15,000,000 (Exhibit A) reflected in the consolidated statement of financial position as at December 31, 2013 (2012: QR.15,000,000) represents additional reserve created from prior years' profits. No transfer was made during the current year.

18) FAIR VALUE RESERVE

Fair value reserve represents unrealized gain, which cannot be distributed unless realized and charges to the consolidated statement of profit or loss and other comprehensive income.

The movements in the fair value reserve were as follows:	**2013** (QR.)	2012 (QR.)
Balance at beginning of the year	**179,861,051**	235,690,924
Net movements:		
Net changes in fair value of available-for sale financial assets	**37,295,202**	(44,212,993)
Net changes in fair value of available-for-sale financial assets transferred to profit or loss	**(45,512,274)**	(11,616,880)
Net movements during the year – Exhibit C	**(8,217,072)**	(55,829,873)
Balance at end of the year – Exhibit A	**171,643,979**	179,861,051

19) RETAINED EARNINGS

a) Movements during the year were as follows:

	2013 (QR.)	2012 (QR.)
Balance at the beginning of the year	**339,208,852**	232,929,478
Profit for the year	**125,108,456**	110,262,858
Contribution to social and sports fund	**(2,716,294)**	(2,233,983)
Transferred to legal reserve	**(621)**	(1,749,501)
Dividend distribution	**(86,180,800)**	-0-
Balance at end of the year – Exhibit A	**375,419,593**	339,208,852

b) **Proposed and Distribution of Dividend**

In respect of year ended December 31, 2013, the Board of Directors proposed a cash dividend distribution of 35% of the total share capital totaling QR.75,408,200. This proposed dividend subject to approval by shareholders at the Annual General Assembly.

Relating to the year ended December 31, 2012, following the approval of the Annual General Assembly held on April 29, 2013, it was decided a cash dividend distribution of 40% of the total share capital totaling QR.86,180,800 (Exhibit D).

20) EMPLOYEES' END OF SERVICE BENEFITS

Movements during the year were as follows:	**2013** (QR.)	2012 (QR.)
Balance at the beginning of the year	**9,951,114**	7,761,521
Provision for the year	**3,014,097**	2,898,632
Paid during the year	**(738,957)**	(709,039)
Balance at end of the year – Exhibit A	**12,226,254**	9,951,114

21) BORROWINGS

a) This item consists of the following :

	2013 (QR.)	2012 (QR.)
Continued borrowings		
Term loan I – Note 21(b)	**24,570,000**	36,855,000
Short term Islamic Shariah loans –Note 21(c)	**54,474,056**	77,687,833
Sub total	**79,044,056**	114,542,833
Settled borrowings		
Term loan II – Note 21(d)	**-0-**	5,617,441
Refinanced borrowings		
Islamic term finance facility I – Note 21(e)	**164,485,690**	-0-
Islamic term finance facility II – Note 21(e)	**36,878,947**	-0-
Term loan III – Note 21(e)	**-0-**	162,030,088
Term loan IV – Note 21(e)	**-0-**	32,236,276
Term loan V – Note 21(e)	**-0-**	21,437,242
Sub total	**201,364,637**	215,703,606
Total	**280,408,693**	335,863,880

Classified in the consolidated statement of financial position as follows:

	2013 (QR.)	2012 (QR.)
Borrowings – Non-current – Exhibit A	**192,575,953**	193,141,987
Borrowings – Current – Exhibit A	**87,832,740**	142,721,893
Total	**280,408,693**	335,863,880

b) Gulf United Real Estate Investment Co. (A Group Company) has obtained a loan amounting to QR.98,280,000 [USD 27,000,000] on January 1, 2006 from a financial institution based in U.A.E -Dubai pursuant to a loan agreement dated December 21, 2005. The loan will be repaid in 20 variable installments of every six months including a grace period of two years from the date of the loan agreement. The loan is secured by the certain properties listed in note 6(c).

c) The Company has entered in to short term Islamic Shariah financing facilities with two banks on October 22, 2012 and July 17, 2011 [the agreement was amended on June 06, 2013 for the extention of refinancing facility as disclosed in note 21(e)] respectively. The facilities mainly consist of murabaha, kafala and wakala. All the facilities are repayable less than one year except for the Kafala-islamic performance bond which will mature in 2 years from the date of the facility granted.

The purpose of these facilities are to import of wheat and other food related commodities, purchase the goods in the normal course of the business, refinance goods purchased from suppliers through letter of credit and to support supply contracts in the normal course of business of the Group. The corresponding profit margin, banks' fees are bounded by the respective facility agreement.

The above facilities are secured by the following:

- Corporate guarantees from Zad Holding Co. and its subsidiaries.
- Others including some bank margins and restricted bank balances, as required by each bank according to the nature and amount of facility provided.

BORROWINGS continued...

d) Gulf United Real Estate Investment Co. (A Group Company) has obtained a loan (Ijara and promise to sell contract) amounting to QR.9,019,000 on March 01, 2007 from a local bank. The loan initially had to be repaid over 10 years in 20 installments every six months including a grace period of one year from the date of the loan agreement. However, during the year ended December 31, 2013, the loan was fully settled before its maturity date. The loan was secured by transferring the ownership of properties listed in Note 6(d) to the bank.

e) The Company has entered facility agreement with a foreign bank on June 06, 2013 (amended) for the purpose of obtaining Islamic finance facilities amounting to USD 80 million. The facility were divided in to three separate tranches, accordingly

The first portion of USD 45.4 million (QR.164 million) was obtained to refinance the loan and interest due in respect of the term loan III as detailed below. The facility is repayable in 60 equal monthly installments commencing after the grace period of 24 months from the first drawdown date.

The second portion of USD 11.6 million (QR.42 million) was obtained to refinance the loan and interest due in respect of the term loans IV and V as detailed below. The facility will be repayable in 8 equal quarterly installments commencing from October 31, 2013.

The third portion of USD 24 million was approved to provide facility against the shares whereas as of reporting date the facility has not been utilized by the Group.

The facility was secured by the followings:

- Corporate guarantees from Zad Holding Co. and its certain subsidiaries.
- 1st degree mortgage over following properties [Note 6(c)].
  - Land at old Air Port Area for a value of QR.76,400,000.
  - Four properties in Abu-Hamour.
- Pledge of equity shares listed in Qatar Exchange or Egypt Exchange.
- Assignment of rental proceeds from the property being pledged.
- All risk insurance to cover the property under mortgage.
- Properties and equity shares to be maintained in a minimum coverage value of 120% of the extended finance.
- Undertaking from obligor to cover the shortfall in case the value of existing securities drop below 120%.

The details of refinanced facilities were as follows:

Term loan III

The loan amounting to QR.215,000,000 was (Ijara Muntahiya Bitamleek Facility) obtained by two founder members of Meeda Projects Co. (A Subsidiary) on July 11, 2007 from a local bank to finance the acquisition of 100% of the shares of ALCAT Contracting Co. (W.L.L) (A Group Company). ALCAT Contracting Co. (W.L.L) was initially acquired by these two founders and subsequently they sold to Meeda Projects Co. Accordingly, the loan was also transferred to Meeda Projects Co. which was settled by Zad Holding Co. (Q.S.C) during the year.

Term loan IV

Seven Brothers Holding Company (a related party) had obtained a loan amounting to QR.75,316,950 (USD20,700,000) on October 09, 2007 from a local bank and subsequently transferred to Gulf United Real Estate Co. (A Group Company) in the year ended 2008.
The loan initially had to be repaid in 28 quarterly installments commencing after the 12 months grace period from the date of the loan agreement. The loan was secured by certain investment properties and joint and several personal guarantees of Sh. Mansour Mohemed Jabor Al Thani and Sh. Talal Mohmed Jabor Al Thani (Board of Directors)

Term loan V

Seven Brothers Holding Company (a related party) had obtained a loan amounting to QR.50,020,250 (AED50,500,000) on March 27, 2008 from a bank and subsequently transferred to Gulf United Real Estate Co. (A Group Company). The loan was initially to be repaid in 28 quarterly installments commencing after the 12 months grace period from the date of the loan agreement. The loan was secured by certain investment properties and joint and several personal guarantees of Sh. Mansour Mohemed Jabor Al Thani and Sh. Talal Mohmed Jabor Al Thani (Board of Directors).

22) ACCOUNTS, RETENTIONS AND OTHER PAYABLES

a) This item consists of the following :

	2013 (QR.)	2012 (QR.)
Accounts payable	155,014,635	138,607,090
Retentions payable	6,021,857	8,204,854
Sub-contractors payable	7,051,114	7,858,516
Total accounts and retentions payable	168,087,606	154,670,460
Dividend payable	9,039,136	2,834,218
Zakat fund payable	8,615,881	7,624,636
Accrued interest	635,745	2,935,839
Provision for job cost	52,220,212	51,096,554
Social and sports fund payable	7,575,640	4,859,346
Directors' remuneration payable	6,000,000	10,000,000
Advances against assets disposal -Note 22(d)	-0-	3,270,628
Other payables-Note 22(c)	35,335,428	48,349,328
Total – Exhibit A	287,509,648	285,641,009

b) An amount of QR.121,395,977 (2012:QR.107,139,838) is payable to a major supplier (2012: two major suppliers), which represents 72% (2012: 69%) of the total accounts and retentions payable as at December 31, 2013.

The Group's exposure to currency and liquidity risk related to trade and other payables are disclosed in note 37 to these consolidated financial statements.

c) Other payable includes an amount of QR.1,739,370 (2012: QR.17,606,662) payable to Qatari Diar Real Estate Co. in respect of purchase of lands.

d) The Group has received a sum of QR.3,270,628 against the sale of assets held for sale and a property, plant and equipment during the year 2012. As the respective assets are disposed during the year, the advances were transferred to sales proceeds.

23) DUE FROM AND DUE TO RELATED PARTIES

The net outstanding balances pertaining to amounts due from and due to related parties which arise in the normal course of business are as follows:

a) **Due from related party**

	2013 (QR.)	2012 (QR.)
Dandy Co. (W.L.L.)	281,928	311,378
Total – Exhibit A	281,928	311,378

b) **Due to related parties**

	2013 (QR.)	2012 (QR.)
Seven Brothers Holding Co. (W.L.L)	40,115,287	43,969,970
Al Heer for Development Co. (W.L.L) (subsidiary)	116,920	116,920
Total – Exhibit A	40,232,207	44,086,890

Transactions with related parties including transactions with Key Managerial Personal have been disclosed in note 34 to the consolidated financial statements and pricing policies and terms of these transactions with related parties are approved by the Group's management.

24) OPERATING REVENUE

a) This item consists of the following :

	2013 (QR.)	2012 (QR.)
Sale of other grains and related commodities- Note 24(b)	**207,808,024**	107,785,863
Unsubsidized products	**196,906,292**	178,621,375
Subsidized products	**36,804,384**	31,799,232
Transport services revenue	**75,605,113**	72,787,917
Contracting income	**34,122,930**	77,769,955
Rental income	**42,576,183**	41,755,342
Other products and services	**58,876,631**	49,122,057
Total – Exhibit B	**652,699,557**	559,641,741

b) Sale of other grains and related commodities represents revenue generated from trading (buying and selling) activities of bran and barley to Center Tender Committee.

25) OPERATING COST

a) This item consists of the following :

	2013 (QR.)	2012 (QR.)
Cost of material consumed – Note 25(b)	**251,633,180**	234,675,033
Depreciation	**23,027,183**	25,753,313
Cost of transport revenue	**18,879,014**	19,713,332
Contracting cost	**30,735,987**	68,979,571
Other direct costs	**271,814,815**	163,476,635
Total – Exhibit B	**596,090,179**	512,597,884

b) Cost of material consumed includes provision for slow moving inventories amounting to QR.236,860 for the year ended December 31, 2013 (2012:QR.nil).

26) OTHER OPERATING INCOME

a) This item consists of the following :

	2013 (QR.)	2012 (QR.)
Dividend income	**16,456,698**	20,903,536
Gain on sale of available-for-sale financial assets	**46,513,275**	11,616,880
Loss on transfer of inventories	**(366,982)**	-0-
Islamic finance income	**560,714**	43,769
Profit on disposal of property, plant and equipment	**959,861**	63,563
Reversal of provision for doubtful debts	**15,250**	-0-
Bad debts recovered	**-0-**	9,931,859
Others – Note 26(b)	**14,632,749**	15,010,160
Net – Exhibit B	**78,771,565**	57,569,767

b) Other operating income includes reversal of previous year excess provision for director remuneration amounting to QR.4,000,000 for the year ended December 31, 2013 (2012:QR.nill)

27) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following :	2013 (QR.)	2012 (QR.)
Staff salaries and benefits	33,314,882	30,224,368
Provision for doubtful debts	28,716,170	4,561,984
Directors' remuneration	7,980,000	6,980,000
Rent	3,457,395	3,890,729
Depreciation	4,086,424	4,730,412
Consultancy fees	1,183,220	248,076
Advertisement expenses	888,746	762,324
Repair and maintenance	543,463	494,370
Insurance expenses	933,932	738,351
Telephone expenses	739,711	873,385
Traveling and transportation	227,892	250,981
Utilities	578,236	758,175
Amortization of lease premium	96,945	96,948
Bad debts written off	-0-	307,763
Provision for slow moving inventories	-0-	323,443
Miscellaneous	4,154,930	3,373,395
Total – Exhibit B	**86,901,946**	58,614,704

28) SELLING AND DISTRIBUTION EXPENSES

This item consists of the following :	2013 (QR.)	2012 (QR.)
Staff salaries and benefits	6,654,625	6,083,409
Legal and legislation charges	1,627,269	1,517,043
Packing and freight charges	583,960	627,339
Depreciation	2,430,387	2,480,666
Sales rebates	3,020,846	2,328,308
Sales commission	1,737,453	1,395,456
Consignment expenses	5,569,702	3,020,058
Marketing expenses	1,065,179	2,734,178
Rent	855,238	633,253
Insurance expenses	413,760	414,171
Provision for doubtful debts	335,223	-0-
Provision for slow moving inventories	56,592	-0-
Other expenses	4,970,880	3,999,953
Total – Exhibit B	29,321,114	25,233,834

29) EARNINGS PER SHARE

a) Basic Earnings Per Share

The basic earnings per share is computed by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year as follows:

	2013	2012
Profit attributable to ordinary share holders of the parent (QR.)	**125,108,456**	110,262,858
Weighted average number of ordinary shares outstanding - Note 15	**21,545,200**	21,545,200
Basic earnings per share (QR.) – Exhibit B	**5.81**	5.11

b) Diluted Earnings Per Share

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

30) CASH AND CASH EQUIVALENTS

a) For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of the following balances:

	2013 (QR.)	2012 (QR.)
Cash in hand	**1,600,039**	1,499,842
Cash at banks	**31,983,830**	54,228,725
Short term time deposits	**24,200,000**	24,105,131
Gross amount	**57,783,869**	79,833,698
Less: Book overdrafts	**(295,310)**	(2,701,119)
Cash in hand and at banks – Exhibit A	**57,488,559**	77,132,579
Restricted bank balances –Note 30(b)	**(24,200,000)**	(24,105,131)
Cash and cash equivalents – Exhibit E	**33,288,559**	53,027,448

b) Restricted bank balances represents which have been blocked by a local bank against the one off payment guarantee facility provided.

31) SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Non-Cash Transactions	2013 (QR.)	2012 (QR.)
Capital work in progress transferred (from) to investment properties	**(1,684,450)**	190,000
Social and sports fund contribution transferred from retained earnings to other payables	**2,716,294**	2,233,983
Loan reschedule adjustments	**-0-**	11,621,358
Advances against disposal of assets held for sale transferred to sales proceeds	**1,453,128**	-0-
Advances against disposal of property, plant and equipment transferred to sales proceeds	**1,817,500**	-0-

32) CONTRIBUTION TO SOCIAL AND SPORTS FUND

Pursuant to Law No. 13 of 2008, the Group has recorded contribution of provisions for social, sports cultural and charitable activities with an amount equal to 2.5% of the net profit. In accordance with the clarifications of the law issued in 2010, the provision shall be an appropriation from retained earnings rather than recording it through the consolidated statement of profit or loss .

During the year, the Group made an appropriation from retained earnings amounting to QR.2,716,294 (Exhibit D) for the year ended December 31, 2013 (2012:QR.2,233,983) to the Social and Sports Development Fund of Qatar. This amount represents 2.5% of the net profit (after certain adjustments). At the time of authorizing these consolidated financial statements for issuance, the prior periods' appropriations to be remitted to the Public Revenues and Taxes Department.

33) EVENTS AFTER THE REPORTING PERIOD

There were no circumstances have arisen for the material events, favorable and unfavorable, that occur between the statement of financial position date and date on which these consolidated financial statements authorize for issue except for the following:

In respect of year ended December 31, 2013, in their meeting held on March 25, 2014 the Board of Directors proposed a cash dividend distribution of 35% of the total share capital amounting to QR.75,408,200. This proposed dividend subject to approval by shareholders at the Annual General Assembly.

34) RELATED PARTY TRANSACTIONS

Parties are considered to be related because they have the ability to exercise control over the Group or to exercise significant influence or joint control over the Group's financial and operating decisions. Further, parties are considered related to the Group when the Group has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties.

Related party transactions represents transactions with shareholders, companies affiliated to the shareholders, directors and senior management of the Group and companies of which their principal owners. The details of the related party transactions for the year are categorized as follows:

RELATED PARTY TRANSACTIONS continued...

a) **Transactions with related entities**

The following table provides the total amount of transactions that have been entered with related parties.

Year ended December 31, 2013

Name	Nature of Relationship	Related Company Sales (QR.)	Related Company Purchases (QR.)
Qatar Flour Mills	Subsidiary	46,395,688	5,174,859
Umm Said Bakery	Subsidiary	-0-	24,361,802
Qatar Food Industries	Subsidiary	-0-	24,378,054
Transport Division	Division	5,181,858	-0-
Arzak Marketing Co.	Subsidiary	1,989,680	-0-
National Food Co.	Subsidiary	-0-	11,500
Meeda Projects Co.	Subsidiary	-0-	177,710
ALCAT Contracting Co.	Subsidiary	536,699	-0-

Year ended December 31, 2012

Name	Nature of Relationship	Related Company Sales (QR.)	Related Company Purchases (QR.)
Qatar Flour Mills	Subsidiary	28,628,565	5,078,509
Umm Said Bakery	Subsidiary	-0-	14,959,157
Qatar Food Industries	Subsidiary	-0-	12,039,615
Transport Division	Division	663,023	-0-
Arzak Marketing Co.	Subsidiary	1,983,875	-0-
National Food Co.	Subsidiary	-0-	66,000
ALCAT Contracting Co.	Subsidiary	867,818	-0-

Amount due from related party and due to related parties are disclosed in note 23(a) and (b) respectively. These balances do not carry interest and are repayable on mutually agreed dates, generally within one year.

The Group did not record any impairment of receivables relating to amounts due from related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

b) **Transactions with key management personnel**

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the entity.

Compensation of key management personnel of the Group

The remuneration to the Board of Directors amounting to QR.6,000,000 (2012:QR.5,000,000) for the year has been included in the general and administrative expenses. Pursuant to the Annual General Meeting approval, an amount of QR.6,000,000 paid to the Board of Directors during the year ended December 31, 2013. Further, the Group has paid an amount of QR.1,980,000 (2012:QR.1,980,000) as salaries to its directors during the year. In addition to the above, the total compensation for key management personnel of the Group includes the followings:

	2013 (QR.)	2012 (QR.)
Short term employees' benefits	**3,783,097**	3,398,694
End of service benefits	**440,333**	421,042
Total	**4,223,430**	3,819,736

35) CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The following summarizes the significant contractual commitments and contingencies:

a) Contingent Liabilities

This item consists of the following:	2013 (QR.)	2012 (QR.)
Letters of credit	**110,072,152**	173,064,795
Acceptances	**83,495,706**	50,604,210
Bank guarantees	**36,612,468**	53,859,053
Performance bond	**66,700,106**	23,998,492
Tender bond	**29,510,907**	6,031,052
Total	**326,391,339**	307,557,602

b) Capital Commitments

Estimated capital expenditure contracted for at the reporting date but not provided for are as follows:

As at December 31, 2013 Descriptions	Contracted (QR.)	Incurred (QR.)	Committed (QR.)
Building under construction	78,027,923	75,627,224	2,400,699
Advance for purchase of land	35,820,700	30,836,943	4,983,757
Total	**113,848,623**	**106,464,167**	**7,384,456**

As at December 31, 2012 Descriptions	Contracted (QR.)	Incurred (QR.)	Committed (QR.)
Building under construction	83,115,865	66,226,955	16,888,910
Advance for purchase of land	35,820,700	25,853,195	9,967,505
Total	118,936,565	92,080,150	26,856,415

36) CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued...

a) **Classification of investment**

Quoted Securities could be classified either as available-for-sale or at fair value through profit or loss account. The Group invests substantially on quoted securities management has primarily decided to account for them on their potential for long term growth rather than the short term profit basis. Consequently, the entire investments are recognized as available-for-sale rather than at fair value through profit or loss. Financial assets are classified as fair value through profit or loss where the assets are either held for trading or designated as at fair value through profit or loss.

b) **Impairment of receivables**

An estimate of the collectible amount of trade accounts receivable 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 and a provision applied according to the length of time past due, based on historical recovery rates.

c) **Provision for slow moving inventories**

The Group's management determines the estimated amount of slow moving inventories. This estimate is based on the age of items in inventories. This provision is subject to change as a result of technical innovations and the usage of items.

d) **Impairment of available-for-sale financial assets**

The Group treats available-for-sale equity investments 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. 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.

e) **Fair value of unquoted equity 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.

f) **Going concern**

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

37) RISK MANAGEMENT

The Group monitors and manages the financial risks relating to its business and operations. The Group has exposure to the following risks from its use of financial instruments.

- Liquidity risk
- Credit risk
- Capital risk
- Market risk
- Operational risk
- Other risks

The Group seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has not yet established separate risk management function with clear terms of reference from the Board of Directors, its committees and the associated executive management committees. This is to be supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers. A Group's risk management policy framework which sets out the risk profiles for the Group, risk management, control and business conduct standards for the Group's operations will be put in place in the near future.

a) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Group manages liquidity by maintaining adequate reserves, banking facilities, and by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's approach to managing liquidity 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.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial assets and financial liabilities including finance cost payments and excluding the impact of netting agreements, if any:

December 31, 2013	Carrying amount (QR.)	Contractual cash outflows (QR.)	Less than 1 year (QR.)	More than 1 year (QR.)
Accounts and retentions payable	168,087,606	(168,087,606)	(168,087,606)	-0-
Other payables	119,422,042	(119,422,042)	(119,422,042)	-0-
Due to related parties	40,232,207	(40,232,207)	(40,232,207)	-0-
Borrowings	280,408,693	(280,408,693)	(87,832,740)	(192,575,953)
Due to Government of Qatar	47,591,581	(47,591,581)	-0-	(47,591,581)
Total	**655,742,129**	**(655,742,129)**	**(415,574,595)**	**(240,167,534)**

December 31, 2012	Carrying amount (QR.)	Contractual cash outflows (QR.)	Less than 1 year (QR.)	More than 1 year (QR.)
Accounts and retentions payable	154,670,460	(154,670,460)	(154,670,460)	-0-
Other payables	130,970,549	(130,970,549)	(130,970,549)	-0-
Due to related parties	44,086,890	(44,086,890)	(44,086,890)	-0-
Borrowings	335,863,880	(335,863,880)	(142,721,893)	(193,141,987)
Due to Government of Qatar	47,591,581	(47,591,581)	-0-	(47,591,581)
Total	713,183,360	(713,183,360)	(472,449,792)	(240,733,568)

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

b) **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Group to the concentration of credit risk are cash at banks, accounts and other receivable, investment in securities and due from related parties.

Accounts receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group maintains a provision for doubtful accounts receivable, the estimation of such provision is reviewed periodically and established on a case by case basis. Concentration and movements of provision for doubtful debts have been disclosed in note 11.

Other receivables mainly consist of prepaid expenses and advances, which will be recovered against future expenses of the Group.

Cash at banks

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks inside Qatar. Given these reputation management do not expect these banks to fail on their obligations.

The maximum risk exposure to the Group is represented in the carrying amount of these instruments as disclosed in the relevant notes. The following is an age analysis of these instruments:

December 31, 2013	Not past due (QR.)	Past due 0-30 days (QR.)	Past Due 31-120 days (QR.)	More than 120 days (QR.)	Total (QR.)
Cash at banks	31,688,520	-0-	-0-	24,200,000	55,888,520
Accounts receivable	43,598,093	11,369,116	15,029,065	52,850,820	122,847,094
Provision for doubtful debts	-0-	-0-	-0-	(48,455,533)	(48,455,533)
Net	75,286,613	11,369,116	15,029,065	28,595,287	130,280,081

December 31, 2012	Not past due (QR.)	Past due 0-30 days (QR.)	Past Due 31-120 days (QR.)	More than 120 days (QR.)	Total (QR.)
Cash at banks	51,527,606	-0-	-0-	24,105,131	75,632,737
Accounts receivable	102,518,455	12,915,192	4,355,205	43,069,096	162,857,948
Provision for doubtful debts	-0-	-0-	-0-	(19,419,390)	(19,419,390)
Net	154,046,061	12,915,192	4,355,205	47,754,837	219,071,295

Available-for-sale financial assets

The Group significantly limits its exposure to credit risk by investing in securities, either quoted or unquoted.

c) **Capital risk**

The Group'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 and retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

Regularly, the Group reviews its capital structure and considers the cost of capital and the risks associated with it. It manages its capital to ensure that it will be able to support its operations while maximizing the return to shareholders through the optimization of the debt and equity balance.

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

	2013 (QR.)	2012 (QR.)
Total Liabilities	667,968,383	723,134,474
Less: cash in hand and at banks	(57,488,559)	(77,132,579)
Net debt	610,479,824	646,001,895
Total Equity	1,340,636,325	1,312,642,035
Net debt to adjusted equity	0.46:1	0.49:1

There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

d) Market Risk

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

The market risk primarily consists of the followings:

- Foreign currency risk
- Interest rate risk
- Equity price risk

(i) Foreign Currency Risk

The Group incurs foreign currency risk on its purchases that are denominated in a currency other than Qatari Riyals which is Group's functional and presentation currency.

The Group does not hedge its currency exposure. However, management is in the opinion that the Group's exposure to currency risk is minimal as the major items of the foreign currency financial assets and liabilities are denominated in US Dollars are not considered to represent significant currency risk. While the receivables nominated in other foreign currencies such as the GBP and EUR are higher than the outstanding payables in these currencies.

(ii) Interest Rate Risk

The Group has maintained recognized financial instruments which are subject to interest rate risk and which may potentially result in changes in the contractually determined cash flows associated with or may cause reprising of such financial instruments.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities.

The sensitivity of the Group's profit to change in interest rate on interest bearing assets, which carries floating interest rates, based on balance as at December 31, 2013.

Profile

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

Variable rate instruments	Carrying amount 2013 (QR.)	Carrying amount 2012 (QR.)
Financial assets		
Cash at banks	55,888,520	75,632,737
Financial liabilities		
Borrowings	280,408,693	335,863,880

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(iii) Equity Price Risk

Other market price risk mainly consists of equity price risk. The equity price risk arises from available-for-sale financial assets held as at December 31, 2013. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group's management.

Equity price risk is the risk that the fair values of equity instruments decrease as a result of changes in the price indices of investments in other entities' equity instruments as part of the Group's investment portfolio.

The following demonstrates the sensitivity of the effect of cumulative changes in fair value to reasonably possible changes in quoted equity share prices, with all other variables held constant.

10% increase in market value of the Group's quoted portfolio of available-for-sale financial assets is expected to result in an increase in the assets by QR.28,585,205 (2012: QR.25,635,652) and equal change in the opposite direction would have decrease the equity by QR.28,585,205 (2012: QR.25,635,652).

e) **Operational Risk**

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

Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risks 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 business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

f) Other Risks

Other risks to which the Group is exposed are regulatory risk, legal risk, and reputation risk.

- Regulatory risk is controlled through a framework of compliance policies and procedures. The operations of the Group are subject to regulatory requirements of the State of Qatar.
- Legal risk is managed through the effective use of internal and external legal advisers.
- Reputation risk is controlled through the Group regular examination of issues that are considered to have repercussions for the Group, with guidelines and policies being issued as appropriate.

38) FAIR VALUE

Fair value represents the amount at which an asset could be exchanged or a liability settled in a transaction between knowledgeable, willing parties in an arms length transaction.

Note 3 to the consolidated financial statements show the methods used in valuing the financial instruments. The fair values of the financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

Description	December 31, 2013		December 31, 2012	
	Carrying amount (QR.)	Fair Value (QR.)	Carrying amount (QR.)	Fair Value (QR.)
Assets				
Cash in hand and at banks	57,488,559	57,488,559	77,132,579	77,132,579
Account, retentions and other receivables	170,438,203	170,438,203	194,377,349	194,377,349
Available-for-sale financial assets	290,152,052	290,152,052	260,656,521	260,656,521
Total	**518,078,814**	**518,078,814**	532,166,449	532,166,449
Liabilities				
Account, retentions and other payable	287,509,648	287,509,648	285,641,009	285,641,009
Borrowings	280,408,693	280,408,693	335,863,880	335,863,880
Total	**567,918,341**	**567,918,341**	621,504,889	621,504,889

39) BUSINESS COMBINATIONS

The company has acquired two of its subsidiaries during the year 2011 namely National Food Co. (W.L.L) and Meeda Projects Co. (O.P.C) as described below:

a) The National Food Co. was acquired by the Group for the consideration QR.34,574,000 (total net assets acquired was QR.14,869,230) on February 09, 2011.

b) The Meeda Projects Co. was acquired by the Group on December 31, 2011 which is the date that the company is deemed to exercise control over it. Following Extraordinary General Assembly held on June 13, 2011, it has been approved for acquisition of Meeda Projects Co. by increasing the share capital through issuing 8,464,132 shares of Zad Holding Co.(Q.S.C) (the Company) to the shareholders of Meeda Projects Co. for its value (every 7.7387 shares of Meeda Projects entitled 1 share of Zad Holding Co.).

To derive the fair value of consideration on this acquisition, the management is of the opinion that the market value of a share of Zad Holding Co. (Q.S.C) as of independent valuer's valuation date (March 31, 2011) is considered as fair value of each share to be distributed through share exchange transaction which was QR.59.1 each. Hence, the total consideration due on this acquisition was QR.500,230,201 (share capital of QR.84,641,320 and share premium of QR.415,588,881) against the value of total net assets acquired amounting to QR.541,998,709. However, until the date of authorization of these consolidated financial statements, these shares are not listed in Qatar Exchange and the management is in the discussion of legal proceedings with Qatar Financial Markets Authority against legal appeal filed by them in this regard.

40) COMPARATIVE FIGURES

The corresponding figures presented for 2012 have been reclassified where necessary to preserve consistency with the 2013 figures. However, such reclassifications did not have any effect on the previously reported consolidated net profit, consolidated other comprehensive income or consolidated equity.